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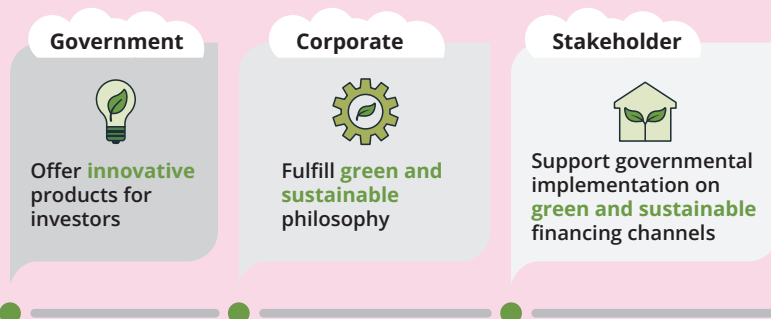
# Fulfilling Core Corporate Values Through Sustainable Financing

FENC's development strategies are linked to the United Nations Sustainable Development Goals (SDGs), aiming to construct a business model that fosters harmonious coexistence with the natural and human realms. The Company has embodied this model, fulfilling its core values through sustainable financial products.

FENC is the trailblazer in sustainable finance among corporations in Taiwan. Having established a sustainable financial framework in Taiwan championed by its worldwide subsidiaries, the Company wishes to appeal for the commitment of more corporate peers to fulfill the sustainable development goals.

## FENC Financial Sustainability Declaration

FENC strives to build sustainable business model to create harmonious coexistence with the environment. Through green investment, we fully develop the Company's sustainability development strategy and raise capital to connect with FENC's sustainability development goals. We have become an innovative benchmark enterprise for sustainability financing in Taiwan, continuing to create win-win for the government, corporations and stakeholders.



FENC Sustainable Financial Products (Chinese)

## Milestones of FENC's Sustainable Financing

2022	Dec.	ESG Savings FEIS FEDZ	mainland China	RMB60 million (NT\$270 million)	<ul style="list-style-type: none"> <li>Applied towards ESG financial products permitted in mainland China</li> </ul>
	Oct.	Green Bond	Taiwan	NT\$0.9 billion	<ul style="list-style-type: none"> <li>Supporting the ongoing green revenue growth</li> </ul>
	Sep.	Sustainability-linked Bond (SLB)	Taiwan	NT\$2.5 billion	<ul style="list-style-type: none"> <li>Becoming the benchmark enterprise for sustainability-linked bonds (SLB) through public-private partnership</li> </ul> <p>★ First in Taiwan</p> <p> The Asset Triple A Sustainable Capital Markets Awards 2022</p>
	Jun.	Green Loan FEIS	mainland China	US\$29 million (NT\$890 million)	<ul style="list-style-type: none"> <li>Applied towards the purchase of recycled raw materials</li> </ul>
	Jun.	Green Financing Agreement FEIS	mainland China	RMB12 million (NT\$ 53 million)	<ul style="list-style-type: none"> <li>Obtaining the quota for bank acceptance draft through carbon credit</li> </ul>
	Jun.	Blue Loan	Taiwan	NT\$1 billion	<ul style="list-style-type: none"> <li>Supporting marine sustainability and water resources management projects</li> <li>Featured coverage on Bloomberg</li> </ul> <p>★ First in Taiwan</p> <p> The Asset Triple A Country Awards for Sustainable Finance 2022</p>
	Mar.	Green Loan	Japan	JPY1 billion (NT\$220 million)	<ul style="list-style-type: none"> <li>Supporting capital expenditures for the expansion of the Kansai plant in Japan</li> </ul>
	Feb.	SDGs Loan FIGP	Japan	JPY5 billion (NT\$113 million)	<ul style="list-style-type: none"> <li>First SDG loan among overseas FENC subsidiaries</li> </ul>
2021	Aug.	ESG-linked Syndication OPTC	Taiwan	NT\$20 billion	<ul style="list-style-type: none"> <li>First ESG syndication loan in the petrochemical industry in Taiwan</li> <li>Receiving markdowns in borrowing rates in 2021 and 2022 after reaching the KPIs</li> </ul>
	May	Social Bond	Taiwan	NT\$1.2 billion	<ul style="list-style-type: none"> <li>Becoming an enterprise benchmark through public-private partnership</li> </ul> <p>★ First among corporations in Taiwan</p>
2020	Dec.	Sustainable Bond	Taiwan	NT\$3.8 billion	<ul style="list-style-type: none"> <li>Becoming an enterprise benchmark through public-private partnership</li> </ul> <p>★ First among corporations in Taiwan</p>
	Sep.	Green Loan	Japan	JPY2 billion (NT\$450 million)	<ul style="list-style-type: none"> <li>First green loan among overseas FENC subsidiaries</li> </ul>
	Sep.	Sustainability-linked Financing	Taiwan	NT\$3 billion	<ul style="list-style-type: none"> <li>Receiving markdowns in borrowing rates in 2022 after reaching the key performance indicators (KPIs)</li> </ul> <p>★ First in Asia</p> <p> The Asset Triple A Country Awards for Sustainable Finance 2020</p> <p> GTR Best Deals 2021</p>
2018	Jan.	Green Bond	Taiwan	NT\$3 billion	<ul style="list-style-type: none"> <li>Supporting green investments and expenditures</li> </ul> <p>★ First among private entities in Taiwan</p>

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## Integration of Sustainable Development and Diverse Financing Options

As of the end of 2022, FENC had issued 14 sustainable financial products with many being either the first in Taiwan or Asia. The products incorporate diverse financing channels to attract the market capital. Raising over NT\$38 billion, the entirety is devoted to sustainability projects.

### Capital Market Bonds

 **World's First** Private corporation issuing four types of sustainable bonds listed on the Sustainable Bonds Database from the International Capital Market Association (ICMA)

 **Taiwan's Only** Private corporation qualified for issuing and having issued four types of sustainable bonds

The types of sustainable bonds issued by FENC include green bonds, social bonds, sustainability bonds and SLB. FENC has raised over NT\$13 billion from the capital market to date, which will be applied towards ESG and sustainability projects.

The green bond, which was issued in 2018, was the first among private entities in Taiwan. In 2020, to support the Taipei Exchange Operation Directions for Sustainable Bonds issued by Taipei Exchange, FENC issued the Far Eastern New Century Corporation (FENC) Framework for Sustainable Bonds following the SDGs. The framework is divided into green and social investment projects, and FENC issued the first sustainability bond in Taiwan. In 2021, FENC continued by issuing the first social bond in Taiwan.

In 2022, FENC became the first to promote SLB with Taipei Exchange and prepared the Far Eastern New Century Corporation Sustainability-linked Bond Framework. Using GHG reduction and green product revenue growth as the KPIs and sustainability performance target (SPT), the Company raised NT\$2.5 billion through its SLB, making it the first and the largest in Taiwan.



### Framework for Sustainable Bonds

#### Green Eligible Projects

- To install renewable energy equipment and equipment based on solar energy
- To improve or replace product manufacturing process and purchase of related equipment, green building construction
- To recycle PET bottles/sheets and make them into environmentally friendly packaging materials and textile materials
- To purchase and install the water recovery and recycling equipment



#### Social Eligible Projects

- To construct the underground drainage pipes and sewage pipes, traffic roads and public leisure parks
- To provide school opportunities and provide medical services
- To provide regular employment opportunities for disadvantaged groups
- To support local SMEs
- To ensure independent recyclers from disadvantaged groups

Framework for Sustainable Bonds 

### Framework for Sustainability-Linked Bond

- Sustainability Performance Target 1 (SPT 1): Greenhouse gas emission reduction
- Sustainability Performance Target 1 (SPT 2): Revenue growth of green products
- Sustainability Performance Target 1 (SPT 3): Capacity increase of rPET capacity



Sustainability-Linked Bond Framework 

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## Green Financing

FENC has fully embraced the SDGs. Partnering with major banking institutions in Taiwan and the world, the Company currently has over NT\$25 billion in the line of credit for ESG financing.

In 2020, FENC issued the first sustainability-linked financing and commercial paper program in Asia. In 2021, its subsidiary, OPTC, issued the ESG-linked syndicated loan. Both reached the SPTs in 2022 and received markdowns in the borrowing rates.

In 2022, FENC combined circular economy, its core strength, with sustainable financing, signing the first blue loan in Taiwan in the amount of NT\$1 billion. The fund is earmarked for marine sustainability and water resources projects, and for developing the ocean waste recycling technology. The Blue Loan personifies FENC's ability to integrate sustainable business strategies with innovative financing products and develop diverse financing channels. The project is featured by the financial media giant, Bloomberg.

[【Bloomberg Coverage】 Addressing the Blue Crisis With Taiwan's First Blue Loan](#)



### Partnerships in Promoting Sustainable Development

#### Mainland China

1. FEIS signed a green financing agreement and green loan, obtaining the quota of bank acceptance draft and the credit line for purchasing recycled raw materials using the carbon credit issued by the government.
2. FEIS and FEDZ invested the idle funds in ESG savings towards ESG financial products permitted in mainland China.

#### Japan

FIGP has signed for JPY5 billion in SDG loans to fund the expansion of the rPET plant in Himeji, Kansai region. The SDGs are incorporated into the business goals with green financing as the overarching strategies for the plant's sustainable development.

### Honors and Recognitions



- The Asset Triple A Country Awards for Sustainable Finance 2020 – **Best Sustainability Financing**
- GTR Best Deals 2021 – **Sustainability-linked Finance**
- 2021 Taiwan Sustainability Action Award (TSAA) – **Golden Award**
- 2022 Asia-Pacific Sustainability Action Awards (APSAA) – **Golden Award**
- The Asset Triple A Country Awards for Sustainable Finance 2022 - **Best Issuer (Taiwan), Best Blue Loan (Taiwan)**
- The Asset Triple A Sustainable Capital Markets Awards 2022 - **Best Issuer (North Asia), Best Sustainability-Linked Bond (Manufacturing)**
- Institutional Investor – **Most Honored Company, Best CEO, Best ESG, Best CFO, Best IR Program, Best IR Professional** (consumer discretionary sector)
- Finance Asia – **Asia's Best Managed Company** (consumer cyclical sector)
- Asiamoney – **Asia's Outstanding Company** (consumer discretionary sector)

