

## Sustainability-Linked Bonds Market Information Template

The use of a summary reflecting the main characteristics of a Sustainability-Linked Bond and illustrating its key features in alignment with the 5 core components of the SLBP may help inform market participants. This contributes to market transparency and clarifies issuers' alignment with the Principles.

**Issuer name:** Far Eastern New Century Corporation

**ISIN code:** TW000B501709

**Date of completion or of latest update:** 7/21/2022

### KPIs' and SPTs' thematic:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Environmental | <input type="checkbox"/> Both environmental and social |
| <input type="checkbox"/> Social                   | <input type="checkbox"/> Other (please specify):       |

### I- SLBP Alignment

#### SLBP component 1: Selection of Key Performance Indicators (KPIs) \*

KPIs are related to:

- |  |  |
|--|--|
| <input type="checkbox"/> International Standards or Taxonomies | <input checked="" type="checkbox"/> SDGs         |
| <input type="checkbox"/> ESG ratings                           | <input type="checkbox"/> Other (please specify): |

Please describe alignment with this SLBP component (*indicate clearly to which taxonomy the selected KPIs refer to or the exact goal number if SDG related*):

KPI 1 : Scope 1 & Scope 2 GHG Emissions (SDG 12 & SDG 13)

KPI 2 : Revenue Growth of Green Products (SDG 9 & SDG 12 & SDG 13)

Please provide related online information if available:

<https://mops.twse.com.tw/mops/web/index>

## SLBP component 2: Calibration of Sustainability Performance Targets (SPTs) \*

### **KPI 1 : Scope 1 & Scope 2 GHG Emissions (SDG 12 & SDG 13)**

#### **SPT 1 : Reduce greenhouse gas emissions (Scope 1 + Scope 2) by 20% by the end of 2025 compared to 2020**

All FENC production sites must comply with ISO 14064-1 standards as well as local regulations on GHG inventory and quantification. In addition, third-party verifications must be conducted once every 3 years.

Benchmark: FENC's greenhouse gas emissions (Scope 1 + Scope 2) in 2021 are 2,486 ktCO<sub>2</sub>e. If reduced by 20% based on 2020 data, it will reach 1,945.6 ktCO<sub>2</sub>e, and if reduced by 40%, it will reach 1491.6 ktCO<sub>2</sub>e. If using the science-based carbon reduction target (SBTi) of Well below 2°C (WB2C) as the standard, it requires at least 25% reduction within 10 years of the base year. The target of 40% reduction in 2030 is relatively positive compared to the 2.5% average annual minimum reduction requirement of SBTi WB2C.

Target Vision: The recent data of this KPI has been much lower than that of domestic peers, but FENC will take foreign benchmarks and related standards as the goal, and strive to reduce GHGs in Scope 1 and Scope 2. It has surpassed the minimum carbon reduction requirements of SBTi WB2C. In addition to expecting to achieve the goal of international initiatives as soon as possible, FENC also looks forward to establishing a model for textile and fiber industry in the country.

Strategy to achieve: FENC will achieve relevant goals through digital upgrade and the installation of energy-saving and carbon-reducing equipment, aiming to reduce Scope 1 GHG emissions with smart green plants, and strive to build solar power plants and use renewable energy to reduce scope 2 GHG emissions.

### **KPI 2 : Revenue Growth of Green Products (SDG 9 & SDG 12 & SDG 13)**

#### **SPT 2 : Green product revenue to grow by 80% by the end of 2025 compared to 2015**

FENC is a global leader in the polyester spinning fiber industry. In addition to continuing to improve and expand its existing business, it also strives to increase its long-term competitiveness, spare no effort to improve innovation and research and development, create green business opportunities with circular economy thinking, and ensure that all there is no experimental test on humans and animals in product development

Benchmark: FENC has been aggressively developing green products since 2015. The revenue from green products in that year was NTD 21.76 billion, and the targets are aggressively set as follows: 50% revenue growth in 2020 and 80% revenue growth in 2025, 100% revenue growth in 2030. Compared with 2015, the performance in the past three years is a 60% increase in 2019, a 50% increase in 2020, and a green product revenue of NTD 38.33 billion in 2021, an increase of 76%, exceeding the original target. Considering that FENC's green product revenue is already better than its peers and the target setting is relatively positive, it will continue to push towards the 2025 and 2030 goals.

Target Vision: Considering the relevant production capacity and value chain of FENC, it is not an easy goal to increase the revenue of green products by 80% in ten years, but it is possible to achieve it. FENC will actively develop and promote the sales of related green products, and take reducing the environmental impact of products as its own responsibility to achieve the cost target.

Strategy to achieve: FENC will develop innovative products through the following two modes to increase green product revenue:

(1) Independent R&D units such as Far Eastern Group R&D Center (R&D Center) in Taiwan and Sharon Center in the U.S are established to develop next-generation products. With the assistance of the production and sales units, the products are then commercialized and marketed;  
(2) Internal product development department such as IDM is established to engage in close contact and in-depth communication with customers, identify their needs and develop products accordingly.

Please provide related online information if available:

<https://mops.twse.com.tw/mops/web/index>

Please describe evaluation of SPTs against specific Sustainable Development Goals:

SPT 1 : Reduce greenhouse gas emissions (Scope 1 + Scope 2) by 20% by the end of 2025 compared to 2020 (SDG 12 & SDG 13)

SPT 2 : Green product revenue to grow by 80% by the end of 2025 compared to 2015 (SDG 9 & SDG 12 & SDG 13)

\* *The metric(s) should be spelled out under KPI and the target(s) in number should be mentioned: e.g. KPI: Scope 1 and 2 emissions measured in tCO<sub>2</sub>e per unit sold and SPT: Decrease scope 1 and 2 GHG emissions by 2030 (vs 2018 base year) - eqv. 66% per unit sold.*

### SLBP component 3: Bond characteristics

At the launch of the bond, the structure is:

a step-up structure

a variable redemption structure

The financial characteristics and the adjustment of the coupon rate resulting from the Trigger Event(s) of any bonds issued under this framework will be provided in details in their corresponding statutory documents. The Trigger Event is the result of an observation as to whether, or not, each of the three KPIs individually has achieved their respective SPTs. An adjustment of the coupon shall be triggered if:

- any KPI has, or hasn't, achieved the SPT on the Target Observation Date, or
- the reporting does not meet the requirements as set out in the reporting section of this Framework, or
- the verification of the SPTs has not been provided and made public by the time of the Reporting End Date.

For the avoidance of doubt, if all three KPIs have achieved their respective SPTs, and reporting and verification for all the SPTs have been provided and made public in accordance with the reporting and verification sections of this Framework, the issuance rules of any security issued by FENC under this Framework shall remain unchanged.

The above detailed information will be based on the prospectus of the bond

#### Fallback mechanism

The KPIs and SPTs set out in this framework will remain applicable throughout the tenor of any bond issued under this framework. Any new or updated Sustainability-Linked Bond Framework will only be relevant to capital market transactions after its release and will not have any impact on bonds issued under this

framework. During the tenor of the bond, if FENC has major changes in the legal environment, corporate structure or sustainability development strategy, the KPIs and SPTs of this framework need to be adjusted accordingly (including but not limited to calculation methods, data availability, current and past data has been changed and corrected), there shall be a third-party verification by the external reviewer(s) and be publicly disclosed with respect to the impact of the relevant changes on the bonds

#### Reporting

In order to provide investors and other stakeholders with adequate information about FENC's implementation of our sustainability strategy in general, the progress made on the KPIs, and the achievement or not of the SPTs set out in this Framework and in the security specific documentation, FENC will provide relevant reporting (SLB Progress Report).

The SLB Progress Report shall be published regarding the actual performance related to the KPIs/SPTs in the previous year on Market Observation Post System (<https://mops.twse.com.tw/>) no later than September 30th every year.

The Target Observation Date of the KPIs and SPTs listed in this framework is set out on December 31, 2025 or December 31, 2030, respectively, and Report End Date is before September 30, 2026 or September 30, 2031.

The SLB Progress Report will contain all the relevant information needed to assess if any changes to the security characteristics are to be made, including but not limited to:

- the performance of the KPIs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant;
- if applicable, the description of changes in calculation methods or relevant benchmarks and the impact on bonds issued under this framework
- a verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond characteristics;
- any relevant information on any updates to FENC's sustainability strategy or governance with an impact on the KPIs and SPTs.

Please provide related online information if available:

<https://mops.twse.com.tw/mops/web/index>

### **SLBP component 4: Reporting**

In order to provide investors and other stakeholders with adequate information about FENC's implementation of our sustainability strategy in general, the progress made on the KPIs, and the achievement or not of the SPTs set out in this Framework and in the security specific documentation, FENC will provide relevant reporting (SLB Progress Report).

The SLB Progress Report shall be published regarding the actual performance related to the KPIs/SPTs in the previous year on Market Observation Post System (<https://mops.twse.com.tw/>) no later than September 30th every year.

The Target Observation Date of the KPIs and SPTs listed in this framework is set out on December 31, 2025 or December 31, 2030, respectively, and Report End Date is before September 30, 2026 or September 30, 2031.

The SLB Progress Report will contain all the relevant information needed to assess if any changes to the security characteristics are to be made, including but not limited to:

- the performance of the KPIs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant;
- if applicable, the description of changes in calculation methods or relevant benchmarks and the impact on bonds issued under this framework
- a verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond characteristics;
- any relevant information on any updates to FENC's sustainability strategy or governance with an impact on the KPIs and SPTs.

Please provide related online information if available:

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## SLBP component 5: Verification

In order to provide transparency to investors and other stakeholders and in alignment with the SLBP, FENC will mandate the external reviewer(s) with relevant expertise to perform the limited assurance report by ISAE 3000 standards for its actual and hereafter performance level against each SPT for each KPI. The verification shall be conducted in the limited assurance by the external reviewer(s).

The verification of the actual performance related to the SPTs shall be made public together with FENC's SLB Progress Report on Market Observation Post System (<https://mops.twse.com.tw/>) no later than September 30th every year till the Reporting End Date.

Failure to provide the ex-post verification made by external reviewer(s) before the Reporting End Date or external reviewer(s) has concern with respect to the disclosure or achievement of the SPTs in the assurance report, shall result in an occurrence of "the verification of the SPTs has not been provided and made public by the time of the Reporting End Date" as outlined in the bond characteristics section of this Framework

### External Review

Pre-issuance: A limited assurance for SLB framework

This framework has been reviewed by Ernst & Young (EY) who provided the limited assurance, confirming the alignment with the Sustainability-Linked Bond Principles (SLBP) administered by SLBP and ISAE 3000 standards.

Post-issuance: SLB Progress Report

The SLB Progress Report for this framework will be commissioned by Ernst & Young (EY) for limited assurance in accordance with SLBP and ISAE 3000 standards. Relevant reports are expected to be verified and disclosed annually from September 30, 2023 until the expected Target Observation Year of the selected SPTs.

Please provide related online information if available:

<https://mops.twse.com.tw/mops/web/index>

## II- European Central Bank (ECB) eligibility criteria (central bank collateral - APP and PEPP)

Please confirm if the Performance Targets measuring quantified improvements in the issuer's sustainability profile over a predefined period of time refer to "one or more of the environmental objectives set out in the EU Taxonomy Regulation and/or to one or more of the United Nations Sustainable Development Goals relating to climate change or environmental degradation."\*. In addition, "in order to be eligible, debt instruments shall have either of the following coupon structure until final redemption: [...] Multi-step or floating coupons with steps linked to SPTs, provided the issuer's compliance with SPTs is subject to verification by an independent third party in accordance with the terms and conditions of the debt instrument."\*\*

Please describe the alignment with those requirements:

Not applicable

Please provide references where the related information can be found in the publicly available issuance document (prospectus or any other legally binding document) including page number and section:

Not applicable

Once completed, this template can be sent to the central banks, members of the Eurosystem. For further information, please refer to [FAQ on Sustainability-Linked Bonds](#).

\* New article 2(88a), guideline ECB/2014/60

\*\* Amended article 63, guideline ECB/2014/60