

Green Bond / Green Bond Programme Information Template¹

ISSUER NAME:

Far Eastern New Century Corporation

Date of completion or of latest update:

2022/10 / 26

I Issuance overview

Description of the issuer:

- | | |
|---|--|
| <input type="checkbox"/> Sovereign | <input type="checkbox"/> Agency |
| <input type="checkbox"/> Supra | <input type="checkbox"/> Municipality |
| <input type="checkbox"/> Financial Institution | |
| <input checked="" type="checkbox"/> Corporate Textile | <input type="checkbox"/> Other (please specify): |

Type of Issuance:

- Sovereign Debt
- Supra Debt
- Corporate Debt
- Covered Bond
- Asset Backed Securitisation (RMBS, CMBS, Auto, Credit Card, etc.)
- Municipal Bond / Revenue Bond
- Other (please specify):

Is there a Green Bond Framework available?

- Yes**, publicly on a website https://cq.fenc.com/upload/cq/cq_20211004012.pdf
- Yes**, to investors only *please indicate the contact details of the IR team*
- No**, but equivalent information can be found in legal or other documentation *please indicate the weblink or the contact details of the IR team*
- No** *please explain*

¹ The GBP emphasise the required transparency, accuracy and integrity of the information that will be disclosed and reported by issuers to stakeholders through core components and key recommendations.

If there is a Green Bond Framework, is there a pre-issuance external review available?

- Yes**, publicly on a website https://cg.fenc.com/upload/cg/cg_20211004018.pdf
- Yes**, to investors only *please indicate the contact details of the IR team*

- No**, but an internal assessment is available *please indicate the weblink or the contact details of the IR team*
- No** *please explain and indicate the contact details of the IR team*

II Issuer’s sustainability / ESG strategy

What are the issuer’s overarching objectives, strategy, policy and/or processes relating to sustainability? *Please describe briefly or provide a reference to where this information can be found.*

Issuer’s Environmental Sustainability Strategy:

Navigating a green future

Strive toward clean and sustainable operation and maximize efficiency in the use of resources to minimize impact on the environment and the habitat.

Issuer’s Social Sustainability Strategy:

Creating Inclusive society

Employee competitiveness, promote supply chain sustainability and improve public welfare to achieve the mission of inclusive growth.

Issuer’s Governance related to Sustainability:

Fostering robust governance:

Strive for honest and ethical conducts, establish management mechanism and reduce operational risks in pursuit of sustainable development

Enabling unlimited innovation:

Utilize R&D ability, transition into smart production, operation and product service to meet the needs of human development.

ESG Risk Management: *

Risk control at FENC is governed by a 3-tiered framework that spans throughout the Board, the corporate management as well as the business departments and units. The obligations of each applicable entity are outlined within the Risk Control Policies. In the event of unanticipated major risks, an emergency response team shall be established to formulate immediate responses and handle the risk conditions to ensure regulatory compliance while minimizing potential damages and impacts. Monthly risk control briefings are presented to the Board members and senior executives. Risk issues discussed include management, sales, industry operation as well as energy and carbon reduction to keep the Board members and senior executives informed while making policy decisions.

**Identified sustainability-related risks which are likely to cause adverse impact in those areas and explanations on how they are managed and mitigated by the issuer.*

What are the supporting regulations, standards, or frameworks for issuer's sustainability-related disclosure and reporting?

- | | |
|--|--|
| <input checked="" type="checkbox"/> Task Force on Climate-related Financial Disclosures (TCFD) | <input type="checkbox"/> Science Based Targets initiative (SBTi) |
| <input type="checkbox"/> Principles for Responsible Investment (PRI) | <input checked="" type="checkbox"/> Sustainability Accounting Standards Board (SASB) |
| <input checked="" type="checkbox"/> Global Reporting Initiative (GRI) | <input checked="" type="checkbox"/> Carbon Disclosure Project (CDP) |
| <input type="checkbox"/> Climate Transition Finance Handbook | <input type="checkbox"/> EU Regulation (NFRD-CSRD-SFDR, Taxonomy, ...) |
| <input type="checkbox"/> International Labour Organisation (ILO) Standards | <input type="checkbox"/> OECD Guidelines for Multinational Enterprises |
| <input type="checkbox"/> UN Guiding Principles on Business and Human Rights | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> UN Global Compact | |

III Green Bond Principles (GBP) Alignment

GBP component 1: Use of proceeds

What are the environmental objectives as per the GBP?

- | | |
|---|---|
| <input type="checkbox"/> Climate change mitigation | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Natural resource conservation | <input type="checkbox"/> Biodiversity conservation |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Waste Recycle & Reuse (circular economy for rPET) |

What are the Green Project categories as per the GBP?

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Circular economy adapted products, production technologies and processes and/or certified eco-efficient products | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Are the proceeds used for refinancing?

- Yes, fully** *please indicate the expected look-back period for refinanced eligible projects*
Within 24 months.
- Yes, partially** *please provide an estimate of the share of financing v/s refinancing*

please clarify which investments or projects portfolios are refinanced

please indicate the expected look-back period for refinanced eligible projects

No

Other *Unknown at the time of issuance*

Overall comments on the section

Our eligible project is the purchase of waste PET bottle to reproduce as r-PET for industrial usage. (for example, textile material)

The use of proceeds is to replace the loan which was financed by bank or other financial institution to pay the PET bottle recycler as the regular procurement process to secure a more stable source of fund.

GBP component 2: Process for project evaluation & selection

How do the environmental objectives fit with the Green Project categories?

The eligible projects are evaluated and selected in compliance of the company's direction of the long-term development strategy of the business units and our corporate social responsibility report, aligned with the green bond principles administered by ICMA; for certain green investment plans we further refer to the CBI Green Bond Database Methodology administered by the Climate Bond Initiative (CBI).

These green eligible projects are conducted in accordance with the company's internal process and management procedures. Our Sustainability Committee has been established and responsible for identifying, evaluating and selecting based on the eligibility criteria in this Framework to ensure alignment with this Framework for Sustainable Bonds. Eligible Projects will be reviewed periodically.

Please indicate (i) whether there are processes by which the issuer identifies and manages perceived social and environmental risks and (ii) whether there is a process in place to identify mitigants to known material risks of negative social and/or environmental impacts, associated with the relevant project(s).

The project will be collecting waste PET from global and reproducing it into rPET material for the fiber and textile industries with FENC's unique and unrivalled technology. Therefore, we identified that supply chain risk will be the materiality risk in the project, and we built up the following system to reduce the risk ;

(i) FENC has the sustainable supply chain management system to verify the social and environmental risks from the suppliers when we procure PET waste from them. The suppliers will be evaluated for their environment and social risks on a regular base by survey and audit process.

(ii) FENC identify the following risks to our suppliers and engage with the high risk suppliers or disconnect the supplier if the risk cannot be mitigated.

1. Stockout
2. Quality
3. Price Risk
4. Credit Risk
5. Transportation Risk

Please position the information communicated above within the context of the issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability.

The strategy of FENC’s environment goal is “Strive toward clean and sustainable operation and maximize efficiency in the use of resources to minimize impact on the environment and the habitat.”
Therefore, to increase the application percentage of rPET as the recycled material can achieve the goal of maximize efficiency in the use of resources to minimize impact on the environment and the habitat. FENC wants to increase the rPET material percentage in the near future to replace the PET material from petroleum that we can reduce our product carbon footprint and make the business of circular economic.

Does the Green Bond Framework (and project(s) backing the issuance) align with official or market-based taxonomies and are green standards or certifications referenced?

- | | |
|--|---|
| <input checked="" type="checkbox"/> Green Bond Principles | <input checked="" type="checkbox"/> Climate Bonds Initiative Standard |
| <input type="checkbox"/> EU Taxonomy | <input type="checkbox"/> ASEAN Green Bond Standard |
| <input type="checkbox"/> ISO 14030 | <input checked="" type="checkbox"/> UN Sustainable Development Goals (SDGs) (<i>please describe</i>): |
| <input type="checkbox"/> China’s catalogue | <input type="checkbox"/> Economic nomenclatures (<i>please specify</i>): |
| <input type="checkbox"/> Another national taxonomy (<i>please describe</i>): | <input type="checkbox"/> Climate Transition Finance Handbook |
| | <input checked="" type="checkbox"/> Another standard (<i>please specify</i>):
Taipei Exchange Operation Directions for Sustainable Bonds |

Please provide information, if relevant and applicable, on exclusion criteria used.

As regulated in *Taipei Exchange Operation Directions for Sustainable Bonds*, fossil fuel power generation project is on exclusion in our green bond framework.

Overall comments on the section

FENC follows the *Taipei Exchange Operation Directions for Sustainable Bonds* to issue the green bond in Taiwan capital market, and the *Taipei Exchange Operation Directions for Sustainable Bonds* applies Green Bond principles, Climate Bonds Initiative Standard, and SDGs in the directions as the regulation mentioned. Therefore, our Bond issuance is highly regulated and fitting in multiple international standards.

GBP component 3: Management of proceeds

How are the proceeds tracked?

An amount equivalent to the net proceeds from the Sustainable Bonds issuances will be allocated in accordance to the company’s internal process and management procedures to the Eligible Sustainable Projects as mentioned above.
The sole bank account is 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.

What are the intended types of temporary placement for the balance of unallocated net proceeds?

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.

Post issuance, will an external auditor, or other third party, verify the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Projects?

We've engaged with Ernst & Young as our external auditor to assure the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Projects.

Overall comments on the section

The CFO is responsible for the management of proceeds and financial departments are in charge for tracking the proceeds usage on a monthly base. The external audit will apply the ISAE 3000 for assure our management of proceed.

GBP component 4: Reporting

What is the expected type of allocation and impact reporting?

- | | |
|---|---|
| <input checked="" type="checkbox"/> bond-by-bond approach | <input type="checkbox"/> aggregated basis for multiple bonds (portfolio approach) |
| <input type="checkbox"/> project-specific impact report | <input type="checkbox"/> impact report on portfolio |

Please specify the general data fields for reporting, such as project type, amount allocated, expected impact categories, etc.) (Including reference to external audit/verification, if applicable)

The bond will apply 1 project as below:

Waste recycling or reuse

1. Total weight of recycled materials (kg)
2. Estimated carbon reduction compared with traditional petrochemical raw materials (kg CO2e)

Where will the allocation reports and impact reports be made available?

- | | |
|---|---|
| <input checked="" type="checkbox"/> Publicly on the issuer's website | <i>please indicate the weblink</i>
https://mops.twse.com.tw/mops/web/index |
| <input type="checkbox"/> On demand | <i>please indicate the contact details of the IR team</i> |

What are the key underlying methodologies and/or assumptions used in communicating the expected and/or achieved impact of projects financed? *(please refer to guidance on impact reporting used, for example Harmonised Framework for Impact Reporting)*

We applied the Product Life Cycle Assessment methodology (ISO 14040:2006 & ISO 14044: 2006) to calculate the carbon emission between petrochemical based material (PET) and recycle based material (rPET) to see how the bond proceed can create the carbon reduction impact.

Overall comments on the section

The bond will publish post-issuance report after the year of proceeds completely allocated and be assured by Ernst & Young for aligning the Green Bond Principles.

IV Additional information

Please provide any further information you may deem appropriate:

N/A