

Sustainability Bond / Sustainability Bond Programme Information Template

Issuer name: Far Eastern New Century Corporation

Date of completion or of latest update: November 16th 2020

GBP and SBP component 1: Use of proceeds

Please describe alignment with this GBP and SBP component:

FENC has established the Framework for Sustainability Bonds in alignment with Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), administered by the International Capital Market Association (ICMA), and Taipei Exchange Operation Directions for Sustainability Bonds (the "Operation Directions"), administered by the TPEX. The Framework is composed of the four core components: Use of proceeds, Process for evaluation and selection, Management of proceeds, and Reporting. When issuing Sustainability Bonds, we will follow the scope of application, related operations, and management procedures mentioned in this Framework, and make the assessment to confirm if the proceeds allocation and the intended benefits from the Eligible Projects meet the requirement in this Framework.

We intend to allocate an amount equal to the net proceeds from the sale of the Sustainability Bonds issuance to finance or refinance, in whole or in part, one or more new or existing green and social Eligible Projects.

Categories, project items, capital allocation, and evaluation of benefits for green investment projects and social benefits investment projects are shown in the table below:

Green Eligible Projects

Green eligible project category	Example projects	Eligibility Criteria
<p>Development of renewable energy and energy technology</p>	<p>To install solar energy-based renewable energy installations and equipment, including but not limited to the purchase of solar power plants and construction expenditures</p>	<p>In response to the government's green energy development goals, it actively evaluates the possibility of self-built solar power generation in various domestic bases, and at the same time evaluates the feasibility of the construction of renewable energy equipment in foreign factories. The proceeds are expected to be invested in related equipment purchases and engineering expenditures or repayment of related financing.</p>
<p>Improvement of energy efficiency and energy conservation</p>	<p>To Improve or replace the product manufacturing process related equipment and green building construction, including but not limited to equipment purchase payment and green building construction material purchase and engineering expenditure</p>	<p>It is expected that more efficient production can be achieved through the update of process-related equipment, and the green building possibilities of various new projects are also actively evaluated. Projects will be selected for efficiency improvement of energy consumption sources with intensive greenhouse gas emissions. For green building projects, projects that have obtained the internationally recognized green building mark will be selected, and the mark cannot be the lowest level of the certification standard. The funds are expected to be invested in the purchase of related process-related equipment, green building materials and construction project expenditures.</p>

Social Eligible Projects :

Social eligible project category	Example projects	Eligibility Criteria
Affordable basic infrastructure	To Construct the underground drainage pipes and sewage pipes, traffic roads and public recreational parks, including but not limited to the construction of parks and roads in and near T-Park (Banqiao)	In large-scale park construction cases, the construction and related maintenance of underground drainage pipes and sewage pipes, traffic roads, and public recreational parks are fully arranged. It can enhance local neighbors with more comprehensive infrastructure. The proceeds are expected to be invested in the related construction expenses and annual maintenance expenditure.
Access to essential services	To provide school opportunities and provide medical services, including but not limited to the establishment of barrier-free spaces in schools and hospitals and inclusive services for disadvantaged groups	Yuan Ze University and Far Eastern Memorial Hospital, both of which belong to Far Eastern Group, have assisted the disadvantaged groups to obtain equal education and medical services in the long term. The proceeds will be invested in infrastructure (such as barrier-free spaces) to serve disadvantaged groups and expenditures on education or medical subsidies and loans.
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	To provide regular employment opportunities for disadvantaged groups and organize irregular activities to help alleviate economic pressure, including but not limited to the employment of labor employees in the T-Park (Banqiao)	The large-scale parks of Far Eastern Group provide certain jobs in the parks for disadvantaged groups to ensure employment opportunities, and funds will be invested in the salary expenditures for such employment opportunities.

Please provide related online information if available:

https://cg.fenc.com/upload/cg/cg_20211004002.pdf

GBP and SBP component 2: Process for project evaluation & selection

Please describe alignment with this GBP and SBP component:

The eligible projects are evaluated and selected in compliance of FENC’s direction of the long-term development strategy of the business units and our corporate social responsibility report, aligned with the green bond principles, social bond principles, and sustainability bond guidelines administered by ICMA. These green and social eligible projects are conducted in accordance with our internal process and management procedures. We also established the Sustainability Committee, who is 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 provide related online information if available:

https://cg.fenc.com/upload/cg/cg_20211004002.pdf

GBP and SBP component 3: Management of proceeds

Please describe alignment with this GBP and SBP component:

An amount equivalent to the net proceeds from the Sustainability Bonds issuances will be allocated in accordance to our internal process and management procedures to the Eligible Projects as mentioned above. The sole bank account is opened and managed to track the allocation of proceeds to the Eligible Projects. Pending proceeds from the Sustainability 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.

Please provide related online information if available:

https://cg.fenc.com/upload/cg/cg_20211004002.pdf

GBP and SBP component 4: Reporting

Please describe alignment with this GBP and SBP component:

During the life of the Sustainability Bonds or the period of allocation of the proceeds raised by the bonds, we will commission an independent review and disclose with the intention of confirming that the proceeds have been allocated in accordance with the Uses of Proceeds specified in this Framework document, including the list of the environmental and social benefit investment plans, the allocation among the eligible project categories, the intended benefits of environmental and social eligible projects, the allocation between financing and refinancing ratio, and the use of pending proceeds. The independent review shall be conducted by a qualified certification body.

FENC will strive to report on the environmental and social impacts of Eligible Projects financed by the issuance of sustainability bonds based on the Framework when feasible and subject to data availability:

This Framework may be amended or/and updated periodically to reflect changes in market standards or practices.

Eligible Project Category	KPI
Development of renewable energy and energy technology	<ol style="list-style-type: none"> 1. Number of renewable energy equipment installation buildings or plant areas 2. Total installed capacity of renewable energy equipment (MW) 3. Estimated annual total power generation of renewable energy equipment (MWh) 4. Estimated annual total carbon reduction of renewable energy projects (tons CO₂e)
Improvement of energy efficiency and energy conservation	<ol style="list-style-type: none"> 1. Update the number of devices (#) 2. Estimated total energy saving with base year (MWh) 3. Estimation of total carbon reduction in the base year (tons CO₂e) 4. Certified by Green Building
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)
Water resource conservation, purification, or reclamation, recycling, and reuse	<ol style="list-style-type: none"> 1. Annual total amount of recovered water resources (tons)
Affordable basic infrastructure	<ol style="list-style-type: none"> 1. Estimated number of beneficiaries (#) 2. Construction road length (KM)
Access to essential services	<ol style="list-style-type: none"> 1. Number of schools or hospitals (#) Total value of services provided to disadvantaged groups (NTD)
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 (#) Total salary provided each year (New Taiwan Dollar)
Socioeconomic advancement and empowerment	<ol style="list-style-type: none"> 1. Estimated number of beneficiaries (#) 2. The total number of public welfare activities held each year (#) Estimated number of beneficiaries of public welfare activities (#)

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GBP and SBP recommendation: External review

Please describe the alignment with this recommendation:

Far Eastern New Century Corporation (FENC) has engaged Ernst & Young (“EY”) to perform limited assurance procedures to confirm the alignment of its Sustainability Bond with Sustainability Bond Guidelines (2018). During the period of allocation of the proceeds of the Bonds, the use of proceeds and project environmental and social impacts benefits disclosed will be verified by EY.

Please provide related online information if available:

https://cg.fenc.com/upload/cg/cg_20211004008.pdf

Additional information

Please provide any further information you may deem appropriate:

None