

# **Environmental Sustainability Policy of Far Eastern New Century Corporation**

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## **I. Preface**

Far Eastern New Century (hereinafter referred to as “the Company”) is committed to balancing economic growth with environmental responsibility throughout its operations and development. We recognize that environmental sustainability has a significant impact on the Company’s long-term resilience as well as on all stakeholders. Accordingly, this Policy has been established as a guideline for the Company.

## **II. Scope of Policy Governance**

This Policy is governed at the highest level by the Board of Directors, which has established the “Corporate Sustainability Committee” to provide guidance and promote the Company’s sustainable development. The Corporate Sustainability Committee is responsible for overseeing and supervising the achievement of environmental sustainability targets and the implementation of initiatives to enhance environmental performance. The Executive management is responsible for the promotion, implementation, and execution of this Policy.

This Policy applies to the entire Company, including all wholly owned operational sites and employees, as well as subsidiaries under the Company’s direct operational control, and affiliated and associated enterprises, suppliers, contractors, and other business partners over which the Company has material influence.

It covers all operational activities, products and services, distribution and logistics operations, waste and resource management, supplier and contractor management, as well as due diligence conducted prior to the establishment of new operational sites, investment projects, and mergers or acquisitions.

## **III. Legal Compliance and Response to International Initiatives**

The Company complies with all applicable local environmental laws and regulations across its operating locations, and proactively aligns with international sustainability

initiatives and voluntary commitments that exceed regulatory requirements. As below:

- Aligning with the Paris Agreement and taking a clear stance on climate change, we set the vision of achieving net-zero emissions by 2050.
- Following the Kunming–Montreal Global Biodiversity Framework, we commit to achieving Zero Deforestation by 2030, No Net Loss (NNL) of biodiversity by 2035, and a Net Positive Impact (NPI) by 2050.
- Supporting the United Nations Sustainable Development Goal (SDG) 6 (Clean Water and Sanitation), we commit to actively promoting drinking water safety, sanitation facilities, and sustainable water resource management at our operational sites and within local communities.
- Supporting SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), we commit to integrating climate change mitigation and adaptation measures into the Company’s overall strategy and proactively promoting the use of renewable energy.

#### **IV. Management Strategies and Action Measures**

The Company is committed to continuously improving environmental performance, assessing climate- and nature-related risks and opportunities, and adopting the best available technologies and methods to reduce environmental impacts across the value chain. Our strategies and actions are as follows:

##### **1. Climate Change, Greenhouse Gas Emissions, and Energy Management**

- Implement energy-saving measures through innovative technologies and process optimization to reduce energy consumption.
- Actively enhance energy efficiency and reduce reliance on fossil fuels.
- The Company will continuously review new fossil-fuel-related development or expansion projects, as well as its investment portfolio, to ensure alignment with low-carbon transition pathways.

##### **2. Water Resource Management**

- Establish a water resource risk assessment mechanism and strive to improve water use efficiency.
- Adopt appropriate measures to control, reduce, or eliminate water pollutants and

to minimize or remove harmful substances in discharged water.

- Promote water resource education and knowledge sharing to enhance awareness of water security and sustainable use among employees, customers, suppliers, and other stakeholders.

### **3. Pollution Prevention and Waste Management**

- Establish environmental management systems to effectively manage pollutants and properly handle waste, ensuring the implementation of preventive measures.
- Promote resource circularity and the reduction of general and hazardous waste, encouraging recycling and reuse to minimize environmental impacts.

### **4. Ecosystem Management and Habitat Protection**

- Assess and monitor biodiversity-related risks and opportunities, including dependency-related biodiversity risks and impact-related biodiversity risks. Management measures are implemented following the mitigation hierarchy of avoidance, reduction, restoration, and offsetting. Biodiversity risk assessments are integrated into company-wide risk management processes to minimize the impacts of operations and the value chain on nature and ecosystems.
- When selecting suppliers, other business partners, and production site locations, the Company should assess nature- and biodiversity-related risks and avoid operating in areas of international or national biodiversity significance.
- Actively engage stakeholders in biodiversity-related dialogue, enhance suppliers' and business partners' awareness and management capabilities, and jointly promote nature-positive initiatives and capacity-building programs.

### **5. Sustainable Product and Innovative Services Development**

- Introduce circular-economy concepts and promote sustainable design and innovative services.
- Incorporate risk criteria in the development of products and services.
- Manage, restrict, substitute/assess safer alternatives, reduce or phase out hazardous substances in products or raw materials.
- Commit to not conducting animal testing in principle, except where required by law, and actively apply the principles to replace, reduce, and refine animal testing in any unavoidable cases.
- Support green procurement by giving priority to energy- and water-efficient

equipment or sustainable products, and work together with the supply chain to jointly improve resource efficiency and environmental protection.

#### **6. Target Management and Continuous Improvement Mechanisms**

- Establish environmental targets and indicators, regularly review their implementation, and publicly disclose progress or results at least once a year.
- Enhance employee engagement through incentive mechanisms, promoting the implementation and advancement of environmental initiatives.
- Provide appropriate and necessary environmental education and training resources to employees, subsidiaries under the Company's direct operational control, and affiliated and associated enterprises, suppliers, contractors, and other business partners over which the Company has material influence, to enhance their awareness and management capabilities regarding the environmental impacts of their operations.
- Value the opinions of external stakeholders by consulting external stakeholders in the development or implementation of this Policy, promoting communication and feedback through multiple channels, and periodically seeking input from suppliers, customers, and industry experts to support the continuous improvement and effective implementation of this Policy.

#### **V. Supplementary Provisions**

This Policy shall take effect upon approval by the Board of Directors, and the same procedures shall apply to any amendments.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.