

# Sustainability Principles of Far Eastern New Century Corporation

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## Chapter I General Principles

Article 1 In order to fulfill Far Eastern New Century Corporation’s corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, Far Eastern New Century Corporation (“FENC”) hereby promulgates the Sustainability Principles (“the Principles”) in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”.

Article 2

1. The Principles apply to entire operations of FENC and its production subsidiaries (hereinafter referred to as “the Company”).
2. The Company shall identify stakeholders of the Company and to understand their reasonable expectations, demands and the rights through proper communications in the course of the business operations.
3. The Company shall give due considerations to the environment, society and corporate governance, in its corporate management guidelines and business operations, while pursuing sustainable operations and profits.

Article 3

1. For the purpose of managing and promoting a sound corporate sustainability initiatives, the board of directors of the Company shall establish “Sustainability Committee” to be in charge of supervising the sustainability policies, systems, or relevant management guidelines, and to report the status of the handling to the board of directors periodically.

2. The Company shall set up “Sustainability Implementation Committee” to be responsible for the implementation of sustainability related matters. Corporate Management President shall serve as the general convener. The “Sustainability Implementation Committee” works as follows:
  - (1) Compilation and disclosure of corporate sustainability information.
  - (2) Planning and implementation of corporate sustainability projects.
  - (3) Co-ordination and submission of information on external evaluation matters for corporate sustainability.

Article 4 The Company shall conduct risk assessment of environmental, social and corporate governance issues related to company operations in term of the materiality principle, and adopt relevant risk management policies or strategies to manage our economic, environmental and social risks and impacts.

Article 5 To implement corporate sustainability initiatives, the Company sets out the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainability information.

## Chapter II Exercising Corporate Governance

Article 6 

1. The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate sustainability initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate sustainability responsibility policies.
2. The Company should give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its corporate sustainability initiatives:
  - (1) Developing “Sustainability Strategic Blueprint” and corporate sustainability related management guidelines.

- (2) Making corporate sustainability the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for corporate sustainability initiatives.
  - (3) Enhancing the timeliness and accuracy of the disclosure of corporate sustainability information.
3. The Company should organize education and trainings on the implementation of corporate sustainability initiatives.

Article 7 The Company shall establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 8 The Company shall comply with relevant laws and regulations, avoid engaging in unfair competition, not tolerate bribery or corruption to maintain a fair competition environment.

### Chapter III Fostering a Sustainable Environment

- Article 9
1. The Company shall comply with relevant environmental regulations and international standards to establish environment management systems. Such systems shall include the following tasks:
    - (1) Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
    - (2) Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant.
    - (3) Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operations.
  2. The Company shall establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for relevant personnel.

3. The Company shall take into account the effect of business operations on ecological efficiency and endeavor to promote a sustainable environment when engaging in business operations and internal management to reduce the impact on the natural environment and human beings.

Article 10 The Company should assess the potential risks and opportunities of climate change on its operations and take measures to respond to climate-related issues.

Article 11 The Company shall endeavor to utilize all resources more efficiently in order to reduce energy and water consumption of the products and services and improve recyclability and reusability of raw materials or products.

Article 12 The Company shall construct and improve environmental protection treatment facilities and adopt appropriate practical pollution prevention, control measures and dispose of waste properly to reduce emission of pollutants, toxins and waste to water, air and land.

Article 13 The Company shall adopt standards or guidelines generally used in the country and overseas countries to collect data on greenhouse gas emissions, water intakes, energy consumptions and various wastes, and disclose relevant information.

#### Chapter IV Preserving Public Welfare

- Article 14
1. The Company shall comply with relevant labor laws and regulations, and the International Bill of Human Rights, to protect the legal rights and interests of employees, and shall not commit violations against the fundamental labor rights. Information relating to the labor laws and the rights in the countries where the Company has business operations shall be provided to the employees.
  2. The Company shall adopt and review human rights management policies and processes.

3. The Company shall ensure that its human resources policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality in employment, benefits, compensation, hiring conditions, training, evaluation and promotion opportunities.

- Article 15
1. The Company shall establish a platform to facilitate two-way communication between the management and the employees. The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall, by reasonable means, inform employees of operation changes that might have material impacts.
  2. The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process.

- Article 16
- The Company shall provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health, furthermore, should organize trainings on safety and health for relevant employees to prevent occupational accidents.

- Article 17
1. The Company should create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.
  2. The Company shall adopt reasonable remuneration policies and employee welfare measures, to ensure that relevant arrangements support the strategic aims of the organization, and align with the interests of stakeholders, and also reflect the corporate business performances results in the employee remuneration or welfare.

- Article 18
1. The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of the industries. In the process of research and development, procurement, production operations, the Company shall ensure the quality of its products and services.
  2. The Company shall comply with relevant laws and regulations or international standards in terms of safety compliance, customer trade secrets, marketing and advertising in regards of its products or services and shall not act in deceiving, misleading or fraudulent ways.
- Article 19
1. The Company should assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and should cooperate with its suppliers and business partners to jointly implement the corporate sustainability initiative.
  2. The Company should adopt the supplier management policy. When the Company enter into a contract with any of the major suppliers, the content should include terms stipulating mutual compliance with corporate sustainability policy.
  3. The Company should avoid conducting transactions with suppliers against the Company's corporate sustainability policy. The contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.
- Article 20
1. The Company should evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

2. The Company can, through investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## Chapter V Enhancing Disclosure of Corporate Sustainability Information

Article 21 The Company shall disclose information according to relevant laws, and shall disclose relevant and reliable information relating to its corporate sustainability initiatives to improve information transparency.

- Article 22
1. The Company shall adopt internationally widely recognized standards or guidelines required by the laws to disclose the status and performance of its implementation of the sustainability initiatives and obtain a third-party assurance or verification to enhance the reliability of the information.
  2. The disclosed Company's sustainability information shall include:
    - (1) The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainability initiatives.
    - (2) Major stakeholders and their concerns.
    - (3) Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
    - (4) Future improvements and goals.

## Chapter VI Supplementary Provisions

Article 23 The Company shall monitor the development of the country and overseas countries corporate sustainability standards and the change of business environment so as to examine and improve its established corporate sustainability framework and to obtain better results from the implementation of the sustainability initiatives.

Article 24 The Principles take effect after approval at the directors' meeting and report to the shareholders meeting. The same applies for any amendments.

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