FAR EASTERN NEW CENTURY CORPORATION

# 2025 TCFD/TNFD Report

Climate and Nature-related Financial Disclosure Report



## Content

1 About This Report
2 Building Climate Resilience
3 Marching Towards Nature Positive
4 Appendix

# Content


## 1 About This Report 3

1.1 Company Profile 3
1.2 Guiding Principles for This Report 3
1.3 Report Preparation Unit and Contact Information 3
1.4 Scope of Disclosure 3
1.5 Purpose of the Report 3

## 2 Building Climate Resilience 4

2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities 4
2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities 4
2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects 4
2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain 5
2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making 6
2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows 7
2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience 7
2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities 8
2.9 Identification Outcome of Material Climate Risks and Opportunities 9
2.10 Climate-Related Metrics and Targets 9
2.11 Climate Transition Plan and Action 10

## 3 Marching Towards Nature Positive 11

3.1 Management Policy 11
3.2 Actions Supporting TNFD 11
3.3 Nature Governance Framework and Oversight Mechanism 11
3.4 Management Procedures for Nature-Related Issues 11
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach 12
3.6 Identification of Critical Natural Capital 12
3.7 Results of Critical Natural Capital Identification 14
3.8 Analysis of the Ecological Footprint of Operations 14
3.9 Identification of Natural Sensitivity 15
3.10 Nature-Related Management Issues Identification Process and Results 16
3.11 Identification Results of Material Natural Risks and Opportunities 17
3.12 Description of Impacts From Nature-Related Risks and Opportunities 18
3.13 Nature-Related Metrics and Targets 18
3.14 Action Plans for Nature-Related Risks and Opportunities 19

## 4 Appendix 22

4.1 TCFD Disclosure Recommendations Comparison Table 22
4.2 TNFD Disclosure Recommendations Comparison Table 22

# Content

1 About This Report
1.1 Company Profile
1.2 Guiding Principles for This Report
1.3 Report Preparation Unit and Contact Information
1.4 Scope of Disclosure
1.5 Purpose of the Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

4 Appendix

# 1. About This Report

## 1.1 Company Profile

Far Eastern New Century Corporation (FENC), is a major manufacturer in the global polyester industry, with a vertically integrated supply and sales chain that incorporates the entire production process from raw materials, manufacturing processes to sales. FENC maximizes the synergy of vertical integration of upstream, midstream and downstream operations. It excels in managing its raw material strategy at the upstream, and maintains its leading position in the global polyester industry at the midstream, as well as serves as a strategic partner of international brands at the downstream. The company has diversified its production sites and established supply chain in Asia and the Americas. Its production sites are located in Taiwan, mainland China, Vietnam, Japan, the U.S. and Southeast Asia. Such a diversification strategy enables FENC to flexibly allocate its production capacity according to market supply and demand, allowing timely capture of business opportunities.

FENC Website

## 1.2 Guiding Principles for This Report

This Report has followed the Task Force on Climate-related Financial Disclosures (TCFD) framework published by the Financial Stability Board (FSB), the Guidelines on Climate-related Information of Listed Companies-Implementation Status of Climate-related Information issued by Taiwan's Financial Supervisory Commission, the Sustainability Reporting Standard S2 of the International Financial Reporting Standards (IFRS) of the International Sustainability Standards Board (ISSB), the recommendation framework of the Taskforce on Nature-related Financial Disclosures (TNFD) jointly launched by the United Nations Development Program (UNDP), the United Nations Environment Program Finance Initiative (UNEP FI), the World Wide Fund for Nature (WWF), and the non-profit organization Global Canopy.

Unless otherwise specified, all monetary amounts are in New Taiwan Dollar. Currency conversion (including future financial impact valuation) is calculated based on the average exchange rate for 2025.

## 1.3 Report Preparation Unit and Contact Information

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## 1.4 Scope of Disclosure

FENC comprises three business arms: Production Business, Land Development Business, and Investment Business. The scope of this report covers Production Business. Considering materiality, business entities under Production Business covered within the reporting scope are principally those reaching NT$2 billion in annual revenues. PFEM (Note) is added to the 2025 reporting scope; due to operational restructuring, Hukou Mill is excluded from the reporting scope. FEDZ is merged into OTIZ, functioning as the knitting & dyeing plant of OTIZ. The combined disclosure accounts for 98% of the 2025 revenues from the Production Business.

Note: PFEM is incorporated into the reporting scope in phases, and is included in the "2. Building Climate Resilience" chapter in 2025

### Geographical Distribution of the Reporting Scope

| Business | Site Names |
|---|---|
| Petrochemical | Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC) |
| Polyester | FENC-Hsinpu Chemical Fiber Plant |
| Polyester | FENC- Kuanyin Chemical Fiber Plant |
| Polyester | Far Eastern Industries (Shanghai) Ltd. (FEIS) |
| Polyester | Wuhan Far Eastern New Material Ltd. (WHEF) |
| Polyester | Oriental Green Materials Ltd. (OGM) |
| Polyester | Far Eastern Fibertech Co., Ltd. (FEFC) |
| Polyester | Far Eastern Ishizuka Green PET Corp. (FIGP) |
| Polyester | Far Eastern Polytex (Vietnam) Ltd. (FEPV)- Polyester Plant |
| Polyester | APG Polytech, LLC |

| Business | Site Names |
|---|---|
| Polyester | PET Far Eastern (M) Sdn. Bhd. (PFEM) |
| Textile | FENC-Kuanyin Dyeing and Finishing Plant |
| Textile | Oriental Industries (Suzhou) Ltd. (OTIZ)-Tech Textiles Plant |
| Textile | Oriental Industries (Suzhou) Ltd. (OTIZ)-Knitting & Dyeing Plant |
| Textile | Far Eastern Industries (Wuxi) Ltd. (FEIW) |
| Textile | Far Eastern Apparel (Suzhou) Co., Ltd. (FEAZ) |
| Textile | Far Eastern Polytex (Vietnam) Ltd. (FEPV)- Knitting & Dyeing Plant |
| Textile | Far Eastern Apparel (Vietnam) Ltd. (FEAV) |
| Textile | Far Eastern New Apparel (Vietnam) Ltd. (FENV) |

## 1.5 Purpose of the Report

FENC remains committed to addressing climate change and environmental sustainability issues by developing green products and sustainable materials, while aligning with global trends in climate and nature governance.

To enhance transformation resilience and market competitiveness, the Company adopts climate- and nature-related financial disclosure frameworks, promotes net-zero transition, and formulates climate- and nature-positive strategies. Through green business models, FENC addresses climate and nature risks while creating long-term growth momentum and sustainable value.

Based on the annual analysis results of FENC's climate and nature management methodology, key climate- and nature-related management issues for the Company and its value chain include climate change and GHG management, water resource management and circular utilization, environmental pollution and emission control, ecosystem and habitat protection and management, green product research and development, sustainable innovation, and waste disposal, recycling and reuse. For simplicity, this Report uses "climate" refers to climate change and GHG management issues, while "nature" refers to other nature-related management issues.

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

# 2. Building Climate Resilience

## 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities

The Board of FENC, which serves as the highest governing and decision-making entity for climate and environmental sustainability issues, is responsible for reviewing major decisions and strategic directions concerning these issues and taking climate-related risks and opportunities into account while making business decisions. To strengthen implementation and oversight regarding sustainability issues, the Board established the Sustainability Committee in 2020 in accordance with the Sustainable Development Principles. As the governing body for climate and environmental sustainability, the Sustainability Committee is tasked with reviewing climate and environmental sustainability policies and management guidelines, supervising project execution, monitoring progress, consolidating material issues and presenting the issues to the Board. The goal is to ensure the fulfillment of compliance obligations and operation of risk control mechanisms in order to respond to stakeholder expectations and enhance sustainable climate and environmental governance.

## 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities

At the management level, FENC has instituted the "Corporate Sustainability Implementation Committee," serving as the highest management-level committee for the company's climate and environmental sustainability issues. This committee comprehensively manages and advances initiatives addressing climate-related risks and opportunities. Tasked with executing matters related to corporate sustainable development, the committee comprises senior executives, including the Presidents and Chief Operating Officers of each Business, heads of domestic and overseas production and operation sites, and dedicated personnel from the Corporate Sustainability Team under the Chairman's Office. Headed by the President of Executive Management Headquarters as the convener, the committee regularly reports the execution outcomes of sustainability projects to the highest governing body. The Energy Task Force and Environment, Occupational Safety and Health and Community Relations Management Task Force are established under the Sustainability Implementation Committee to reinforce and oversee the management of material risks and opportunities related to climate and environmental sustainability. The task forces are also tasked with preparing action plans, implementing projects and ensuring risk control in alignment with the targets approved by the governing body.

## 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects

The climate-related risks and opportunities that could reasonably be expected to affect FENC's prospects, along with their respective time horizons, are identified in the following table:

| Topic | Climate-Related Risks and Opportunities | | | Potentially Effected Time Horizon | | |
|---|---|---|---|---|---|---|
| | Type | | Description | Short-term | Medium-term | Long-term |
| Greenhouse Gas Emissions Management) | Transition Risks | Policy and Legal | Increasingly stringent domestic and international carbon control policies and regulations could lead to the increase in the compliance costs or the risk of pecuniary penalties related to carbon control. | ● | ● | ● |
| Greenhouse Gas Emissions (Sustainable Products) | Opportunities | Products and Services | Increasing market demand for low-carbon products, investment in the R&D of sustainable products and reduction of the carbon footprint of existing products may lead to higher market share and revenue of sustainable products. | ● | ● | |
| Energy Management | Physical Risks | Acute | Chemical manufacturing processes are inseparable from energy use. External extreme weather events or inadequate internal management of energy-consuming equipment may lead to low energy stability and energy supply interruptions, resulting in reduced capacity, operational interruptions and operating losses. | ● | ● | ● |
| | Opportunities | Resource Efficiency | Enhancing energy efficiency may effectively reduce energy consumption and energy expenditures. | ● | ● | ● |
| Water Management | Physical Risks | Acute | External extreme weather events may lead to water shortages, resulting in the risk of reduced capacity and operational interruptions. | ● | | |
| | Transition Risks | Policy and Legal | Inadequate water resources management may lead to water pollution violations, resulting in pecuniary penalties. | ● | | |
| | Opportunities | Resource Efficiency | Enhancing water efficiency and implementing water resources management may effectively reduce water procurement costs. | ● | ● | |

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

## 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain

FENC categorizes the magnitude and timeframes of climate-related risks and opportunities to evaluate their current and anticipated impacts on the business model and value chain of its Production Business. Details are as follows:

| Topic | Climate-Related Risks and Opportunities | | Impacts on Business Model | | Impacts on Value Chain | |
|---|---|---|---|---|---|---|
| | Type | | Current | Anticipated | Current | Anticipated |
| Greenhouse Gas Emissions (Emissions Management) | Transition Risks | Policy and Legal | To address carbon fee risks, FENC has established internal inventory and compliance mechanisms in line with current carbon fee and reduction requirements | As the carbon fee system grows extensive and regulations become more stringent, FENC must increase and enhance carbon reduction technologies during production, such as low-emission raw material alternatives and energy efficiency improvement, to maintain production flexibility. | No Direct Impact | FENC's procurement costs could increase as upstream suppliers raise the price of raw materials due to carbon fees. |
| Greenhouse Gas Emissions (Sustainable Products) | Opportunities | Products and Services | FENC has introduced low-emission raw material alternatives into certain product lines and developed sustainable products to meet market demand. | With rising market demand, FENC must accelerate the mass production of sustainable products and the adoption of low-carbon technologies to expand market share. | FENC's sustainable products are favored by downstream customers. | To reach decarbonization targets, downstream customers may increase their demand for FENC's sustainable products. |
| Energy Management | Physical Risks | Acute | Energy supply has not caused a significant impact on production capacity allocation or process operation. However, considering factors such as extreme climate and aging equipment, FENC has incorporated contingency energy supply and dispatch into management planning in advance to reduce potential risks in the future. | The increase of extreme weather events or equipment failures may lead to insufficient energy supply and reduced production capacity. FENC continues to establish contingency energy supply and dispatch strategies to maintain process stability. | No Direct Impact | The instability of energy acquisition by upstream suppliers may lead to delays in raw material delivery, consequently impacting FENC's production schedule and delivery commitments. |
| | Opportunities | Resource Efficiency | Energy efficiency has been improved through process optimization and enhancement of energy management systems. | FENC may ensure process stability and reduce the reliance on external energy sources through continuous investments in energy efficiency and equipment upgrades. | No Direct Impact | No Direct Impact |
| Water Management | Physical Risks | Acute | There are currently no direct impacts. The status and stability of water withdrawal are monitored on an ongoing basis across all FENC production sites. | Extreme weather may lead to insufficient water supply, resulting in reduced production capacity, operational interruptions and increased operating costs. FENC must continuously implement contingency water supply and recycling measures to maintain process stability. | No Direct Impact | Water scarcity may affect the production capacity of upstream suppliers, which impacts FENC's manufacturing processes and product delivery capabilities. |
| | Transition Risks | Policy and Legal | There are currently no direct impacts. FENC production sites have implemented drainage quality monitoring and management. | Inadequate water resources management may lead to the risk of pecuniary penalties or production suspension due to discharge violations and affect operational stability. FENC must continue reinforcing water quality monitoring and management to keep discharge quality compliant with regulatory standards. | No Direct Impact | Inadequate water management or discharge by upstream suppliers may lead to production restrictions due to water shortages or violations, consequently disrupting raw material supply to FENC, affecting production site operations and impacting production schedules and product delivery. |
| | Opportunities | Resource Efficiency | FENC production sites are continuously implementing water recycling and monitoring measures to enhance water efficiency. | Expanding water recycling and management systems could enhance the resilience to water shortages at FENC production sites under extreme weather conditions and reduce the water cost per unit of production. | No Direct Impact | No Direct Impact |

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

## 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making

FENC has established well-defined climate transition and action strategies for climate risk adaptation and mitigation based on the impacts of transition and physical risks and opportunities, refining production models through responsible actions to co-create a green future with value chain partners.

| Topic | Climate-Related Risks | | Changes in Business Model and Resource Allocation | |
|---|---|---|---|---|
| | Type | | Current | Anticipated |
| Greenhouse Gas Emissions (Emissions Management) | Transition Risks | Policy and Legal | • Improve energy efficiency.<br>• Develop renewable energy.<br>• Utilize CCU.<br>• Procure alternative fuels.<br>• Purchase green power.<br>• Conduct regular external testing and verification of GHG emissions.<br>• Conduct regular outreach on policies related to GHG emissions.<br>• Require regular reporting of carbon reduction data from production sites subject to Taiwan's carbon fee regulations. | • Improve energy efficiency.<br>• Develop renewable energy.<br>• Utilize CCU.<br>• Procure alternative fuels.<br>• Purchase green power.<br>• Conduct regular external testing and verification of GHG emissions.<br>• Conduct regular outreach on policies related to GHG emissions.<br>• Require regular reporting of carbon reduction data from production sites subject to Taiwan's carbon fee regulations. |
| Energy Management | Physical Risks | Acute | • Properly maintain the operational reliability of energy-consuming equipment.<br>• Conduct regular outreach on energy-related policies. | • Properly Maintain the operational reliability of energy-consuming equipment.<br>• Build energy storage systems.<br>• Conduct regular outreach on energy-related policies. |
| Water Management | Physical Risks | Acute | • Establish contingency plans for emergency water supply. | • Establish contingency plans for emergency water supply. |
| | Transition Risks | Policy and Legal | • Implement effluent management measures, including adding, updating, replacing or maintaining facilities.<br>• Conduct regular inspections and testing.<br>• Conduct outreach and training.<br>• Obtain discharge permits. | • Implement effluent management measures, including adding, updating, replacing or maintaining facilities.<br>• Conduct regular inspections and testing.<br>• Conduct outreach and training<br>• Obtain discharge permits. |

| Topic | Climate-related Opportunities | | Changes in Business Models and Resource Allocation | |
|---|---|---|---|---|
| | Type | | Current | Anticipated |
| Greenhouse Gas Emissions (Sustainable Products) | Opportunities | Products and Services | • Obtain sustainable product certifications.<br>• Procure sustainable raw materials.<br>• Implement R&D of sustainable products. | • Obtain sustainable product certifications.<br>• Procure sustainable raw materials.<br>• Implement R&D of sustainable products. |
| Energy Management | Opportunities | Resource Efficiency | • Improve energy efficiency.<br>• Continue integrating AI with energy management. | • Improve energy efficiency.<br>• Conduct regular external audits of the ISO 50001 energy management system.<br>• Continue integrating AI with energy management. |
| Water Management | Opportunities | Resource Efficiency | • Implement water conservation projects.<br>• Implement water recycling projects.<br>• Establish water efficiency management systems. | • Implement water conservation projects.<br>• Implement water recycling projects.<br>• Establish water efficiency management systems. |

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

## 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows

FENC conducts financial impact assessments on the risk mitigation strategies. Based on the identified material climate-related risks and opportunities, the Company conducts strategic planning and risk control to achieve its climate targets, detailing their effects on its financial position and performance, which include the income statement (revenue and expenses), the statement of cash flows and the balance sheet (assets and liabilities, capital and financing). Details are provided below:

| Topic | Climate-Related Risks and Opportunities | | Financial Impacts During the Reporting Period |
|---|---|---|---|
| | Type | | |
| Greenhouse Gas Emissions (Emissions Management) | Transition Risks | Policy and Legal | Through measures related to strategies such as improving energy efficiency, developing and procuring renewable energy, introducing alternative fuels, conducting regular external testing and verification of GHG emissions, conducting policy outreach and implementing carbon reduction management in response to Taiwan's carbon fee regulations, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, green power procurement and carbon fees) and cash flows. |
| Greenhouse Gas Emissions (Sustainable Products) | Opportunities | Products and Services | Through measures related to strategies such as the research, development and promotion of sustainable products as well as obtaining sustainable product certifications, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as certification fees, training expenses and consulting and assurance fees) and cash flows. |
| Energy Management | Physical Risks | Acute | Through measures related to maintaining the operational reliability of energy-consuming equipment, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation) and cash flows. |
| | Opportunities | Resource Efficiency | Through measures related to strategies such as improving energy efficiency and conducting regular external audits of the ISO 50001 energy management system, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, repair and maintenance expenses, certification fees and green power expenditures) and cash flows. |
| Water Management | Physical Risks/ Transition Risks | Acute/ Policy and Legal | Through measures related to wastewater management, such as adding, updating, replacing or maintaining facilities, or strategies such as conducting regular inspections and testing and obtaining discharge permits, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, certification fees and environmental, health and safety expenditures) and cash flows. |
| | Opportunities | Resource Efficiency | Through measures related to water conservation and recycling projects and strategies such as establishing water efficiency management systems, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as certification fees and environmental, health and safety expenditures) and cash flows. |

## 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience

FENC assessed the impacts of climate-related risks and opportunities through scenario analysis and determined corresponding operational strategies and measures to enhance resilience. Considering the progressing domestic and international climate policies and uncertain environmental changes to come, time and circumstances are factors that may alter the impacts of climate risks and opportunities on a corporation. It is FENC's intention to evaluate the resilience of its operations regarding material climate issues through scenario analysis to examine the impacts of climate risks and opportunities and modify business strategies accordingly.

The assessment of climate issues identified risks and opportunities related to GHG emissions as having the highest potential financial impacts. Given the high degree of uncertainty associated with such risks and opportunities, scenario analysis for material climate-related issues was conducted to assess the resilience of FENC in the face of climate risks.

The following sections describe the results of the scenario analysis regarding material climate risks and opportunities related to GHG, as well as the assessed impacts on business strategies and models.

Climate transition risks and opportunities are analyzed across different timeframes, with the magnitude of impact presented as low, medium or high to assess the future impact of each risk and opportunity on FENC. According to the effect of each issue on the revenue contribution of production sites, the magnitude of impact of the risks and opportunities are classified into four tiers, 0% as no impact; less than 10% as low impact; 10% to 30% as medium impact; over 30% as high impact.

| Topic | Climate-Related Risks and Opportunities | | | | Magnitude of Impact | | |
|---|---|---|---|---|---|---|---|
| | Type | | Description | | Short-term | Medium-term | Long-term |
| Greenhouse Gas Emissions (Emissions Management) | Transition Risks | Policy and Legal | Carbon pricing mechanism | Due to the increasingly stringent domestic and international carbon control policies and regulations, the compliance costs or the risk of fines related to carbon control increase. | Low | Medium | Medium |
| | Transition Risks | Policy and Legal | Carbon border tax | | Low | Low | Medium |
| | Opportunities | Resource Efficiency | Use of lower-emission sources of energy | Investing in renewable energy power generation facilities can effectively enhance the control over renewable energy costs, thereby reducing the acquisition cost of renewable energy and effectively achieving the renewable energy usage targets. | Medium | Medium | Medium |
| Greenhouse Gas Emissions | Opportunities | Products and Services | Development or expansion of low-emission goods and services | Due to increasing market demand for low-carbon products, efforts are invested in the R&D of sustainable products and reduction of the carbon footprint of existing products to increase the market share of and revenue from sustainable products. | Medium | Medium | Medium |
| | Opportunities | Products and Services | Access to new markets | | Medium | Medium | Medium |

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

Qualitative scenario analysis is employed for the resilience assessment of additional climate-related risks and opportunities.

| Topic | Resilience Assessment Description |
|---|---|
| Energy Management | FENC ensures the stability of its production operations by maintaining energy-consuming equipment with precision and building energy storage systems. The Company also enhances its readiness against power fluctuation risks by detailing the inventory of critical equipment, standardizing maintenance and repair plans across all production sites and installing energy storage facilities in phases. Meanwhile, all production sites support governmental energy policies and conduct regular outreach programs, keeping the management mechanisms in line with regulatory requirements. The multi-faceted energy management strategies has buttressed FENC with tremendous operational resilience as the Company tackles climate change and energy supply challenges. |
| Water Management | FENC has established comprehensive water pollution prevention and water recycling systems. By installing the continuous water monitoring system (CWMS) with real-time monitoring of critical process data, such as dissolved oxygen and mixed liquor suspended solids (MLSS), the Company monitors effluent quality with accuracy and ensures regulatory compliance. To enhance water efficiency, FENC has implemented the ISO 46001 water efficiency management systems, maximizing resource reuse rates by integrating the analysis of water consumption per unit of production, utilizing reverse osmosis/membrane bioreactor reclamation systems and implementing rainwater recycling projects. As water supply risks emerge with extreme weather events, FENC has prepared itself with contingency plans for emergency water supply, including alternative water sources and inter-plant water networks as mutual aid. Through equipment replacement and upgrades, rigorous job qualification certification and emergency response assessments, FENC has built a high degree of operational resilience, which enhances water supply stability and environmental compliance management. |

## Scenario Descriptions of Climate-Related Risks and Opportunities

| Scenario | SSP5-8.5 (Very High GHG emissions) | NZE (Net Zero Scenario) |
|---|---|---|
| Type | Physical Risks | Transition risks and opportunities |
| Detail | The SSP5-8.5 scenario is presented in the IPCC's Sixth Assessment Report (AR6) under the assumption of absence in climate actions from all countries, which would result in the highest CO2 concentration. It could be regarded as the most stringent climate scenario. Adopting this scenario would help FENC assess the degree of impacts under the most extreme climate challenges. | The NZE scenario is published by IEA. To limit the global temperature rise to 1.5 °C, the NZE scenario represents a path to net zero emissions by 2050 for the world and is considered the most extreme reduction scenario. As the surge of carbon reduction policies sweeps through the world, adopting the NZE scenario would help FENC gain competitive advantages by taking preemptive strikes. |
| Parameter | Assuming the worst-case climate change scenario (SSP5-8.5), it is projected that by 2050, the average annual total precipitation in East Asia will surge by 15%, and the heaviest single-day precipitation will increase by 20% in intensity, accompanied by the occurrence of extreme weather events such as typhoons, floods and rainstorms. | Assuming the NZE scenario, carbon fees/taxes are levied across all sectors in all regions: By 2050, the carbon price will rise to US$250/tCO2e in advanced economies and US$200/ tCO2e in selected emerging markets and developing economies. |
| Projected Temperature Rise by the End of This Century | >4℃ | ~1.5℃ (consistent with the commitment under the Paris Agreement) |

Note: "Selected emerging markets and developing economies" is a regional category used in the International Energy Agency's World Energy Outlook, which includes Brazil, mainland China, India, Indonesia and South Africa.

## 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities

The following sections further illustrate the systematic approach FENC has adopted to manage climate-related risks and opportunities. The implementation is divided into a four-pillar structure, including identification, assessment, prioritization and monitoring, as detailed below:

1. Identification: Internal and external information is collected and applicable standards from the Sustainability Accounting Standards Board (SASB) are consulted to establish the list of climate issues in a systematic manner with continuous refinement.
2. Assessment: FENC units, including the production sites within the reporting scope, convene to assess the likelihood and magnitude of financial impacts of climate-related issues within their respective industries through survey mechanisms.
3. Prioritization: After consolidating and analyzing the surveys, results are ranked from high to low materiality with thresholds established as the basis for the preliminary screening of material sustainability issues. After the preliminary prioritization, actual operations and development directions are taken into account, and inter-departmental discussions are conducted as qualitative materiality judgements to supplement the quantitative results for the selection of material climate issues and related risks and opportunities, which are then submitted to the Sustainability Committee and the Board for approval.
4. Monitoring: Changes in climate-related risks and opportunities are continuously monitored. The governance mechanism and management effectiveness are also regularly reviewed to make necessary adjustments and improvements in order to fortify FENC's climate resilience and overall risk management performance.

FENC has established comprehensive climate-related risk and opportunity management processes, which comply with and are integrated into the corporate risk management policies. Functioning as the management unit for climate-related risks and opportunities, the Sustainability Implementation Committee is responsible for formulating action plans, executing specific projects and implementing risk control based on targets ratified by the governing body.

FENC first conducted a comprehensive inventory of domestic and international climate trends, focusing on transition and physical risks. Transition risks encompass policy and legal risks, such as carbon pricing and carbon border taxes (e.g., CBAM) and climate litigation; the impact of licensing and regulation and policy incentives; technology risks arising from high electricity prices and scarce renewable energy; market risks resulting from shifts in market demand for low carbon products and a decline in orders as customers pivot to low-carbon suppliers; and reputation risks stemming from damages to the corporate image for failing to meet the expectations of investors and brand customers. Physical risks comprise acute physical risks, such as typhoons and rainstorms; and chronic physical risks, such as increased cooling power consumption and heat hazards caused by prolonged heat waves, frequent water shortages driven by shifts in long-term precipitation patterns, and the flooding of coastal plant premises and ports induced by rising sea levels.

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

To identify climate-related risks and opportunities, FENC integrated the aforementioned issues into the sustainability issues of the SASB industry standards and the IFRS S2 Industry-based Guidance on Implementing Climate-related Disclosures, consolidating climate issues highly relevant to corporate operations. During the identification process, FENC concurrently consulted international sustainability ratings and guidelines as well as peer benchmarking practices, while synthesizing industry regulations, stakeholder feedback and additional international trends to serve as the foundation for subsequent assessment and strategy formulation.

During the assessment stage of climate-related risks and opportunities, FENC leverages the sustainability issues listed in the SASB industry standards and their described scenarios as a basis to analyze and determine the relevance of each issue to corporate operations. FENC further examines qualitative factors, such as existing management measures and potential scenarios affected by the current management status of the issues (e.g., assessing the magnitude of operational impacts under a hypothetical extreme weather event), to assist the management in comprehending potential impacts under various scenarios.

During the assessment stage of climate-related risks and opportunities, the magnitude of financial impacts and likelihood of each climate issue are taken into consideration, while the scale of FENC's assets, revenue and operating costs are also considered as the basis for analysis. The likelihood and magnitude of financial impacts of each climate issue are assigned scores ranging from 1 to 5 and weighted with multipliers. The issues are then ranked based on the scores.

## 2.9 Identification Outcome of Material Climate Risks and Opportunities

Through survey mechanisms and analysis, FENC identified seven material climate risks and opportunities, which were determined by establishing a cumulative impact threshold of the top 75% and integrating the feedback of senior management with the approval of the Sustainability Committee and the Board.

## 2.10 Climate-Related Metrics and Targets

| Indicators of Climate-Related Targets | | Target Type | Base Year Data | 2025 Annual Target | Short-Term Target (-2030) | Medium-Term Target (2031-2035) | Long-Term Target (2036-2050) |
|---|---|---|---|---|---|---|---|
| Greenhouse Gas Emissions (Emissions Management) | Reduction in GHG Emissions (Scope 1 and 2) (2020 base year) | Absolute Target | 2,432 $ktCO_2e$ | 30% Reduction | 50% Reduction | 60% Reduction | Achieve Net Zero Emissions by 2050 |
| | Reduction in GHG Emissions (Scope 1) (2020 base year) | Absolute Target | 1,272 $ktCO_2e$ | 28% Reduction | 47% Reduction | 57% Reduction | Achieve Net Zero Emissions by 2050 |
| | Reduction in GHG Emissions (Scope 2) (2020 base year) | Absolute Target | 1,160 $ktCO_2e$ | 32% Reduction | 53% Reduction | 64% Reduction | Achieve Net Zero Emissions by 2050 |
| Greenhouse Gas Emissions (Sustainable Products) | Sustainable Products Revenue Ratio (percentage of production business revenue) | Intensity Target | - | 33% | 50% | 60% | 75% |
| Energy Management | Reduction in Energy Consumption Per Unit of Production (2020 base year) | Intensity Target | 2.91 GJ/metric ton of production | 10% Reduction | 20% Reduction | 25% Reduction | 40% Reduction |
| Water Management | Reduction in Water Withdrawal Per Unit of Production (2020 base year) | Intensity Target | 2.98 kiloliters/metric ton of production | 30% Reduction | 35% Reduction | 40% Reduction | 45% Reduction |
| | Number of Incidents of Non-Compliance with Local Regulations Regarding Water Pollution Control Operation Standards and Water Discharge Quality | Absolute Target | - | 0 | 0 | 0 | 0 |

# Content

1 About This Report

2 Building Climate Resilience
- 2.1 The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities
- 2.2 The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities
- 2.3 Climate-Related Risks and Opportunities Affecting FENC's Prospects
- 2.4 Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain
- 2.5 Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making
- 2.6 Impacts of Climate-related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows
- 2.7 Climate-related Scenario Analysis and Assessment of Climate Resilience
- 2.8 Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-related Risks and Opportunities
- 2.9 Identification Outcome of Material Climate Risks and Opportunities
- 2.10 Climate-Related Metrics and Targets
- 2.11 Climate Transition Plan and Action

3 Marching Towards Nature Positive

4 Appendix

## 2025 Progress and Indicators for Climate-Related Targets

| Indicators of Climate-Related Targets | | 2025 Annual Target | 2025 Progress | 2025 Target Achievement Rate |
|---|---|---|---|---|
| Greenhouse Gas Emissions (Emissions Management) | Reduction in GHG Emissions (Scope 1 and 2) (2020 base year) | 30% Reduction | 40% Reduction | Achieved |
| | Reduction in GHG Emissions (Scope 1) (2020 base year) | 28% Reduction | 35% Reduction | Achieved |
| | Reduction in GHG Emissions (Scope 2) (2020 base year) | 32% Reduction | 46% Reduction | Achieved |
| Greenhouse Gas Emissions (Sustainable Products) | Sustainable Products Revenue Ratio (percentage of production business revenue) | 33% | 41% | Achieved |
| Energy Management | Reduction in Energy Consumption Per Unit of Production (2020 base year) | 10% Reduction | 8% Reduction | Not Achieved |
| Water Management | Reduction in Water Withdrawal Per Unit of Production (2020 base year) | 30% Reduction | 28% Reduction | Not Achieved |
| | Number of Incidents of Non-Compliance with Local Regulations Regarding Water Pollution Control Operation Standards and Water Discharge Quality | 0 | 0 | Achieved |

Note: The disclosure of violations against local regulations is based on the list of "material information" referenced in the Taiwan Stock Exchange Corporation Procedures for Verification and Public Handling of Material Information of Securities Listed Companies. A single event resulting in pecuniary penalties of more than NT$1 million cumulatively shall be disclosed. Non-pecuniary penalties resulting in governmental orders of the suspension of work, suspension of business, termination of business, or the revocation or voidance of a permit pertaining to pollution shall be disclosed.

## 2.11 Climate Transition Plan and Action

To address the risks and opportunities brought by extreme climate, FENC has designed specific and actionable climate transition pathways tailored to the operational models and emission structures of each Business. Based on key assumptions, including feasible carbon reduction technologies, the supply and demand of renewable energy and electricity emission factors, the Company has formulated a climate transition plan aligned with its mitigation and adaptation targets to support the short-, medium- and long-term reduction pathways that will ultimately lead to net-zero emissions. The Production Business focuses on improving energy efficiency, adopting low-emission fuels, incorporating renewable energy, developing CCU and transitioning to low-emission raw material structures. Through systematic process optimization and energy management, FENC is reducing process- and energy-related emissions while ensuring operational stability and cost control.

| Climate Transition Plan | Action |
|---|---|
| Improve Energy Efficiency | FENC improves energy efficiency by optimizing the production process, facilities and energy management. Energy projects in the pipeline include new cogeneration systems, which capitalize on thermal and electrical power by recovering waste heat. |
| Adopt Low-emission Fuel Alternatives | FENC's short-term carbon reduction plan calls for substituting high-emission fuels, such as coal or heavy oil, with low-emission alternatives, such as natural gas and biomass fuels. The medium- and long-term plans are to replace natural gas with hydrogen fuels. |
| Develop Renewable Energy | FENC is investing heavily in and installing a diverse range of renewable energy equipment and increasing the purchase of renewable electricity annually to boost its percentage in the Company's energy mix. |
| Utilize CCU | The technology is utilized to convert carbon dioxide into usable products. The future plans will focus on the capturing and utilizing the carbon dioxide from the boiler exhaust. |
| Foster Raw Material Transition | FENC adopts low-emission raw materials as alternatives, including recycled and biomass options. Leveraging its core technological advantages, the Company is developing environmentally friendly and low-emission materials and expanding the applications of these innovations. |

Please refer to Special Report 2: Green Manufacturing in Action:Low-carbon Transition at FENC in the Far Eastern New Century 2025 Sustainability Report for details.

## Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive
- 3.1 Management Policy
- 3.2 Actions Supporting TNFD
- 3.3 Nature Governance Framework and Oversight Mechanism
- 3.4 Management Procedures for Nature-Related Issues
- 3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
- 3.6 Identification of Critical Natural Capital
- 3.7 Results of Critical Natural Capital Identification
- 3.8 Analysis of the Ecological Footprint of Operations
- 3.9 Identification of Natural Sensitivity
- 3.10 Nature-Related Management Issues Identification Process and Results
- 3.11 Identification Results of Material Natural Risks and Opportunities
- 3.12 Description of Impacts From Nature-Related Risks and Opportunities
- 3.13 Nature-Related Metrics and Targets
- 3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

# 3. Marching Towards Nature Positive

## 3.1 Biodiversity Management Policy

Guided by the Environmental Sustainability Policy approved by the Board, FENC is aggressive in the implementation of biodiversity management, and nature-related impacts have been incorporated into its corporate risk control procedures. Having committed to abiding by the Kunming-Montreal Global Biodiversity Framework and protecting nature, FENC has established the following long-term visions:

2030: Zero Deforestation
2035: No Net Loss
2050: Net Positive Impact

FENC established the Sustainability Implementation Committee to oversee policy implementation, inter-departmental collaboration and performance review across the entire corporation, including all self-owned operational sites and employees and subsidiaries under FENC's direct operational control, as well as affiliates, associates, suppliers/contractors and other business partners with significant influence. The Company's strategies regarding biodiversity are as follows:

- Evaluate or monitor biodiversity risks and opportunities, including the risks of biodiversity dependencies and impacts, follow the mitigation hierarchy of "avoid, minimize, restore and offset," establish management measures and integrate biodiversity risk assessment into the corporate risk management process to strive for reducing the impact of operations and the value chain on nature and ecosystems.
- Include nature-related and biodiversity risks as evaluation criteria when selecting suppliers, other business partners or the location of production sites to avoid operational activities in significant global or national biodiversity areas.
- Engage with stakeholders on biodiversity issues to enhance the awareness and management capabilities of suppliers and other business partners, forming collective actions in the implementation of environmental empowerment and nature-positive initiatives.

## 3.2 Actions Supporting TNFD

In March 2026, FENC was officially recognized by TNFD as an adopter, the first enterprise in Taiwan's chemical industry to be included on this list, which underscores the Company's leadership and strategic foresight in TNFD disclosure.

Environmental Sustainability Policy

## 3.3 Nature Governance Framework and Oversight Mechanism

FENC's nature governance is led by the Board of Directors which oversees the Company's climate- and nature-related strategies and management guidelines. It also set up a functional committee at the board level, the Sustainability Committee. Within its production business, the Sustainability Implementation Committee was established, with the President of Corporate Management serving as the convenor, collaborating with the production sites and business units of each Business and the Corporate Management to implement climate- and nature-related management actions.

## 3.4 Management Procedures for Nature-Related Issues

FENC has adopted the LEAP approach from the Taskforce on Nature-related Financial Disclosures (TNFD) framework to establish nature and biodiversity management procedures. Utilizing a location-specific assessment approach, the Company identifies the dependencies and impacts of operational activities at its production sites on natural ecosystems, along with associated biodiversity risks and opportunities. This assessment procedure is aligned with and integrated into the overall corporate risk management process. The responsible units coordinate the management tasks, while the Sustainability Team under the Corporate Staff Office consolidates relevant performance outcomes and reports to the Sustainability Committee and the Board of Directors, ensuring that the governing bodies effectively oversee and manage nature-related issues.

| Ecological Footprint and Critical Natural Capital Identification in the Value Chain | Critical Nature-Related Risks and Opportunity Identification and Impact Analysis | Setting Measurement Metrics and Management Targets | Monitoring, Measurement and Disclosure |
|---|---|---|---|
| LEAP Approach: L1-L4、E1-E4 | LEAP Approach: A1-A4 | LEAP Approach: A2、A3、P1、P2 | LEAP Approach: P3、P4 |
| • Define the scope and boundaries of the nature assessment.<br>• Use international nature-related databases to analyze value chain characteristics and establish evaluation principles for critical natural capital.<br>• Analyze the value chain's critical dependencies on ecosystem services, nature-related impacts, and sensitive locations.<br>• Consolidate and analyze results to identify and locate critical natural capital and priority management sites within the value chain. | • Study international reports and industry status to compile a list of nature-related risks and opportunities.<br>• Identify critical nature-related risks and opportunities in accordance with material risk and opportunity identification principles.<br>• Use scenario analysis, financial impact estimation, and other methods to quantify the impacts of material nature-related risks and opportunities, providing information needed for decision-making. | • Develop measurement methods for critical natural capital and establish monitoring and performance tracking indicators.<br>• Formulate concrete management measures for material nature-related risks and opportunities, and set medium- to long-term action plans.<br>• Set clear and traceable management objectives as the basis for performance evaluation and improvement. | • Refer to the TNFD framework's dimensions of governance, strategy, risk management, and metrics and targets to implement nature-related performance disclosure and information communication.<br>• Regularly report management outcomes and progress on relevant issues to the Sustainability Committee and the Board of Directors. |

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## Actions for Biodiversity Impact Management

**Avoid**



- Avoid damaging critical natural habitats and ecologically sensitive areas, and reduce the stress of operations on ecosystems.
- Give priority to adopting eco-friendly and net-zero-oriented production and supply chain models to raise resource use efficiency and reduce GHG and pollutant emissions.

**Reduce**



- Reduce GHG and pollutant emissions, as well as energy and resource consumption in production processes, through low-carbon and recycling technologies.
- Improve existing products toward low-carbon, low-pollution technologies and green product design to reduce product carbon footprint and environmental impacts.

**Restore**



- Engage in habitat restoration and ecological rehabilitation projects to accelerate the recovery of ecosystem health, integrity, and sustainability.
- Participate in waste governance and resource recycling mechanisms to reduce long-term environmental impacts.

**Regenerate**



- Develop green materials to promote innovative applications of renewable resources.
- Assess the feasibility of Nature-based Climate Solutions (NCS), focusing on ecological carbon sink and ecosystem restoration capacity.

**Transform**



- Implement science-based climate and nature governance to enhance management effectiveness.
- Strengthen collaboration with government, industry, and academic institutions to promote energy transition, circular economy, and ecosystem restoration.

## 3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach

Following TNFD's LEAP approach, FENC prioritizes its primary operation sites under the Production Business and critical raw material suppliers as the scope for assessment and considers the comprehensive evaluation of factors such as proximity to sensitive areas, species sensitivity, water risks, pollutant emission profiles, operational scale, management accessibility and value chain significance. The results are applied towards identifying sites, products and services with significant actual or potential impacts on biodiversity.

Data sources encompass internal operational data, site-specific information and supply chain records, supplemented by secondary and modeling data from public databases of international or local governments. At this stage, FENC is focusing on its major production operations and critical raw material suppliers, and the future plan is to gradually extend the scope upstream to include more supply chain tiers and downstream with additional value chain segments. Meanwhile, efforts to engage with suppliers and refine data will continue to enhance assessment accuracy and coverage.

## 3.6 Identification of Critical Natural Capital

FENC references the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database to identify potential nature-related dependencies and impacts within its own production operations and across critical raw material suppliers to clarify the interdependencies between the value chain and natural capital.

The key ecosystem services identified are primarily provisioning and regulating services, such as water supply, soil and sediment retention, water quality improvement, water flow regulation, flood prevention and storm mitigation. Certain cultural and knowledge-based services related to material research and development are also identified, such as education, science and research services. The main beneficiaries of these ecosystem services are FENC production sites, employees, suppliers, customers and the communities adjacent to its operational locations.

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

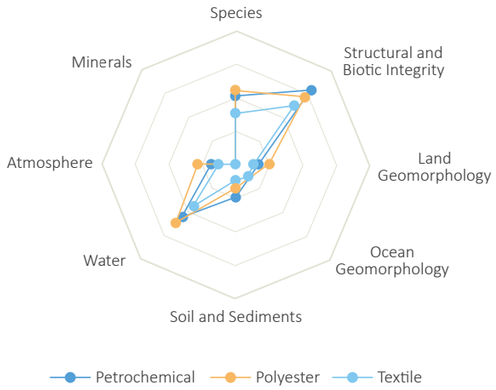
## Nature Dependence and Impact Drivers Heatmap

Risk Level: Extremely High / High / Moderate / Low / Extremely Low / - Not Relevant

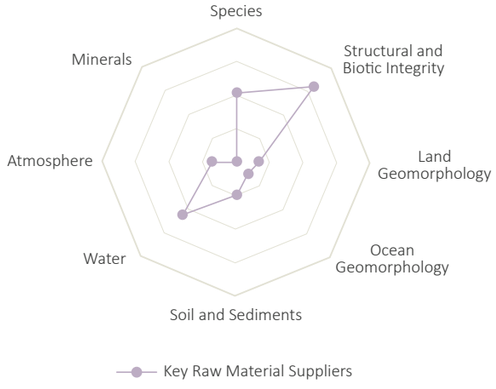
| Business Operations | | | Own Operation | | | Key Raw Material Suppliers |
|---|---|---|---|---|---|---|
| | | | Petrochemical Business | Polyester Business | Textile Business | |
| Dependency | Provisioning services | Biomass provisioning | - | - | - | - |
| | | Genetic material | - | - | - | - |
| | | Water supply | Moderate | Moderate | Moderate | Moderate |
| | | Other provisioning services- Animal-based energy | - | - | - | - |
| | Regulating and maintenance services | Global climate regulation | Low | Low | Low | Low |
| | | Rainfall pattern regulation | Low | Low | Low | Low |
| | | Local (micro and meso) climate regulation | High | High | High | High |
| | | Air Quality Regulation | Low | Low | Low | Low |
| | | Soil quality regulation | - | - | - | - |
| | | Soil and sediment retention | Moderate | Low | Low | Moderate |
| | | Solid Waste Treatment | Low | Moderate | Moderate | Low |
| | | Water purification | Moderate | Moderate | Moderate | Moderate |
| | | Water flow regulation | Moderate | Moderate | Moderate | Moderate |
| | | Flood control | Moderate | Moderate | Moderate | Moderate |
| | | Noise attenuation | Low | Low | Low | Low |
| | | Storm mitigation | Moderate | Moderate | Moderate | Moderate |
| | | Pollination | - | - | - | - |
| | | Biological control services | - | - | - | - |
| | | Nursery population and habitat maintenance | - | - | - | - |
| | | Other regulating and maintenance service- Dilution by atmosphere and ecosystems | High | High | High | High |
| | | Other regulating and maintenance service- Mediation of sensory impacts (other than noise) | Low | Low | Low | Low |
| | Cultural services | Recreation related services | - | - | - | - |
| | | Education, scientific and research services | - | Extremely High | - | - |
| | | Spiritual, artistic and symbolic services | - | - | - | - |
| Impact | | Disturbances (e.g noise, light) | Extremely High | Moderate | Moderate | Extremely High |
| | | Freshwater Use (Area) | - | - | - | - |
| | | GHG Emissions | Moderate | High | High | Moderate |
| | | Seabed Use (Area) | - | - | - | - |
| | | Emissions of Air Pollutants (non-GHG) | Moderate | Moderate | High | Moderate |
| | | Other biotic resource extraction (e.g. fish, timber) | - | - | - | - |
| | | Other abiotic resource extraction | - | - | - | - |
| | | Emissions of toxic pollutants to water and soil | Extremely High | Moderate | Moderate | Extremely High |
| | | Emissions of nutrient pollutants to water and soil | - | Moderate | - | - |
| | | Solid Waste Generation | Moderate | Moderate | Moderate | Moderate |
| | | Land Use (Area) | High | High | High | High |
| | | Water Use | Moderate | Moderate | Moderate | Moderate |
| | | Introduction of invasive species | - | - | - | - |

Note:
1. ENCORE was jointly developed by Global Canopy, the UN Environment Program Finance Initiative (UNEP FI), and the UN Environment Program World Conservation Monitoring Centre (UNEP-WCMC).
2. Data source: ENCORE Knowledge Base (October 2024 edition), used to analyze the potential dependencies and impacts of the following industries.
3. Industry sectors of FENC's Production Business: Manufacture of Basic Chemicals, Manufacture of Textiles, Manufacture of Wearing Apparel, Except Fur Apparel; Industry sectors of key Raw Material suppliers: Manufacture of Basic Chemicals

## Natural Capital Dependencies and Impacts of Own Operations




## Natural Capital Dependencies and Impacts of Key Raw Material Suppliers



# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## 3.7 Results of Critical Natural Capital Identification

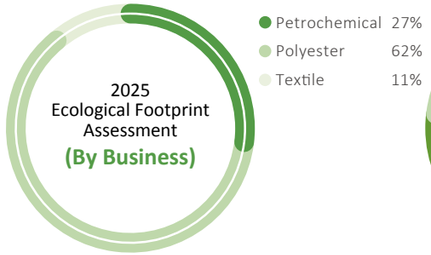
The results identified three natural capital issues essential to FENC's own operations and critical raw material suppliers: ecosystem structure and biological integrity; water resources; species.

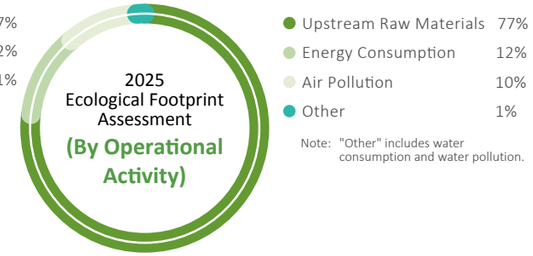
For FENC, stable water supply, water quality regulation and disaster mitigation capabilities pose direct influence over process stability, operational costs and supply chain resilience, while education, science and research services provided by natural systems are beneficial for innovation in material design, green products and eco-friendly technologies.

Meanwhile, FENC recognizes that its operations and supply chain activities may exert pressure on these ecosystem services in the form of pollutant emissions, water withdrawal, disturbances and resource consumption, thus taking management actions in alignment with key climate and nature-related management issues.

## 3.8 Analysis of the Ecological Footprint of Operations

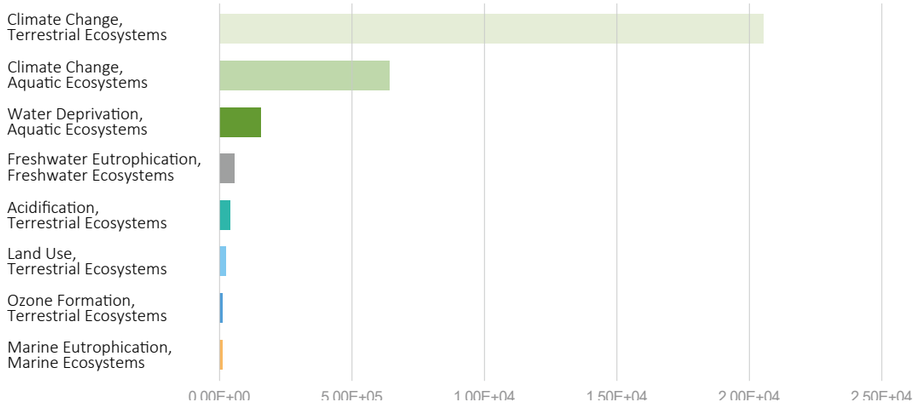
To gain a deeper understanding of how its operations might touch the delicate balance of our natural ecosystems, FENC thoughtfully embraces the LC-IMPACT life cycle impact assessment model. By utilizing the Potentially Disappeared Fraction of species (PDF), FENC measures the profound ecological impacts stemming from various environmental pressures, with the heartfelt results expressed in PDF·year. With a deep respect for Mother Earth, this holistic analysis takes to heart the environmental burdens of energy consumption, water consumption, water pollution, air pollution, and upstream raw materials. These insights gracefully illuminate the most significant ecosystem impacts of FENC's operations, guiding FENC in its unwavering commitment to nurturing and safeguarding the natural world.




### Analysis of Ecosystem Impact Types From Operational Activities

Unit: PDF. year




Note:
1. PDF represents the Potentially Disappeared Fraction of species, and PDF·year serves as the assessment unit after incorporating the dimension of the impact period; a higher value indicates a greater potential impact on the ecosystem, however it does not reflect the actual number of species lost.
2. Certain activities were excluded from the quantitative evaluation as LC-IMPACT currently lacks applicable characterization factors.

From a business division perspective, the Polyester Business accounts for a high proportion of FENC's overall ecological footprint due to its larger operational scale. The ecological footprint of operational activities stems primarily from the environmental impacts of upstream raw materials, accounting for approximately 77%, followed by energy consumption and air pollution emissions. The analysis results indicate that raw material optimization management, energy management, and air pollution emission management are key operational activities that the Company should prioritize in reducing its overall ecological footprint.

In terms of ecosystem impact pathways, the analysis results show that the ecological footprint focuses primarily on the potential impacts of climate change on terrestrial and aquatic ecosystems.

FENC comprehensively considers the ecological footprint analysis results alongside material nature-related risks and opportunities to serve as a reference for subsequent management agenda and priority action plans.

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

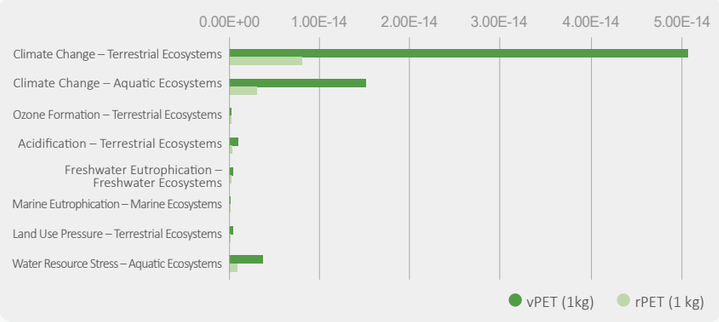
## The Ecological Footprint of rPET Is Lower than vPET

In 2025, FENC applied the LC-IMPACT model to evaluate the ecosystem impacts of recycled bottle-grade polyethylene terephthalate (rPET) compared to virgin bottle-grade polyethylene terephthalate (vPET) across their life cycle stages.

Analysis shows that rPET has significantly lower PDF.year values in terms of climate change and water stress. vPET production involves the extraction and processing of petrochemical raw materials, whereas rPET is made from recycled plastic bottles, thereby saving fossil resources and reducing GHG emissions from plastic waste decomposition. In terms of water resources, rPET production is more water-efficient, reducing stress on water resources.

Compared with vPET, rPET reduces overall ecological impacts by 83%, demonstrating lower dependencies and impacts on natural resources. FENC has also extended these recycling technologies into diverse applications, including food packaging, non-food packaging, functional apparel, footwear, automotive materials, and household products, underscoring its commitment to and practice of environmental protection and sustainability.

### Ecological Impact Analysis of rPET vs. vPET (PDF.year)




Note: This analysis was conducted using the SimaPro 9.6 Ecoinvent 3 database, applying the LC-IMPACT | average preference | all impacts | infinite method. The assessment covers the cradle-to-gate life cycle impacts of 1 kilogram of rPET and vPET, including the ecological impacts associated with transportation.

## 3.9 Identification of Natural Sensitivity

In accordance with the TNFD LEAP approach, FENC prioritizes the assessment of its production operational sites, their adjacent areas, and critical raw material suppliers. To fully comprehend the potential impact of its operations on ecosystems, the Company examines spatial data overlay within a 5-kilometer radius of its operational sites against Key Biodiversity Areas (KBAs) and Taiwan Ecological Network (TEN) focus areas to evaluate whether its facilities are located in or adjacent to environmentally sensitive areas.

For sites in Taiwan, the identification of ecologically sensitive areas is conducted using the Taiwan Ecological Network spatial data published by the Forestry and Nature Conservation Agency, Ministry of Agriculture. For overseas sites, the identification is carried out using the Key Biodiversity Areas (KBA) spatial data developed by the Key Biodiversity Areas Partnership. Furthermore, FENC utilizes the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to evaluate the level of water resource risks at the operation sites of its production businesses, their adjacent areas, and the facilities of critical raw material suppliers.

Finally, by integrating the results of the spatial identification of ecologically sensitive areas and the water resource risk assessments, FENC completes the nature sensitivity assessment for its own operations (including adjacent areas) and its critical raw material suppliers.

### Natural Sensitivity Assessment Result of Own Operational Sites

VH Very high concern　H High concern　M Moderate concern
L Low concern　VL Very low concern

| Region | Production Sites | Level of Concern | Sensitive species |
|---|---|---|---|
| Taiwan | OPTC | H | Leopard Cat |
| | Hsinpu Chemical Fiber Plant | H | Leopard Cat, Pangolin, Snakehead Turtle, Yellow Pond Turtle |
| | Kuanyin Chemical Fiber Plant | H | Leopard Cat |
| | FEFC | H | Leopard Cat |
| | OGM | H | Leopard Cat |
| | Kuanyin Dyeing and Finishing Plant | H | Leopard Cat |
| Mainland China | FEIS | H | None |
| | Tech Textiles Plant of OTIZ | H | None |
| | Knitting & Dyeing Plant of OTIZ | H | None |
| | FEIW | H | None |
| | FEAZ | H | None |
| | WHEF | M | None |
| Vietnam | FEPV-Polyester Plant | H | None |
| | FEPV-Knitting & Dyeing | H | None |
| | FEAV | H | None |
| | FENV | H | None |
| Japan | FIGP | L | None |
| U.S. | APG Polytech | L | None |

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

The natural sensitivity analysis of key raw material suppliers shows that suppliers in Saudi Arabia have relatively high natural sensitivity ratings because their sites are located near KBAs and involve sensitive species such as Broad-billed Sandpiper. In Taiwan, key raw material supplier sites overlap with areas of concern in the National Ecological Network and involve sensitive species such as Leopard Cat and Eastern Grass-owl, resulting in moderate or above natural sensitivity ratings. In mainland China, key raw material supplier sites are located near KBAs and in areas of high water risks, so many of these suppliers in this region are rated moderate or above in natural sensitivity.

FENC will continue to enhance its management of nature-related impacts across its global key raw material suppliers, advancing together toward a nature-positive growth path.

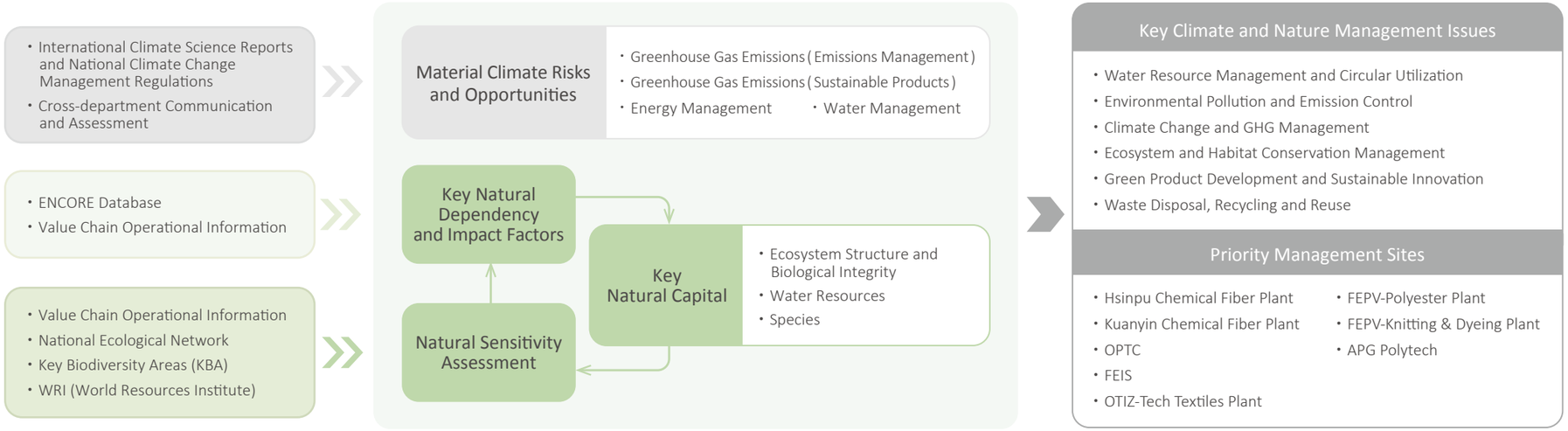
### Results of the Natural Sensitivity Assessment for Key Raw Material Suppliers

| | Mainland China | Taiwan | Saudi Arabia | Korea | Japan | Kuwait | U.S. | Thailand | Vietnam |
|---|---|---|---|---|---|---|---|---|---|
| Number of Key Raw Material Suppliers with Natural Sensitivity Rated Moderate or Above | 17 | 9 | 4 | 3 | 1 | 1 | 1 | 1 | 1 |
| Sensitive Species | None | Leopard Cat, Eastern Grass-owl | Broad-billed Sandpiper | None | None | None | None | None | None |

## 3.10 Nature-Related Management Issues Identification Process and Results

Based on the identification results of material climate risks and opportunities and critical natural capital, and with reference to the industry's nature-related risk and opportunity impact pathways, FENC has identified key climate- and nature-related management issues. These include water resource management and recycling, environmental pollution and emissions control, climate change and GHG management, ecosystem and habitat conservation, green product development and sustainable innovation, as well as waste disposal, recycling and reutilization. These issues remain core focus areas for FENC's ongoing efforts and continuous improvement.

The annual assessment results indicate that eight FENC's production sites have been identified as priorities for management, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, and OPTC in Taiwan, FEIS and tech textiles plant of OTIZ in mainland China, the polyester plant and knitting and dyeing plant of FEPV in Vietnam, and APG Polytech in the U.S. At the same time, FENC has also engaged closely with suppliers to ensure the effective execution of its overall management strategy.



# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

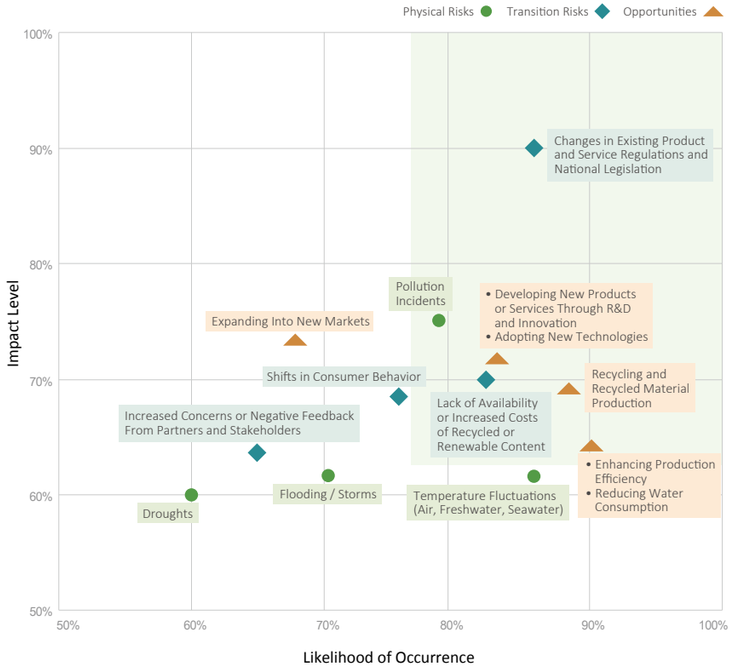
3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## 3.11 Identification Results of Material Natural Risks and Opportunities

Following the TNFD LEAP methodology, FENC conducted a materiality assessment and prioritization of potential nature-related risks and opportunities across its production sites based on the likelihood of occurrence, potential impact, and relevant time horizons. FENC identified three nature-related risks and three opportunities with high likelihood and impact, prioritizing them as material nature-related risks and opportunities that could affect the individual prospects of the Company. The assessment scope spans the upstream supply chain, own operations, and downstream value chain, and analyzes possible time intervals of potential impacts across short-, medium-, and long-term time horizons.

### Nature-Related Risks and Opportunities Materiality Assessment Matrix




FENC evaluates nature-related risks and opportunities that could affect its individual prospects. The scope of the value chain covered and the relevant time horizons are detailed in the table below:

| Topic | | Environmental Pollution and Emission Control | Environmental Pollution and Emission Control | Green Product Development and Sustainable Innovation | Green Product Development and Sustainable Innovation | Waste Disposal, Recycling and Reuse | Water Resource Management and Circular Utilization |
|---|---|---|---|---|---|---|---|
| Material Nature-Related Risks and Opportunities | Type | Transition Risks | Physical Risks | Transition Risks | Opportunities | Opportunities | Opportunities |
| | | Policy and Legal | Acute | Market | Products and Services | Resource Efficiency | Resource Efficiency |
| | | Changes in Existing Product and Service Regulations and National Legislation | Pollution Incidents | Lack of Availability or Increased Costs of Recycled or Renewable Content | • Developing New Products or Services Through R&D and Innovation<br>• Adopting New Technologies | Recycling and Renewable Production | • Enhancing Production Efficiency<br>• Reducing Water Consumption |
| | Description | With increasing global attentions on pollution prevention, natural resource management, and biodiversity governance, countries and regional markets are continuously strengthening corporate responsibilities regarding water usage, pollutant emissions, waste management, and chemical and product environmental management. Given that FENC's production sites, suppliers, and customers are distributed across diverse countries and markets, the Company must continuously monitor changes in local regulations, industry standards, and customer requirements. | Chemical pollution incidents may cause negative impacts on water bodies and human health. FENC relies heavily on water resources and chemical systems during the stages of synthetic fiber raw material manufacturing, polyester production, dyeing and finishing, and garment manufacturing. Any leakage or failure in treatment equipment may affect water bodies, soil, air quality, surrounding communities, and production activities. | As global trends toward circular economies and sustainable procurement accelerate, requirements from brand customers, policymakers, and consumers for recycled materials and recycled content are becoming increasingly stringent (e.g., verification of the recycled content ratio of products and compliance of sustainability principles in the production process). | Global requirements for low-carbon transition and nature conservation are becoming increasingly stringent. Companies can reduce resource reliance and environmental impacts while creating new market opportunities that meet ESG standards by developing products, processes, and technologies driven by R&D and innovation. | Utilizing post-consumer recycled (PCR) raw materials or post-industrial recycled (PIR) raw materials within internal processes can reduce the extraction of virgin resources and energy consumption, while alleviating the pressure of waste on water, soil, and ecosystems, thereby providing both climate and nature benefits. | In the context of global water resource stress, companies can reduce water consumption and alleviate pressure on water sources by improving production process efficiency. |
| Scope of Value Chain Impact | Upstream | ● | | ● | ● | ● | |
| | Own Operations | ● | ● | ● | ● | ● | ● |
| | Downstream | | | ● | | ● | |
| Effected Time Horizon | Short-term | ● | | | | | |
| | Medium-term | ● | ● | ● | ● | ● | ● |
| | Long-term | ● | ● | ● | ● | ● | ● |

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## 3.12 Description of Impacts From Nature-Related Risks and Opportunities

In response to the identified material nature-related risks and opportunities, FENC evaluates their potential impacts on the business model and value chain of the Production Business. By instituting strategic planning and robust risk management, FENC achieves its nature-related targets while further elucidating the subsequent impacts on its financial position and performance. The financial position and performance encompass the income statement (revenues and expenditures), statement of cash flows, and balance sheet (assets and liabilities, capital and financing), with details stipulated as follows:

| Topic | Nature-Related Risks and Opportunities Type | | | Impacts on Business Model | Impacts on Value Chain | Financial Impacts During the Reporting Period |
|---|---|---|---|---|---|---|
| Environmental Pollution and Emission Control | Transition Risks | Policy and Legal | Changes in Existing Product and Service Regulations and National Legislation | Tightening requirements for pollution control, chemical and product environmental management may require FENC to adjust pollution control and monitoring equipment, chemical management, and permitting operations. Failure to meet improvement schedules or treatment capacity requirements may result in restrictions on production line scheduling, capacity expansion, or commissioning schedules. | **Upstream:** Suppliers may increase compliance costs due to stricter requirements for wastewater, waste, air pollution, or chemical management, leading to higher raw material prices, reduced supply flexibility, or longer lead times. | Implementing pollution control and monitoring equipment maintenance, discharge permit management, chemical compliance management, third-party testing, and relevant legal compliance, these measures primarily affects operating costs (including expenses for equipment maintenance, testing, permitting, and environmental management) and cash flow among other financial statements. |
| Environmental Pollution and Emission Control | Physical Risks | Acute | Pollution Incidents | Chemical or process material leaks, abnormal wastewater discharge or gas emissions, and failures in pollution control or monitoring equipment may require pollutant containment, site cleanup, equipment repair, and production schedule adjustments. Event handling may lead to reduced production line loads, shutdowns, output limitations, or work stoppages, affecting production stability. | No Direct Impact | The implementation of measures such as the inspection, preventive maintenance, and replacement of consumables for pollution control and monitoring equipment, along with third-party maintenance, testing, and emergency response management, primarily affects financial statement items including operating costs (encompassing expenses for equipment maintenance, consumables, testing, and environmental management) and cash flows. |
| Green Product Development and Sustainable Innovation | Transition Risks | Market | Lack of Availability or Increased Costs of Recycled or Renewable Content | Variations in quality or specifications of the recycled raw material may increase the need for pre-processing, quality testing, source tracing, verification, and formulation adjustments, which are impacting process efficiency, yield, and delivery timelines. | **Upstream:** Insufficient supply, rising prices, or unstable quality of recycled raw materials may increase needs for raw material procurement, cross-regional dispatch, and alternative source development.<br>**Downstream:** Failure to meet customer requirements for recycled content, traceability, or certification may affect order acquisition, renewals, and product shipments. | Recycled raw materials procuring and dispatching, quality testing, source identification and tracing, and verification and certification management measures that meet customer requirements primarily affects operating costs (including expenses for raw material procurement, quality management, tracing, and verification) and cash flows among other financial statements. |
| Green Product Development and Sustainable Innovation | Opportunities | Products and Services | • Developing New Products or Services Through R&D and Innovation<br>• Adopting New Technologies | Introducing new materials, recycling, and related technologies can reduce resource usage and environmental impacts. Developing new products and process technologies creates opportunities for sustainable and high-value-added products. | **Upstream:** Developing recycled, bio-based, and other alternative raw materials and recycling sources can diversify reliance on single sources and traditional petrochemical raw materials, while enhancing source diversification and traceability capabilities. | Investing in the R&D, pilot production, product testing and verification, and relevant certifications for bio-based materials, recycled materials, and other new materials/technologies primarily affects operating expenses (including R&D expenses, process development, testing) and cash flows among other financial statements. |
| Waste Disposal, Recycling and Reuse | Opportunities | Resource Efficiency | Recycling and Renewable Production | Expanding recycled production capacity and increasing the recovery and reuse of process scraps, waste, and packaging materials can reduce raw material input and final disposal requirements, while enhancing the production scale and supply capability of recycled products. | **Upstream:** Expanding the use of recycled raw materials reduces reliance on virgin materials and single sources. Downstream: Providing recycled products with certification and traceability information improves alignment with customers' demand for sustainable materials. | Producing recycled products, managing product certification and traceability, reusing process scraps and waste, and recycling packaging materials primarily affects operating costs (including expenses for recycling, processing, quality management, tracing, and certification) and cash flows among other financial statements. |
| Water Resource Management and Circular Utilization | Opportunities | Resource Efficiency | • Enhancing Production Efficiency<br>• Reducing Water Consumption | Promoting process water saving, water recycling, equipment efficiency improvements, and water consumption monitoring can reduce water withdrawal, water consumption, and effluent discharge, thereby enhancing water resilience. | No Direct Impact | Implementing process water saving, equipment and pipeline improvements, water recycling systems (such as RO/MBR), and water consumption measurement and management measures primarily affects operating costs (including expenses for equipment maintenance, system operation, and management) and cash flows among other financial statements. |

## 3.13 Nature-Related Metrics and Targets

| Indicators of Nature-Related Targets | | Target Type | Base Year Data | 2025 Annual Target | Short-Term Target (-2030) | Medium-Term Target (2031-2035) | Long-Term Target (2036-2050) |
|---|---|---|---|---|---|---|---|
| Air Quality Management | Reducing Air Pollutant Emissions (2020 base year) | Absolute Target | 1,606 metric tons | 21% Reduction | 25% Reduction | 27% Reduction | 30% Reduction |
| Waste Disposal Management | Reducing Waste Disposed (Non-Recycling and Reuse) (2020 base year) | Absolute Target | 23,238 metric tons | 10% Reduction | 20% Reduction | 30% Reduction | Decreasing Steadily |

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

3.1 Management Policy
3.2 Actions Supporting TNFD
3.3 Nature Governance Framework and Oversight Mechanism
3.4 Management Procedures for Nature-Related Issues
3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
3.6 Identification of Critical Natural Capital
3.7 Results of Critical Natural Capital Identification
3.8 Analysis of the Ecological Footprint of Operations
3.9 Identification of Natural Sensitivity
3.10 Nature-Related Management Issues Identification Process and Results
3.11 Identification Results of Material Natural Risks and Opportunities
3.12 Description of Impacts From Nature-Related Risks and Opportunities
3.13 Nature-Related Metrics and Targets
3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## 2025 Progress and Indicators for Nature-Related Targets

| Indicators for Nature-Related Targets | | 2025 Annual Target | 2025 Progress | 2025 Target Achievement Rate |
|---|---|---|---|---|
| Air Quality Management | Reducing Air Pollutant Emissions (2020 base year) | 21% Reduction | 41% Reduction | Achieved |
| Waste Disposal Management | Reducing Waste Disposed (Non-Recycling and Reuse) (2020 base year) | 10% Reduction | 19% Reduction | Achieved |

Note: Nature-related targets include water management targets. For details, please refer to Climate-Related Targets and Metrics.

## 3.14 Action Plans for Nature-Related Risks and Opportunities

Based on the impact analysis of material nature-related risks and opportunities, FENC integrates its existing systems governing environmental management, pollution prevention and control, water management, sustainable products, and the circular economy to compile corresponding management strategies and action plans. Each initiative is executed according to the process properties, local regulations, natural sensitivity, and market demands of the respective operating sites, with responsible units continuously tracking implementation progress and management effectiveness.

## Material Nature-Related Risks and Opportunities, Strategies and Action Plans

| Material Nature-Related Risks and Opportunities | Response Strategies | Main Action Plans |
|---|---|---|
| Changes in Existing Product and Service Regulations and National Legislation | Strengthening Pollution Control and Monitoring, Discharge Permit, and Chemical Compliance Management | 1. Adding, improving, and maintaining wastewater treatment and monitoring facilities based on effluent quality, process loads, and local regulations; conducting periodic inspections, maintenance, repairs, and necessary replacements.<br>2. Obtaining, extending, and changing discharge permits according to local regulations; reviewing permit contents whenever there are changes in processes, raw materials, production capacity, or pollution control facilities.<br>3. Establishing mechanisms for effluent inspection, operating parameter testing, online monitoring, and third-party testing; establishing and maintaining air pollution online monitoring, continuous emission monitoring systems (CEMS), and alarm mechanisms based on process emission properties; conducting periodic outsourced testing and equipment calibration.<br>4. Conducting regular education, training, certification, and job competency assessments for personnel in charge of wastewater and air pollution control, and carrying out anomaly handling and emergency response drills.<br>5. Collecting chemical composition, Safety Data Sheets (SDS), and regulatory compliance information for key raw materials; continuously tracking supplier compliance with restricted substance requirements.<br>6. Regularly updating product Safety Data Sheets (SDS) and executing hazard management; incorporating restricted and emerging pollutants into chemical feed control. |
| Incidents | Strengthening Pollution Incident Prevention Monitoring, Emergency Response, and Recovery Management | 1. Conducting inspections, preventive maintenance, annual repairs, parts/consumable replacements, and necessary upgrades for wastewater and air treatment and monitoring equipment based on process properties and pollution risks; managing equipment operation and emission status through online monitoring, alarms, and interlock controls.<br>2. Stopping or isolating pollution sources, diverting and temporarily storing abnormal water, inspecting equipment, conducting third-party sampling, and performing internal/external reporting upon pollution or monitoring anomalies; switching to backup equipment if necessary.<br>3. Conducting root cause investigations, pollutant cleanup, equipment repair, third-party testing, and improvement tracking after an incident; executing environmental investigations, restoration, external communication, and improvement operations if surrounding environments are affected.<br>4. Using ISO 14001 Environmental Management Systems, regulatory tracking, internal/external audits, document maintenance, personnel training, and emergency response drills as a common management principle for pollution incident prevention, response, and recovery |
| Lack of Availability or Increased Costs of Recycled or Renewable Content | Stabilizing Recycled Raw Material Supply and Strengthening Source Traceability, Quality, and Certification Management | 1. Maintaining long-term cooperation with recycled raw material suppliers through stable procurement, production and sales coordination, customer portfolio management, and regional dispatch; allocating recycled raw materials based on tariffs, regional supply status, raw material availability, and product demand.<br>2. Evaluating diverse sustainable raw material sources, such as waste textiles, bio-based materials, and recycled waste gases, to reduce reliance on single recycled sources and fossil-based raw materials.<br>3. Selecting suppliers that comply with regulations and applicable sustainability standards; executing raw material quality testing; implementing recycled material traceability management; recording supplier sources, supply volumes, and quality information to support quality monitoring and production formulation adjustments.<br>4. Allocating applicable recycled, bio-based, or other sustainable materials and certifications based on the customer's location, product category, regulations, and requirements; establishing records for material balance, and input-output, and raw material traceability management. |
| • Developing New Products or Services Through R&D and Innovation<br>• Adopting New Technologies | Promoting the Development and Commercialization of New Materials, Recycling Technologies, and Sustainable Raw Materials | 1. Integrating resources from R&D units and business divisions, focusing on application development for circular recycling, bio-based materials, high-performace new materials, green recycling, and chemical recycling.<br>2. Investing in product development, laboratory testing, pilot production or small-batch trial runs, product performance and safety verification, third-party certification, customer testing, and mass production assessment based on technological maturity, target markets, regulations, and customer needs.<br>3. Conducting recycling source assessment and quality testing based on the type and quality of recycled materials.<br>4. Evaluating applicable recycling and reuse processes and raw materials based on recycled material properties and product quality requirements to expand sources of recycled and circular materials and reduce reliance on virgin petrochemical materials. |
| Recycling and Renewable Production | Promoting Sustainable Product Certification, Production Expansion, Packaging Reuse, and Waste Utilization | 1. Obtaining sustainable product certifications and strengthening traceability and information management.<br>2. Setting management targets for the revenue ratio of sustainable products; allocating business resources to promote sustainable products; flexibly adjusting production equipment and capacity allocation based on market demand; assessing capacity and equipment expansion based on actual needs.<br>3. Formulating packaging management specifications; prioritizing recyclable or reusable packaging materials while meeting product protection, transportation, and quality requirements; extending packaging lifecycles through reuse.<br>4. Promoting the reuse of process scraps and the utilization of waste. |
| • Enhancing Production Efficiency<br>• Reducing Water Consumption | Promoting Process Water Saving, Diversified Water Recycling, and Water Consumption Efficiency Management | 1. Optimizing cooling water systems by increasing cooling water concentration ratios based on equipment operation and water quality conditions; promoting process water saving; repairing or replacing aging equipment and pipelines to reduce process water usage, effluent discharge, and equipment leakage.<br>2. Installing rainwater collection systems and upgrading water treatment facilities (e.g., RO, MBR) to properly recover condensate and wastewater generated from plant air conditioning, cooling towers, and processes; reusing treated water in production lines or utility systems.<br>3. Periodically taking inventory and compiling statistics on water withdrawal, usage, recycling, and discharge data; precisely monitoring water resource flow within the plant using water balance diagrams to continuously assess and optimize water use efficiency per unit of product. |

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

- 3.1 Management Policy
- 3.2 Actions Supporting TNFD
- 3.3 Nature Governance Framework and Oversight Mechanism
- 3.4 Management Procedures for Nature-Related Issues
- 3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
- 3.6 Identification of Critical Natural Capital
- 3.7 Results of Critical Natural Capital Identification
- 3.8 Analysis of the Ecological Footprint of Operations
- 3.9 Identification of Natural Sensitivity
- 3.10 Nature-Related Management Issues Identification Process and Results
- 3.11 Identification Results of Material Natural Risks and Opportunities
- 3.12 Description of Impacts From Nature-Related Risks and Opportunities
- 3.13 Nature-Related Metrics and Targets
- 3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## Restoring Seagrass in Penghu to Promote Habitat Rehabilitation and Biodiversity

Today's world is one that is encountering drastic climate and environmental changes, and one that has to witness ocean warming, plastic pollution and overfishing, which are destabilizing marine ecosystems at an alarming rate. Among them, seagrass beds, the blue carbon ecosystems, are facing a crisis. Seagrass beds are vital habitats, serving as breeding and feeding grounds for marine life. However, they are gradually declining. The loss of seagrass beds at a massive scale means not only the loss of food sources and sanctuary for marine life, but direct impacts on fishery resources and marine biodiversity. In light of the urgency, FENC reached across disciplines and formed a long-term partnership with Business Today and the Penghu Fishery Research Center of the Fisheries Research Institute, Ministry of Agriculture. In September 2025, the partners kicked off the seagrass restoration project targeting the waters of Tongliang, Penghu in the hope of restoring the marine ecosystem acre by acre.

The project site is located approximately one kilometer off the coast of Tongliang. With fine water quality and minimal human disturbance, the sandy subtidal area was chosen as the restoration base. Historically a vital nursery for juvenile fish, the site possesses immense potential for ecological recovery. As the sponsor of this project, FENC solicited the help of a professional team, which sent scuba divers to plant 1,200 seagrass shoots across the bare sandflats and made sure the restoration area exceeded 12 square meters. To boost the diversity of seagrass species and habitat resilience, the team adopted mixed-species planting and selected Halodule uninervis, Halophila ovalis and Zostera japonica, which are seagrass species among the primary food sources for green sea turtles and dugongs.

A number of techniques have been adopted for this project. Among them is a pioneering method recently developed by the Penghu Fishery Research Center involving protective netting over the newly transplanted seagrass shoots. Given their susceptibility to dislodgement caused by frequent disturbance from sand-burrowing organisms or grazing by herbivorous marine life such as rabbitfish (Siganus), the team installed specialized protective netting over the restoration area immediately after anchoring the seagrass into the substrate using the Rhizome Method. Underwater monitoring conducted 33 days after the transplantation witnessed the powerful protection provided by this innovative approach, which delivered a flawless record of a 0% dislodgement rate, a stark contrast to the initial dislodgement rates as high as 60% prior to the use of the protective netting. Moreover, the majority of the seagrass had been thriving with the growth of new leaves and anchoring their roots firmly in the seabed.

As the shoots flourished, the seagrass coverage is significantly expanded from the initial 9.4% to 12% and the restoration area from 12 to 13.2 square meters. Especially evident was the growth of Halophila ovalis, a pioneer species. Gradually, the barren bare sandflats are transformed into a burgeoning seagrass bed with great potential to nourish a healthy habitat.



Seagrass transplantation using the Rhizome Method



The gradual transformation of bare sandflats in the waters of Tongliang, Penghu into seagrass beds.

The restoration of seagrass beds is making a difference in terms of local biodiversity. Prior to the seagrass transplantation, Archaster typicus and Balcis grandis were the only two benthic species recorded on this stretch of the bare sandflats, with no traces of fish activities observed. However, as the seagrass flourished, food became abundant and sanctuaries available for benthic marine life, leading to growing species variety and composition. Within a single month, an additional eight species from five families were recorded, totaling 14 fish species across 10 families.

Additionally, with only two macroinvertebrate species initially recorded, the number has noticeably increased to 10. So far, a total of six species of mollusks have been recorded, including Natica gualteriana, Oliva mustelina, Balcis grandis, Dolabella auricularia, Vasticardium flavum and Atrina vexillum. Crustaceans have increased to three species, including Calappa hepatica, Portunus pelagicus and Dardanus lagopodes. As to echinoderms, the area has a large concentration of Archaster typicus.

For FENC and Business Today, the seagrass restoration project is a scientific and data-driven environmental action that has validated the clearly positive impact of habitat restoration on marine biodiversity. Meanwhile, it also paves the way for ensuring the sustainability of fishery resources and maintaining the vitality of the blue economy. The Seagrass Restoration Project aligns with the relevant strategies under 'Ocean 1-4: Investigation and Restoration of Oceanic Carbon Sink Ecosystems' within Taiwan's 2050 Net-Zero Transition Key Strategy Action Plan for Natural Carbon Sinks.

### Key Survey Results Before and After Seagrass Transplantation

| Indicator | | Before | After | Benefit |
|---|---|---|---|---|
| Seagrass Coverage Rate in Bare Sandflat Within Survey Area | | 9.4% | 12.0% | ⬆ 2.6% |
| Seagrass Outward Expansion | | 12m$^2$ | 13.2m$^2$ | ⬆ 1.2m$^2$ (approximately 120 shoots) |
| Species Richness | Fish | 5 families, 6 species | 10 families, 14 species | ⬆ 5 families, 8 species |
| | Large Invertebrates | 2 species | 10 species | ⬆ 8 species |

Note: The term, "bare sandflat," refers to an area without seagrass growth.

# Content

1 About This Report

2 Building Climate Resilience

3 Marching Towards Nature Positive

- 3.1 Management Policy
- 3.2 Actions Supporting TNFD
- 3.3 Nature Governance Framework and Oversight Mechanism
- 3.4 Management Procedures for Nature-Related Issues
- 3.5 Nature-related Risk and Impact Assessment Using the LEAP Approach
- 3.6 Identification of Critical Natural Capital
- 3.7 Results of Critical Natural Capital Identification
- 3.8 Analysis of the Ecological Footprint of Operations
- 3.9 Identification of Natural Sensitivity
- 3.10 Nature-Related Management Issues Identification Process and Results
- 3.11 Identification Results of Material Natural Risks and Opportunities
- 3.12 Description of Impacts From Nature-Related Risks and Opportunities
- 3.13 Nature-Related Metrics and Targets
- 3.14 Action Plans for Nature-Related Risks and Opportunities

4 Appendix

## Fish Species Composition Before and After Seagrass Transplantation

Before ● After ★

| Scorpaenidae | Lutjanidae | Gerridae | Nemipteridae | Lethrinidae |
|---|---|---|---|---|
| Scorpaenopsis ★ cirrhosa | Lutjanus ★ fulviflamma | Gerres ● ★ oyena | Scolopsis ● ★ monogramma | Lethrinus ● ★ harak<br>Lethrinus ● ★ nebulosus<br>Lethrinus ★ ornatus |

| Mullidae | Callionymidae | Gobiidae | Siganidae | Bothidae |
|---|---|---|---|---|
| Parupeneus ● ★ ciliates<br>Upeneus ★ tragula | Dactylopus ★ dactylopus<br>Repomucenus ★ curvicornis | Valencienna ★ immaculata | Siganus ● ★ fuscescens | Bothus ★ pantherinus |


Gerres oyena


Archaster typicus


Vasticardium flavum


Valenciennea immaculata


Oliva mustelina


Scolopsis monogramma


Natica gualteriana


Lethrinus harak


Balcis grandis


Portunus pelagicus

## Content

1 About This Report
2 Building Climate Resilience
3 Marching Towards Nature Positive
4 Appendix
4.1 TCFD Disclosure Recommendations Comparison Table
4.2 TNFD Disclosure Recommendations Comparison Table

# 4. Appendix

## 4.1 TCFD Disclosure Recommendations Comparison Table

| Pillar | Recommended Disclosure | Chapters |
|---|---|---|
| Governance | Describe the board's oversight of climate-related risks and opportunities. | 2.1、2.2 |
| | Describe management's role in assessing and managing climate-related risks and opportunities. | |
| Strategy | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 2.3、2.4、2.5、2.6、2.7、2.9、2.11 |
| | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | |
| | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | |
| Risk Management | Describe the organization's processes for identifying and assessing climate-related risks. | 2.8 |
| | Describe the organization's processes for managing climate-related risks. | |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | |
| Metrics and Targets | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | 2.10 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | |
| | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | |

## 4.2 TNFD Disclosure Recommendations Comparison Table

| Pillar | Recommended Disclosure | Chapters |
|---|---|---|
| Governance | Describe the board's oversight of nature-related dependencies, impacts, risks, and opportunities. | 3.3 |
| | Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities. | |
| | Describe the organization's human rights policies and engagement activities, as well as board and management oversight regarding indigenous peoples, local communities, affected parties, and stakeholders in assessing and responding to nature-related dependencies, impacts, risks, and opportunities. | FENC has consistently analyzed human rights-related risks and implemented corresponding management assessment processes and measures. Please refer to The company's Corporate Sustainability Website-Human Rights Protection |
| Strategy | Describe nature-related dependencies, impacts, risks, and opportunities identified by the organization over the short, medium, and long term. | 3.5、3.6、3.7、3.9、3.11、3.12、3.14 |
| | Describe the impact of nature-related dependencies, impacts, risks, and opportunities on the organization's business model, value chain strategy, and financial planning, as well as existing transition plans or analysis. | |
| | Describe the resilience of the organization's strategy regarding nature-related dependencies, impacts, risks, and opportunities under different scenarios. | |
| | Describe the locations of assets and/or activities in the organization's direct operations and, where possible, priority areas in the upstream and downstream value chain. | |
| Risk Management | Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in direct operations. | 3.4、3.10 |
| | Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in the upstream and downstream value chain. | |
| | Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities. | |
| | Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into the organization's overall risk management. | |
| Metrics and Targets | Disclose the metrics used by the organization to assess and manage nature-related risks and opportunities in accordance with its strategy and risk management processes. | 3.13 |
| | Disclose the metrics used by the organization to assess and manage nature-related dependencies and impacts. | |
| | Describe the targets used by the organization to manage nature-related dependencies, impacts, risks, and opportunities, and performance against these targets. | |



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