

Far Eastern New Century Corporation

2024

Framework for Sustainable Finance



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Table of Contents

- I. Inventing New Century, Empowering Possibilities 3
- II. Framework Outline..... 5
 - 1. Use of proceeds 7
 - (1) The eligible Green Projects categories and expected benefits..... 7
 - (2) The eligible Social Projects categories and expected benefits.....18
 - 2. Process for evaluation and selection 28
 - 3. Management of proceeds 28
 - 4. Reporting..... 29
 - 5. External review..... 33

I. Inventing New Century, Empowering Possibilities

FENC leads the world’s polyester and recycling industries. Its competitive edge is founded upon a regional supply chain buttressed with a vertically integrated production and distribution network, allowing the Company to market its high-functional and eco-friendly products to the world. Partnering with its customers, FENC is creating sustainable values and lifestyles by bringing sustainability into the polyester industry through the circular economy.

Through its "Sustainability Strategy Blueprint," FENC has established four major directions for corporate sustainability. This initiative addresses 15 United Nations Sustainable Development Goals (SDGs) and demonstrates the company's commitment to these goals.

Sustainability Strategy Blueprint



To continue solidifying its leading status and seizing growth momentum, FENC reviews its corporate vision periodically, establishes short-, mid- and long-term goals and bolsters its workforce with a robust talent cultivation system. Above all,

discipline serves as the overarching principle that propels FENC towards excellence. It is with discipline running through the veins of its employees and corporate culture that FENC thrives with brilliance.

FENC aims to combine sustainable development with diversified financing channels to expand its goals and scope of action, co-creating a sustainable new century with society and the natural environment. As of the end of 2023, FENC has issued several sustainable financial products, many of which are the first of their kind in Taiwan or Asia, raising over NT\$60 billion. All funds have been fully allocated to sustainable projects, using diversified financing channels to guide market capital investment.

FENC has issued four types of sustainable bonds: green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. To date, we have successfully raised over NT\$17 billion in the capital markets for ESG sustainable projects. It is the only company in Taiwan qualified to issue all four types of sustainable bonds and the first to launch them. Additionally, it is the first company globally to issue all four types of sustainable bonds listed in the International Capital Market Association (ICMA) sustainability database.

In addition to issuing bonds in the capital markets, FENC comprehensively implements its sustainable development goals by establishing partnerships with major domestic and international banks. To date, we have signed over NT\$43 billion in ESG financing with these banks. We have also repeatedly won prestigious sustainable finance awards from international financial magazines such as "The Asset" in Hong Kong and "Treasury Today" in the UK, shining on the global stage.

In response to climate issues, many countries have enacted laws to achieve net-zero emissions by 2050. "Taiwan's Climate Change Response Act" came into effect in 2023, and the EU's Carbon Border Adjustment Mechanism (CBAM) has begun its trial phase. These, along with the challenges posed by extreme weather and climate change disrupting supply chains, have made global business operations increasingly precarious. FENC has established short-, medium-, and long-term carbon reduction targets and aligned with international standards. In 2023, we published our first Task Force on Climate-Related Financial Disclosures (TCFD) report. Additionally, our Polyester Business submitted a signed commitment to the Science Based Targets

initiative (SBTi), striving towards net zero alongside its global counterparts. We have also introduced an internal carbon pricing mechanism, incorporating carbon reduction benefits into investment decisions. We continue to deepen our commitment to the circular economy by developing comprehensive recycling technologies for land, ocean, and air, collaborating with brands to create a green, low-carbon operating model.

"Innovation" is the cornerstone that empowers sustainable growth and reinvents FENC. The company's growth strategy closely aligns with contemporary trends, actively advancing in areas such as production layout, net-zero transition, and AI competitiveness. With over 70 years of industrial foundation, we are crafting a sustainable growth blueprint, paving the way towards a new vision of becoming a centennial enterprise.

II. Framework Outline

To continuously commit to sustainable development strategies, adhering to ongoing innovation, Far Eastern New Century Corporation and its subsidiaries (hereinafter referred to as "the Group") have established a Sustainable Finance Framework (hereinafter referred to as "the Framework"), leveraging corporate influence from within, partnering with global collaborators to achieve the overarching goals of net-zero carbon emissions, thereby contributing to the planet.

The Framework may include the following financial instruments :

- Green bonds, social bonds, and sustainability bonds (hereinafter referred to as "Sustainable Bonds")
- Green loans, social loans, and blue loans (hereinafter referred to as "Sustainable Loans")
- Other financial instruments under the Framework (including but not limited to: Convertible (Exchangeable) bonds, revolving credit facilities, etc.)

The Group has established the Framework in accordance with the following domestic and international regulations or standards and engages a qualified independent external reviewer to issue assessment reports that comply with

operational guidelines or international market practices:




- International Capital Market Association, ICMA
 - Green Bond Principles (GBP)
 - Social Bond Principles (SBP)
 - Sustainability Bond Guidelines (SBG)
- Taipei Exchange (TPEX) "Operation Directions for Sustainable Bonds " (hereinafter referred to as "Operation Directions")
- Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), and Loan Syndications & Trading Association (LSTA)
 - Green Loan Principles (GLP)
 - Social Loan Principles (SLP)
- International Finance Corporation (IFC)
 - Guidelines for Blue Finance



The Framework includes four core components: Use of Proceeds, Process for Evaluation and Selection, Management of Proceeds, and Reporting.


When issuing the aforementioned debt instruments, the Group will adhere to the applicable scope and related operations and management methods stipulated in this Framework. The Group will also assess whether the use of proceeds aligns with the Framework and Operation Directions, ensuring that they are allocated to projects that provide clear environmental, social, and blue benefits. The scope for eligible green and social projects is defined as follows :




1. Use of proceeds





(1) The eligible Green Projects categories and expected benefits

The eligible Green Projects categories	Eligible Projects description	UN SDGs
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Other climate change adaptation or as approved by the TPEX (circular economy products) ● ICMA Green Bond Principles: Circular economy products, production technology and processes, and/or certified eco-efficient products ● APLMA, LMA, and LSTA Green Loan Principles: Circular economy products, production technology and processes, and/or certified eco-efficient products 	<p>Example Project : Textile Recycling Pre-treatment Equipment and Process Equipment Construction</p> <p>Project description : The Group has long been committed to the circular economy and possesses mature physical polyester recycling technology. In addition to recycling discarded PET bottles, the Group also has the commercial application technology to recycle pure polyester textile waste into new textiles through melt granulation or physical mechanical methods. In recent years, the Group has launched related textile R&D projects, including chemical recycling technology (FENC®TOPGREEN®rTEX).</p> <p>The Group aims to develop chemical recycling processing technology for waste textiles, addressing the current limitations of chemical</p>	<p>SDG 8  SDG 11  SDG 12 </p>




The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>recycling technology for single polyester textiles. This will transform waste textiles into high-value functional textiles, realizing the ideal of textile-to-textile (T2T) circular economy and establishing a circular economy supply chain through market collaboration.</p> <p>Expected Environmental Benefits :</p> <p>The design and/or manufacture of chemical recycling processing technology and equipment for waste textiles can significantly improve the efficiency and effectiveness of resource utilization. This will convert waste textiles into products and significantly reduce carbon emissions generated during the production process.</p>	
	<p>Example Project :</p> <p>Recycling PET bottles/chips, including but not limited to the purchase of PET bottle bricks and chips and the acquisition of recycled polyester (rPET) equipment.</p> <p>Project description :</p> <p>The Group plans to purchase a large quantity of</p>	<p>SDG 9</p>  <p>SDG 12</p> 




The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>PET bottle bricks/chips, significantly reducing the carbon emissions compared to packaging and textile materials made from traditional petrochemical raw materials. Proceeds are expected to be invested in the purchase of PET bottle bricks/chips, recycled raw materials, and traceability certification systems.</p> <p>Expected Environmental Benefits :</p> <p>The project aims to recycle PET bottles/chips, reducing pollution from landfill or incineration of waste, and the produced materials can replace those made from traditional petrochemical raw materials, achieving reduced carbon emissions. Each kilogram of PET bottle bricks processed into polyester pellets is expected to have at least 63% lower lifecycle (LCA) carbon emissions (GWP100a) compared to traditional petrochemical raw materials.</p>	<p>SDG 15</p> 



The eligible Green Projects categories	Eligible Projects description	UN SDGs
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Development of renewable energy and energy technology ● ICMA Green Bond Principles: Renewable energy ● APLMA, LMA, and LSTA Green Loan Principles: Renewable energy 	<p>Example Project :</p> <p>Installation of renewable energy equipment primarily for solar and wind power generation, including but not limited to equipment purchases and construction costs; biogas power generation plans utilizing biogas produced from wastewater anaerobic treatment systems for power generation.</p> <p>Project description :</p> <p>In response to the government's green energy development goals, actively evaluate the feasibility of self-building solar, wind power, and biogas power generation at domestic sites, while also assessing the feasibility of constructing renewable energy equipment at overseas plants. Funds are expected to be invested in the purchase of relevant equipment and construction expenditures or repayment of related financing.</p> <p>Expected Environmental Benefits :</p>	<p>SDG 7</p>  <p>SDG 9</p>  <p>SDGs 13</p> 



The eligible Green Projects categories	Eligible Projects description	UN SDGs
<ul style="list-style-type: none"> Taipei Exchange Operation Directions for Sustainable Bonds: Improvement of energy efficiency and energy conservation ICMA Green Bond Principles: Energy efficiency APLMA, LMA, and LSTA Green Loan Principles: Energy efficiency 	<p>By installing renewable energy equipment to supply part of the company's operational electricity, reduce greenhouse gas emissions, and address climate change-related risks.</p>	
<ul style="list-style-type: none"> Taipei Exchange Operation Directions for Sustainable Bonds: Improvement of energy efficiency and energy conservation ICMA Green Bond Principles: Energy efficiency APLMA, LMA, and LSTA Green Loan Principles: Energy efficiency 	<p>Example Project :</p> <p>Improving or replacing product manufacturing process-related equipment, and enhancing or meeting the Building Energy Efficiency Rating System (BERS) standards, including but not limited to equipment purchase costs, energy-saving R&D project expenditures, and construction expenditures.</p> <p>Project description :</p> <p>Continue to implement energy-saving and emission reduction projects through three main directions: process improvement, equipment improvement, and energy management. At the</p>	<p>SDG 7 </p> <p>SDG 9 </p> <p>SDG 11 </p> <p>SDG 13 </p>

The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>same time, actively evaluate the feasibility of green buildings in various new construction projects. Proceeds are expected to be invested in related production processes and equipment purchases.</p> <p>Expected Environmental Benefits :</p> <p>Using the previous year's annual data as a baseline, energy efficiency must increase by more than 30% compared to old equipment. Achieve energy savings and reduce carbon emissions per unit of product through equipment improvement or replacement. The actual benefits of energy savings and carbon reduction will depend on the specific processes and equipment targeted at the time of bond issuance.</p>	

The eligible Green Projects categories	Eligible Projects description	UN SDGs
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Waste recycling or reuse. ● ICMA Green Bond Principles: Pollution prevention and control ● APLMA, LMA, and LSTA Green Loan Principles: Pollution prevention and control ● IFC Guidelines for Blue Finance: Ocean-friendly and water-friendly products 	<p>Example Project :</p> <p>Recycling of PET bottles/chips, including but not limited to the purchase of PET bottle bricks and chips, and the improvement or replacement of related production process equipment. This includes equipment purchase costs, energy-saving R&D project expenditures, and construction expenditures.</p> <p>Project description :</p> <p>The recycling of PET bottles/chips follows the description of the circular economy product project mentioned previously. Additionally, the Group aims to effectively reduce the amount of organic sludge through the improvement or replacement of related production process equipment.</p> <p>Expected Environmental Benefits :</p> <p>The recycling of PET bottles/chips follows the description of the circular economy product</p>	<p>SDG 9 </p> <p>SDG 12 </p> <p>SDG 15 </p>



The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>project mentioned previously. The actual benefits in terms of sludge reduction will depend on the specific processes and equipment targeted at the time of bond issuance.</p>	
	<p>Example Project : Recycled ocean polyester Project (WASTE BOTTLE FROM OCEAN) and Water Conservation Related Expenditures</p> <p>Project description : This project aims to establish and expand the ocean plastic recycling system through strategic collaboration with non-governmental organizations (NGOs), improving the efficiency of recycling and reusing ocean plastics, and reducing marine plastic waste. This will create a circular resource chain for ocean waste. Due to the high</p>	<p>SDG 11 </p> <p>SDG 12 </p> <p>SDG 14 </p>



The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>impurity content in ocean-discarded PET bottles, the Group utilizes its globally unique polyester synthesis and recycling capabilities to transform these ocean-discarded PET bottles into recycled ocean polyester, which is then converted into new products.</p> <p>Expected Environmental Benefits :</p> <p>Proceeds will be used to expand the establishment of the ocean plastic recycling system, reduce marine plastic waste, and convert it into new products.</p>	
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Water resource conservation, purification, or reclamation, recycling, and reuse. ● ICMA Green Bond Principles: Sustainable water and wastewater management ● APLMA, LMA, and LSTA Green Loan Principles: Sustainable water and wastewater management 	<p>Example Project :</p> <p>Purchase and installation of water resource recovery and recycling equipment, and renovation of wastewater treatment systems, including but not limited to the construction of water resource systems at the Taipei Far Eastern Telecom Park(T-Park).</p> <p>Project description :</p> <p>Evaluate the feasibility of installing water resource</p>	<p>SDG 6</p>  <p>SDG 11</p> 


The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>recovery and reuse systems in new construction projects and existing buildings or factories. Proceeds will be invested in the purchase of related equipment and construction expenditure .</p> <p>Expected Environmental Benefits :</p> <p>Install rainwater harvesting, reclaimed water recycling, and reuse systems in buildings and public facilities to irrigate landscaping and reduce water usage in processes. The actual benefits of the recovery and recycling systems will depend on the size of the systems installed at the time of bond issuance.</p>	
<ul style="list-style-type: none"> Taipei Exchange Operation Directions for Sustainable Bonds: Other climate change adaptation or matters approved by the TPEX (Green Buildings). ICMA Green Bond Principles: Green buildings that meet regional, national, or internationally recognized standards or certifications. APLMA, LMA, and LSTA Green Loan Principles: Green buildings that meet regional, national, or internationally recognized standards or certifications. 	<p>Example Project :</p> <p>Construction of Green Buildings</p> <p>Project description :</p> <p>The Group actively evaluates the feasibility of green buildings for various new projects. We will construct green buildings that meet the EEWB standard in Taiwan or the international LEED certification standards, aiming to improve energy use efficiency. The targeted green buildings will</p>	<p>SDG 11</p>  <p>SDG 13</p> 

The eligible Green Projects categories	Eligible Projects description	UN SDGs
	<p>achieve at least EEWB Gold Level, LEED BD+C (Building Design and Construction) Gold Level certification, or other equivalent international green building standards or certifications. Proceeds are expected to be invested in green building materials and construction expenditures.</p> <p>Expected Environmental Benefits :</p> <p>Achieve energy use efficiency improvements in buildings by obtaining at least EEWB Gold Level, LEED BD+C (Building Design and Construction) Gold Level certification, or other equivalent international green building standards or certifications.</p>	

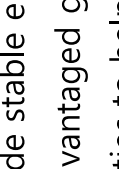

(2) The eligible Social Projects categories and expected benefits


The eligible Social Projects categories	Eligible Projects description	UN SDGs
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Affordable basic infrastructure. ● ICMA Social Bond Principles: Affordable basic infrastructure ● APLMA, LMA, and LSTA Social Loan Principles: Affordable basic infrastructure 	<p>Example Project :</p> <p>Construct underground drainage and sewage pipelines, transportation roads, and public recreational parks, including but not limited to the internal and surrounding areas of the Taipei Far Eastern Telecom Park(T-Park) and its neighboring parks and roads.</p> <p>Project description :</p> <p>In large-scale park construction projects, comprehensive plans are made for the construction and maintenance of underground drainage and sewage pipelines, transportation roads, and public recreational parks. This infrastructure benefits the local neighboring residents by providing complete infrastructure. Proceeds are expected to be invested in related construction costs and annual maintenance expenses.</p> <p>Expected Social Benefits :</p>	<p>SDG 6</p>  <p>SDG 11</p> 




The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>By establishing drainage and sewage pipelines and transportation roads around the Group's buildings, the project aims to assist local residents in achieving flood prevention and traffic improvement. Additionally, the creation of public recreational parks will provide play areas for local residents of all ages.</p>	
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Access to essential services. ● ICMA Social Bond Principles: Access to essential services. ● APLMA, LMA, and LSTA Social Loan Principles: Access to essential services. 	<p>Example Project :</p> <p>Providing educational opportunities and medical services, including but not limited to the establishment of accessible spaces in schools and hospitals and inclusive services for disadvantaged groups.</p> <p>Project description :</p> <p>The Group's Yuan Ze University and Far Eastern Memorial Hospital have long-term commitments to helping disadvantaged groups gain equal access to education and medical services. Proceeds will be used for infrastructure projects serving disadvantaged</p>	<p>SDG 3</p>  <p>SDG 4</p> 

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>groups (such as accessible spaces/ environment) and for subsidies and loans for education or medical expenses.</p> <p>Expected Social Benefits :</p> <p>Establish and maintain updated hardware and software facilities in schools and hospitals, continuously providing services to the general public and offering additional support to disadvantaged groups to ensure equal quality of service.</p>	
	<p>Example Project :</p> <p>Research and development of medical products, including anti-fog face shields made from recycled PET bottles, protective clothing fabric meeting the highest medical standards, and blood collection tubes made of polyester (PET) material, to provide stable quality medical devices for the global medical and health industry.</p> <p>Project description :</p>	<p>SDG 3</p> 




The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>Proceeds will be used for the production of affordable medical device materials, including mask fabrics, protective clothing and mask plastics, and blood collection tube plastics, to provide disadvantaged groups with affordable medical device materials and stabilize social development.</p> <p>Expected Social Benefits :</p> <p>Assist disadvantaged groups in producing affordable medical devices, including mask fabrics, protective clothing and mask plastics, and blood collection tube plastics, to provide high-quality and affordable medical devices to the general public and medical personnel. This will prevent social development issues caused by the lack of access to medical devices.</p>	

The eligible Social Projects categories	Eligible Projects description	UN SDGs
<p data-bbox="263 224 311 705">Example Project :</p> <p data-bbox="311 224 630 705">Provide stable employment opportunities for disadvantaged groups and organize irregular activities to help alleviate economic pressure, including but not limited to the employment of service workers at the Taipei Far Eastern Telecom Park(T-Park).</p> <p data-bbox="630 224 678 705">Project description :</p> <p data-bbox="678 224 821 705">The Group's large parks will provide fixed jobs for disadvantaged groups within the park to ensure employment opportunities. Proceeds will be used for the salary expenses of these employment opportunities.</p> <p data-bbox="821 224 869 705">Expected Social Benefits :</p> <p data-bbox="869 224 981 705">Provide fixed positions within the Group for disadvantaged groups and assist environmental service suppliers in hiring disadvantaged groups to create related employment opportunities.</p>	<ul data-bbox="263 705 981 1377" style="list-style-type: none"> <li data-bbox="263 705 630 1377">● Taipei Exchange Operation Directions for Sustainable Bonds: Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises. <li data-bbox="630 705 821 1377">● ICMA Social Bond Principles: Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises. <li data-bbox="821 705 981 1377">● APLMA, LMA, and LSTA Social Loan Principles: Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises. 	<p data-bbox="263 1377 311 1809">SDG 1</p>  <p data-bbox="263 1377 311 1809">SDG 8</p> 

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>Example Project :</p> <p>Support domestic small and medium-sized enterprises (SMEs) to maintain the employment of their employees, preventing layoffs due to economic crises.</p> <p>Project description :</p> <p>Proceeds will be used to maintain the job positions of employees in domestic SMEs. FENC will strictly define the affected SMEs based on the standards set by the World Bank Group, and will continue to conduct transactions with domestic SMEs that consider FENC as a key customer, to prevent layoffs caused by revenue declines or business closures due to economic crises.</p> <p>Expected Social Benefits :</p> <p>Funds will be invested in transactions with domestic SMEs that consider Far Eastern New Century as a major customer, providing capital</p>	<p>SDG 8</p> 

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	to avoid income decline or bankruptcy leading to layoffs due to economic crises.	
<ul style="list-style-type: none"> ● Taipei Exchange Operation Directions for Sustainable Bonds: Socioeconomic advancement and empowerment. ● ICMA Social Bond Principles: Socioeconomic advancement and empowerment. ● APLMA, LMA, and LSTA Social Loan Principles: Socioeconomic advancement and empowerment. 	<p>Example Project :</p> <p>Organize charity sales and various public welfare activities on an irregular basis to help alleviate the economic pressure of disadvantaged groups and assist the public in establishing sustainable concepts. This includes but is not limited to, guiding students in sustainable concepts and covering expenses for organizing charity sales markets and related site construction and maintenance.</p> <p>Project description :</p>	<p>SDG 1</p>  <p>SDG 4</p>  <p>SDG 10</p> 

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>Providing space for disadvantaged groups to hold public welfare activities and markets within large-scale parks. Funds will be invested in the construction and maintenance of the provided space.</p> <p>Expected Social Benefits :</p> <p>Provide venues at the Taipei Far Eastern Telecom Park(T-Park) for charity markets on an irregular basis, inviting disadvantaged groups to participate in the stalls and donating all proceeds from the Group's markets to disadvantaged groups to alleviate their economic pressure.</p> <p>Offer the Taipei Far Eastern Telecom Park(T-Park) for students to register for visits and provide professional interpretation services at the Disaster Prevention Center and Green Building Model Room to establish disaster prevention and sustainability concepts among</p>	

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>students.</p> <p>Example Project : Increase employment opportunities and wage guarantees for disadvantaged groups to ensure their basic human rights.</p> <p>Project description : Proceeds will be used to purchase recycled PET bottles and PET bricks from local recyclers, and collaborate with local recyclers to identify independent recyclers from disadvantaged groups. This initiative will assist in purchasing recycled PET from these individuals, ensuring their income and supporting local economic growth and employment opportunities.</p>	<p>SDG 1</p>  <p>SDG 8</p>  <p>SDG 10</p> 

The eligible Social Projects categories	Eligible Projects description	UN SDGs
	<p>Expected Social Benefits :</p> <p>Proceeds will be prioritized for purchasing recycled PET bottles from independent recyclers within disadvantaged groups to help achieve their economic independence and social rights.</p>	

2. Process for evaluation and selection

The various business groups under the Group adhere to established operational guidelines and the long-term business directions outlined in our sustainability report. We reference the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines by ICMA, as well as the Green Loan Principles and Social Loan Principles by APLMA, LMA, and LSTA, and the Blue Finance Guidelines by IFC. These guidelines, along with both domestic and international regulatory standards and the Group's internal processes and management procedures, guide the promotion and implementation of green products and social benefit projects.

The Group has also established a Sustainability Committee to formulate Sustainable Development Principles. Based on these principles, we select eligible projects and set clear environmental sustainability and substantial social benefit indicators and targets for the anticipated outcomes of each project. These efforts demonstrate our commitment to sustainable operations and our determination to balance environmental, social, and governance development.

Exclusion Criteria:

The investments under this framework will exclude projects related to fossil fuel power generation, activities that cause significant harm to the environment and ecosystems, and industries or investment activities that are prohibited by current laws for manufacturing products or providing services.

3. Management of proceeds

An amount equivalent to the net proceeds from the funds raised under this framework will be allocated in accordance with our internal processes and management procedures to projects that meet the aforementioned green and social benefits criteria. A dedicated bank account will be opened and managed to track the allocation of proceeds to the eligible sustainable projects.

Pending proceeds from the Sustainable Bonds issuances may be temporarily invested or otherwise maintained in cash, cash equivalents, short-term investments or any other short-term money market operations that do not

involve any equity. The use of proceeds will be reported to the authority concerned annually in compliance to relevant regulations.

In the event the Group issues convertible (exchangeable) bonds and these bonds are converted (exchanged) before the allocation of the raised funds is completed, the Group commits to continue allocating an amount equal to the net proceeds to eligible investment projects as soon as practicable, but no later than the original maturity date (inclusive) of the convertible bond.

4. Reporting

The Group should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the Group will present in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).

- **For green bonds, social bonds, and sustainability bonds**

The Group will follow the Taipei Exchange's Operation Directions for Sustainable Bonds validity or the use of proceeds period, issuing an annual allocation report and entering the report into the online information reporting system designated by the TPEX. The report will include, but is not limited to, the proportion of proceeds allocated to green/social benefit investment projects, the actual usage and allocation proportions of the proceeds, the management of idle proceeds, and the environmental and social benefit analysis of each project.

After all proceeds from the sustainable bonds have been fully allocated, as previously mentioned, the Group will, annually and within a self-determined deadline, engage a qualified independent external reviewer to issue an

assurance report on the use of bond proceeds to ensure compliance with the framework. The assurance report, along with the post-issuance allocation report, will be entered into the online information reporting system designated by the TPEX within the specified timeframe.

● **For green loans and social loans (including blue finance)**

If the contract's conditions precedent and/or covenants require an assessment report meeting appropriate standards, the Group will issue an allocation report by or before the agreed reporting date. The report will include, but is not limited to, the proportion of proceeds allocated to green/social benefit investment projects, the actual usage and allocation proportions of the proceeds, the management of idle proceeds, and the environmental and social benefit analysis of each project. The Group will also submit the assurance report, along with the post-issuance allocation report, to the mandated arranger within the specified timeframe.

The Group plans to disclose the indicators for measuring expected benefits for eligible green and social projects in the Post-Issuance Allocation Report as follows :

Eligible Green Projects categories	Indicators for measuring expected benefits	
Other climate change adaptation or matters approved by the TPEX (Circular economy)	<ol style="list-style-type: none"> 1. Estimated annual amount of waste textiles processed by the project (Metric tons) 2. Estimated total reduction of annual carbon emissions by the project (Metric tons CO₂e) 	
Development of renewable energy and energy technology	Solar power generation	<ol style="list-style-type: none"> 1. Total installed capacity of renewable energy equipment (MW) 2. Estimated annual power generation of renewable energy equipment (MWh) 3. Estimated annual carbon reduction of renewable energy projects (Metric tons CO₂e)

Eligible Green Projects categories	Indicators for measuring expected benefits	
	Wind power generation	<ol style="list-style-type: none"> 1. Total installed capacity of renewable energy equipment (MW) 2. Estimated annual power generation of renewable energy equipment (MWh) 3. Estimated annual carbon reduction of renewable energy projects (Metric tons CO₂e)
	Biogas power generation	<ol style="list-style-type: none"> 1. Total installed capacity of renewable energy equipment (MW) 2. Volume of annual biogas usage (m³) 3. Estimated annual power generation of renewable energy equipment (MWh) 4. Estimated annual carbon reduction of renewable energy projects (Metric tons CO₂e)
Improvement of energy efficiency and energy conservation	<ol style="list-style-type: none"> 1. Update the number of devices (#) 2. Estimated total annual energy savings (MWh) 3. Estimated total reduction of annual carbon emissions (Metric tons CO₂e) 	
Waste recycling or reuse	<ol style="list-style-type: none"> 1. Total weight of recycled materials (kg) 2. Estimated carbon reduction compared with traditional petrochemical raw materials (kg CO₂e) 3. Estimated annual amount of waste processed by the project (Metric tons) 4. Estimated annual amount of waste recycled by the project (Metric tons) 	

Eligible Green Projects categories	Indicators for measuring expected benefits
	<ol style="list-style-type: none"> 5. Estimated annual amount of waste avoided/reduced by the project (Metric tons) 6. Estimated annual amount of marine plastic waste avoided/reduced (Metric tons)
Water resource conservation, purification, or reclamation, recycling, and reuse	<ol style="list-style-type: none"> 1. Number of projects (#) 2. Volume of recycled water (m³)
Other climate change adaptation or matters approved by the TPEX (Green Building)	<ol style="list-style-type: none"> 1. Number of projects (#) 2. Green building certifications or labels obtained by the project and building energy efficiency rating certificates (qualitative description)

Eligible Social Projects categories	Indicators for measuring expected benefits
Affordable basic infrastructure	<ol style="list-style-type: none"> 1. Estimated number of beneficiaries (#) 2. constructed road length (km)
Access to essential services	<ol style="list-style-type: none"> 1. Number of schools or hospitals (#) 2. Total value of services provided to disadvantaged groups (NTD) 3. Number of beneficiaries of affordable medical equipment (#)
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ol style="list-style-type: none"> 1. Number of employees employed by disadvantaged groups (#) 2. Total salary provided each year (New Taiwan dollar) 3. Number of Small and medium-sized enterprises (SMEs) jobs assisted in

Eligible Social Projects categories	Indicators for measuring expected benefits
	maintenance (#)
Socioeconomic advancement and empowerment	1. Estimated number of beneficiaries (#) 2. Total number of public welfare activities held each year (#) 3. Estimated number of beneficiaries of public welfare activities (#) 4. Assisted independent PET bottle recycling merchant times (#)

Note : The aforementioned indicators for measuring expected benefits are provisional and based on the Group's planned investment projects; they may be adjusted according to the actual use of proceeds.

5. External review

Sustainable Bonds

■ Green Bonds, Social Bonds, and Sustainability Bonds

1) Pre-issuance Assurance Report:

The framework will engage a qualified independent external reviewer to issue an assessment report, confirming whether the use of proceeds, process for evaluation and selection, management of proceeds plan, and reporting align with the International Capital Market Association (ICMA)'s Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines, as well as the Taipei Exchange's Operation Directions for Sustainable Bonds.

2) Post-issuance Assurance Report:

The Group will engage a qualified independent external reviewer to issue an assurance report on the use of bond proceeds to ensure compliance with the framework.

Sustainable Loans

● Green, Social Loans (including Blue Finance)

1) Pre-issuance Assurance Report:

The framework will engage a qualified independent external reviewer to issue an assessment report, confirming whether the use of proceeds, process for

evaluation and selection, management of proceeds plan, and reporting align with the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA), and the Loan Syndications & Trading Association (LSTA)'s Green Loan Principles (GLP), Social Loan Principles (SLP), and the International Finance Corporation (IFC)'s Guidelines for Blue Finance.

2) Post-issuance Assurance Report:

If the contract's conditions precedent and/or covenants require an assessment report meeting appropriate standards, the Group will engage a qualified independent external reviewer to issue an assurance report on the use of bond proceeds to ensure compliance with the framework.

The Group will continuously review the framework to ensure its alignment with domestic and international market practices and regulatory standards. Any updated version of this framework will maintain or enhance the current level of information transparency and reporting disclosure, and the Group will commission a qualified independent external reviewer to issue a corresponding assessment report.

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