

CARED

2025 SUPPLY CHAIN ESG SUMMARY



CARED

**2025 SUPPLY CHAIN
ESG SUMMARY**



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- 2. Vision and Encouragement
- 3. Visionary Far EasTone - Sustainable Supply Chain Management
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1.1 About This Report

From the Editor

Through years of dedicated effort in cultivating sustainable supply chain management, the Procurement Department of FET achieved third-party verification for compliance with the ISO 20400 Sustainable Procurement Guidelines in 2022, becoming the first telecommunications company in Taiwan to achieve such certification. In 2024, it also published the first supply chain sustainability report in the Taiwanese telecommunications industry, verified by a third-party accountant, which has garnered numerous awards in recognition of its efforts. Most notably, FET received the highest honor for supply chain management from the Dow Jones Sustainability Indices (DJSI), achieving a perfect score of 100 in all six criteria, the highest score among global telecommunications companies.

FET's Procurement Department continues to embrace a commitment that goes beyond excellence, building upon the CARED ESG framework developed in 2023, comprising five key pillars: Circular Economy (C), Awareness (A), Risk Management (R), Empowerment (E), and Decarbonization (D). In addressing the concerns of all key stakeholders, we will work hand in hand with our supply chain partners, making steady progress together towards sustainable operations. We also hope this report not only highlights the proactive efforts of FET's Procurement Department, but also serves as a valuable resource and benchmark for best practices in supply chain management.

Report Period

January 1, 2024 to March 31, 2025

Reporting Scope

This report discloses FET's performance in sustainable supply chain management. The scope of disclosure includes the parent company, Far EasTone Telecommunications Co., Ltd. (FET), as well as its key subsidiaries, New Century InfoComm Tech Co., Ltd. (NCIC) and Arcoa Communication co., Ltd. (Arcoa). Procurement activities and supply chain management are primarily overseen by the Procurement Department of FET's Legal, Regulatory, and Procurement division, with the highest supervisory authority being the Board of Directors. Execution is carried out by the FET Corporate Sustainability Committee, led by the Chairman and President. Operational control falls under FET, NCIC, and KGEX.com, and all procurement activities follow the established procedures and standards set forth by FET.

Publication Information

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|---|---------------------------------------|
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1.2 About Our ESG Values

Company Overview

FET was established in Taiwan in 1997, providing information and communication technology as well as digital application services. Its core business areas include mobile communications, domestic fixed-line services, international communications, data communications, product sales, and other related services. The Company is committed to bridging the gap between people through technology, fulfilling its brand promise of "FET—Bringing You Closer."

Sustainability Vision and Strategy

In 2024, FET launched an updated Sustainability Strategy Blueprint covering the three ESG pillars—Environmental, Social, and Governance—with medium- to long-term goals set through 2030. The strategy actively aligns with the United Nations Sustainable Development Goals (UN SDGs), focusing on those most relevant to FET's core business and areas where the company can exert significant influence. FET is committed to maximizing its positive impact on the economy, environment, and society, striving to realize its vision of "Connected Living with FET, Seamless Communication, Enriched Lives, and a More Sustainable Planet"—becoming a trusted partner for all consumers.

Blueprint for ESG Strategy

Corporate Vision

FET Connects You and Your World, Enriches Your Life and Protects Our Earth



Environmental
| Energy Conservation and Carbon Reduction |

Social
| Safety and Inclusion |

Governance
| Sustainable Management |

| | | | |
|-------------------|---|--|---|
| Internally | <ul style="list-style-type: none"> • Advancing Low-Carbon Operations • Developing Smart ESG Applications | <ul style="list-style-type: none"> • Fostering a Healthy & Inclusive Workplace • Employee Feedback & Subordinate Feedback • Diverse Communication Channels | <ul style="list-style-type: none"> • Digital Governance • Managing Information Security Risk • AI Empowerment to Enhance Productivity • Continuous Innovation and Expansion into New Applications |
| Externally | <ul style="list-style-type: none"> • Driving Carbon Reduction across the Supply Chain • Promoting ESG Applications to Support Enterprises & Public Sector in Energy Conservation and Carbon Reduction | <ul style="list-style-type: none"> • Unwavering Commitment to AI-Powered Fraud Prevention • Expanding Network Coverage in Rural Areas • Ensuring Both Environmental Sustainability and Security in Network Infrastructure • 5G Telemedicine & Diverse Applications | <ul style="list-style-type: none"> • FET's 5G Metaverse Accelerator • Industry-Academia Collaboration • Sustainable Supply Chain |

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Sustainability Committee Structure Chart



For information regarding the main products and services of FET, please refer to FET's Sustainability Report: <https://corporate.fetnet.net/content/corp/tw/CSR/ReportDownload.html>



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1.3 Recent Sustainable Supply Chain Achievements and Honors

1.3.1 2024 International Evaluation Results

In the 2024 Dow Jones Sustainability Indices (DJSI) assessment, FET ranked first globally among telecommunications companies in the DJSI World Index. The Company's performance in the Supply Chain Management category received the highest distinction, earning perfect scores (100/100) across all six evaluated criteria—the highest score in the global telecom industry. FET was also recognized for the five consecutive year with a Leadership Level "A" rating in CDP's Supplier Engagement Rating for climate action (the only telecommunications company in Taiwan to receive this distinction).

DJSI Supply Chain Assessment Score Table

| | Score | Score Discrepancy from Last Year | Percentage Ranking | Percentage Discrepancy from Last Year | Industry Average | Industry Leader |
|---|-------|----------------------------------|--------------------|---------------------------------------|------------------|-----------------|
| Supply Chain Management | 100 | +5 | 100 | +1 | 22 | 100 |
| Supplier Code of Conduct | 100 | +7 | | | 45 | 100 |
| Supplier ESG Programs | 100 | 0 | | | 17 | 100 |
| Supplier Screening | 100 | +26 | | | 23 | 100 |
| Supplier Assessment and Development | 100 | 0 | | | 23 | 100 |
| KPIs for Supplier Screening | 100 | 0 | | | 19 | 100 |
| KPIs for Supplier Assessment and/or Development | 100 | 0 | | | 16 | 100 |

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1.3.2 Overview of Major Achievements in 2024

FET has proactively addressed the global trend of sustainable management in the supply chain and established its sustainable work goal for 2024 in 2023 (Please refer to Page 68, Section 1.5.5 of the 2023 FET Sustainability Report for more details). Thanks to concerted efforts from our colleagues at the Procurement Department and other departments, the Procurement Department has recorded six major achievements. The details are as follows:



Supply Chain Carbon Inventory Training

Invited 43 key suppliers (87 representatives) and 25 internal staff to attend carbon inventory training sessions led by experts on February 27 and March 5, teaching how to effectively carry out carbon inventories. The procurement team, possessing the capability for on-site carbon inventory assessment, successfully completed the 2023 supply chain emissions inventory for Scope 3, Categories 1 and 2 under the GHG Protocol.



Supply Chain ESG Summary

Successfully published the first-ever supply chain sustainability report in Taiwan's telecommunications sector, and the first in Taiwan to undergo third-party verification. <https://www.cna.com.tw/postwrite/chi/379679>



Establishment of a Circular Economy Sharing Platform

Implemented a 2023 employee workshop proposal by developing an external sharing platform for decommissioned equipment to strengthen circular economy practices. The platform officially launched in the third quarter and has already facilitated several transactions aligned with the 8R principles of circularity. <https://money.udn.com/money/story/5612/8313444>



Sustainability Governance Support and Training for SMEs

FET invited sustainability transformation experts hosted a Supplier Sustainability Governance Workshop on May 31, guiding over 20 SME suppliers in implementing sustainability strategies. The initiative received a 100% satisfaction rating from participating vendors. <https://www.chinatimes.com/realtimenews/20240603002693-260410?chdtv>



The FET Internal Sustainability Elite Training Program

Mobilized the formation of a Digital Sustainability Elite Team at FET, involving a total of 67 members from nine departments that planted ESG sustainable seeds within the Company. The program includes 36 hours of training and field work focused on supply chain due diligence courses, followed by participation in on-site supplier review operations.



Supply Chain Sustainability and Resilience Capability Analysis

Completed sustainability and resilience assessments of 26 supply chain companies across three major categories: telecom equipment, IT, and infrastructure. These assessments will serve as reference for the 2025 procurement strategy, supplier ESG capability analysis, and decisions on improvement or elimination.



For detailed execution results, please refer to Chapter 4 of this report, which covers the annual performance of the five pillars of CARED.

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1.3.3

Sustainable Supply Chain Management: Significant Awards and Milestones in the Past Three Years

2022

JUN.

First telecom operator in Taiwan to join the Ericsson Product Take-Back Program with a recycling rate better than **80%** of the EU standard.

AUG.

Joined hands with suppliers to launch the Circular Economy and Innovative Value Chain Workshop.

SEP.

Launched supply chain carbon inventory, with a goal of reducing supply chain emissions by **16%** by 2030

OCT.

First telecom company in Taiwan to obtain the certification of **ISO 20400** Sustainable Procurement - Guidance



2023

APR.

Became the **first** telecommunications company in Taiwan to be approved by the Science Based Targets initiative (SBTi) under the 1.5°C near-term target scenario, including validated Scope 3, Category 1 and Category 2 supply chain emission reduction targets.

OCT.

Received **11** awards in TCSA ceremony, including Taiwan Top 10 Sustainability Exemplary Award, with the most awards among all companies in Taiwan.

2024

MAR.

Received A score (Leadership) on CDP Supplier Engagement Rating for **four** consecutive years (the only telecom company in Taiwan listed on the leaderboard for four consecutive years)

MAY.

FET conducted the first Supplier Sustainability Governance Workshop.

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JUL.

A Digital Sustainability Elite Program was conducted, with a total of 67 participants from the Company's nine departments and two subsidiaries. The program achieved a **95%** overall satisfaction rate and a **93%** course recommendation rate.

AUG.

FET published the **first** supply chain sustainability report in Taiwan's telecommunications industry, which was also independently verified by a CPA. The verification covered carbon emissions data for Scope 3, Category 1 and Category 2.

OCT.

Received **10** major awards at the TCSA Taiwan Corporate Sustainability Awards, maintaining its position as the **top-ranked** telecom company. Notable achievements related to sustainable supply chain management include:

- * Sustainable Supply Chain Leadership Award – for advancing net-zero goals through the five CARED sustainability pillars
- * Climate Leadership Award – for Scope 3 supply chain carbon inventory and audit initiatives and benchmark-setting metrics
- * Circular Economy Leadership Award – for transforming "telecom waste" into circular business opportunities



NOV.

In the Dow Jones Sustainability Indices (DJSI) assessment, FET ranked **first** globally among telecommunications companies in the DJSI World Index. The Company's performance in the Supply Chain Management category received the highest distinction, earning perfect scores (**100/100**) across all six evaluated criteria—the highest score in the global telecom industry.

JUL.

FET was ranked in the top **6%** globally in the CDP Supplier Engagement Rating (SER), earning the highest distinction of "Leadership Level–Grade A," becoming the only telecommunications company in Taiwan to achieve Grade A performance for **5** consecutive years.





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Corporate investment in Environment, Society, Governance (ESG) not only embodies the practice of social responsibility but also relates to its own competitiveness. Expanding the impact of sustainability initiatives and advancing together with the broader ecosystem are critical to success. Last year, FET published Taiwan's first third-party verified Supply Chain Sustainability Report, sharing our practices for strengthening sustainable supply chain management with industry peers. We hoped our efforts would serve as a catalyst to inspire collective action across the industry in addressing sustainability challenges. This year, FET once again reveals our sustainable achievements and outlook through this supply chain sustainability report, highlighting our collaborative efforts to enhance sustainability alongside our suppliers.

While leveraging technology to implement low-carbon operations, FET took a further step in 2024 by conducting a sustainability resilience assessment across three major supplier categories—telecom equipment, IT systems, and infrastructure, covering a total of 26 supply chain partners. This analysis serves as the foundation for developing more strategic and sustainable procurement practices, expanding both the breadth and depth of our low-carbon operations. We have also established a platform for the external sharing of decommissioned equipment. This platform utilizes technology to transform the traditional "Cradle to Grave" model of resource extraction, production, usage, waste, and disposal into a "Cradle to Cradle" circular economy model, allowing resources to be reintegrated into the industry.

The international community is placing increasing emphasis on carbon credit and carbon taxes. The government also plans to officially implement a carbon fee in 2026, making carbon management an essential skill for resilient enterprises. FET has engaged experts to conduct carbon inventory

education and training for 44 major suppliers. Additionally, through sustainability governance workshops, we have assisted over 20 SME suppliers in formulating their own sustainability governance strategies. This enables us to share a common sustainability vision with our supply chain as we progress towards the same goals.

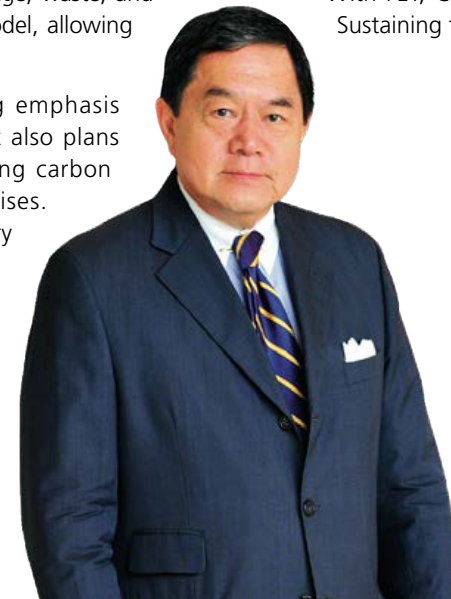
Looking ahead, FET will continue to strengthen sustainable supply chain management by implementing the following measures: adopt the latest international guidelines to enhance the quality of carbon inventory data; establish a digital evaluation dashboard for supplier sustainability due diligence to comprehensively monitor sustainability risks within the supply chain; provide appropriate guidance to improve supply chain resilience through the six dimensions of QCDDSS (Quality, Cost, Delivery, Decarbonization, Service, and Sustainability); support carbon reduction efforts via tools such as sustainable finance, digital capabilities, and green energy development; and expand Scope 3 supply chain traceability to include fiber optic cables and network infrastructure materials, implementing end-to-end sourcing and traceability management.

The path to sustainability is not achieved overnight. As the challenges of climate and environmental change grow increasingly urgent, we are all racing against time. FET is resolutely self-motivated while also collaborating closely with our supply chain to advance towards our corporate vision of

"With FET, Communication Knows no Bounds, Enriching Lives, and Sustaining the Earth."

Chairman
徐旭東

Dr. Douglas Hsu



President

井 瑤

Dr. Chee Ching

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Since 2011, the FET Procurement Department has been engaged in the preparation of corporate social responsibility reports, continuously improving supply chain management practices year by year. The documents such as the "Self-Declaration of Corporate Social Responsibility for Supply Chain Enterprises", "Supplier Code of Conduct", and "Supply Chain Management Policy" have been successively published. In response to the growing emphasis on ESG issues and sustainable supply chain management internationally, the Procurement Department passed a third-party review of the "ISO 20400 Sustainable Procurement Guidelines" in 2022, becoming the first telecommunications operator in Taiwan to receive third-party certification. Subsequently, the "Greenhouse

Gas Management Regulations for Supply Chains" and the "Biodiversity Commitment for Supply Chains" were issued, officially initiating the promotion of sustainable supply chain management centered on the ISO 20400 standard. The Procurement Department of FET continuously strives for self-improvement under the principle of "There is no best, only better," and looks forward to collaborating with supply chain partners to contribute to the sustainability of the Earth.



Download links for the relevant documents mentioned above:
<https://corporate.fetnet.net/content/corp/tw/CSR/ValueSharing/SupplyPolicy.html>

LINKS



Self-Declaration of Corporate Social Responsibility for Supply Chain Enterprises



Supplier Code of Conduct



Supply Chain Management Policy



Greenhouse Gas Management Regulations for Supply Chains



Biodiversity Commitment for Supply Chains

3.1 Sustainable Supply Chain Management Policy

In 2016, FET's Procurement Department initiated efforts to align the company's strategic development with supply chain management, formally launching the first version of its Supply Chain Management Policy. This policy incorporated economic, environmental, and social considerations while also addressing key operational aspects such as Quality, Cost, Delivery, and Service (QCDS), as well as business ethics. As ESG issues gained increasing global importance, FET took further steps toward international alignment. In 2022, the Procurement Division adopted the sustainability guidelines of the Institute for Supply Management (ISM) and revised the policy into the "FET Sustainable Supply Chain Management Policy." The updated version integrated sustainability and carbon reduction into supplier due diligence processes, laying the foundation for a comprehensive, sustainable, and green supply chain.

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3.1.1 Sustainable Supply Chain Management Policy

The Supply Chain Sustainability Management Policy serves as the primary document aligning with the Company's sustainability governance objectives and is the highest guiding principle for supply chain management. This policy has been formally approved and announced by the President to serve as the guideline for all procurement management activities.

In light of the continuous evolution of international sustainability frameworks and standards, such as the Taskforce on Nature-related Financial Disclosures (TNFD), the Taskforce on Industry-specific Financial Disclosures (TISFD), the Science Based Targets Network (SBTN), and the International Financial Reporting Standards (IFRS) S1/S2, FET's Procurement Department will continue to focus on critical issues in supply chain management. We will assess the necessity of revising our supply chain sustainability management policies to ensure that FET's sustainable supply chain management meets the highest standards and continues to serve as a benchmark for the industry.

Four Policies for Sustainable Supply Chain Management



01

Implement the requirements of the International Institute for Supply Chain Management (ISM), including anti-corruption, diversity and inclusion, the environment, corporate ethics, financial integrity, global citizenship, health and safety, human rights, labor rights, sustainable supply chain and transparency a total of 11 Sustainability and Social Supply Chain Management Guiding Principles.



02

Based on the ISO20400 Sustainable Purchasing Guidelines, continue to strengthen supply chain management, improve supply chain market performance indicators including QCDS (Quality, Costs, Delivery and Service) performance and ESG (Environmental, Social and Governance) performance, and work with supplier partners to create a high-quality and resilient supply chain.



03

Actively respond to climate change and global net zero issues, guide and assist the supply chain in the implementation of carbon inventory-reduction-neutralization, and work towards net zero together with supply chain partners.



04

Work with the supply chain to exert core capabilities, face the sustainable risks in Taiwan, respond to the expectations of stakeholders, and fulfill the due responsibilities of a corporate citizen.

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3.1.2 Supplier Code of Conduct

As global dynamics grow increasingly complex, the structure and resilience of supply chains are directly affected. In the face of this complexity, establishing more flexible and resilient management approaches has become a key challenge in supply chain governance. The "FET Supplier Code of Conduct" outlines the fundamental requirements for supply chain behavior, encompassing the four primary aspects of business ethics, human rights and labor rights, health and safety, and environmental considerations. Additionally, it extends to 25 sub-aspects related to sustainability. FET's Procurement Department has integrated the content of the Code of Conduct into supply chain education and training, as well as the annual sustainability due diligence process. This is essential to reduce supply chain risks, ensure compliance, and enhance supply chain quality under the guidelines of the "Supplier Code of Conduct." The Procurement Department will also revise the content of the guidelines based on actual needs.

The "FET Supplier Code of Conduct" is structured as follows (Nov. 2024 Revision)



Business Ethics

- 1. Anti-corruption and Anti-bribery
- 2. Conflict of Interest
- 3. Anti-competitiveness
- 4. Responsible Procurement
- 5. Laws and Regulations



Human Rights Labor Rights

- 1. Anti-discrimination
- 2. Diversity and Inclusive Culture
- 3. Prohibition of Illegal Child Labor
- 4. Prohibition of Inhumane Treatment
- 5. Working Hours
- 6. Wages and Benefits
- 7. Personal Data Protection
- 8. Freedom of Assembly and Collective Bargaining



Occupational Safety and Health

- 1. Compliance with Laws and Regulations
- 2. Occupational Injury Self-prevention
- 3. Labor Safety Training
- 4. Health Plan & Insurance



Environment

- 1. Greenhouse Gas Emissions and Energy Consumption
- 2. Resource Efficiency
- 3. Green Work Environment
- 4. Green Procurement
- 5. Management of Toxic and Hazardous Substances
- 6. Pollution Prevention
- 7. Sustainability Management of Suppliers
- 8. Biodiversity, Prevents Any Deforestation Activities, or Land Conservation

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3.2 Sustainable Supply Chain Management Mechanism

This section outlines the sustainable supply chain management mechanism of FET. By applying the 5W1H framework—Who (management supervision level), Why (management objectives), What (management methods), When (management frequency), Where (on-site management), and How (execution actions)—it clearly outlines how FET's Procurement Department effectively manages the supply chain to reduce risks and enhance sustainable resilience.

3.2.1 Levels of Sustainable Supply Chain Management

According to the current structure of the FET Sustainable Development Committee, in response to the increasing importance of carbon inventory in the supply chain under Scope 3, sustainable supply chain management is governed under the environmental aspect. However, it is also necessary to submit relevant reports under the governance aspect. The highest supervisory level of the Sustainable Development Committee is the Board of Directors. The organizational chart is as follows:

Sustainability Committee Structure Chart



Source: <https://corporate.fetnet.net/content/corp/tw/CSR/CSRManagement/SocietyManage.html>

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3.2.2 Sustainable Supply Chain Management Standards, Objectives, and Structure

FET has established its "Supply Chain Sustainable Management Policy" as the basis for supplier management, and the "Supplier Code of Conduct" have also been introduced to encompass economic, social, and governance requirements in supplier standards. Suppliers are required to sign the "FET Supply Chain Sustainable Operation Self Declaration" and the "Code of Business Conduct Agreement" with punitive penalties.

All active suppliers are required to annually complete the online signing of the Code of Business Conduct Agreement in order to enhance management. Failure to sign will result in the inability to utilize system functions for order reception and payment requests. Active suppliers must renew their on line signing every 360 days to ensure their ongoing commitment to ethical corporate management. New suppliers must complete the ESG quantitative assessment threshold, and the FET Credit Management Office will assess their third-party credit reports. Since 2021, we have implemented a 9-level credit assessment and review system. Suppliers with a credit assessment between Levels 8 and 9 will not be eligible to become FET suppliers.

All FET procurement contracts clearly set out that suppliers must adhere to relevant regional, environmental, and labor safety and health laws and regulations. Construction suppliers must sign the Contractors Occupational Safety and Health and Environment Commitment, the Declaration on Announcement of Contractors Worksite Environmental Hazards, and carefully review the Occupational Safety and Health Management Implementation Points for Contractors. Additionally, suppliers must fulfill relevant management and hazard prevention responsibilities in accordance with the Regulations for Occupational Safety and Health Organization Management and Self-Check to ensure the safety and health of workers and prevent occupational hazards.

In addition to regularly assessing suppliers to ensure their compliance with the aforementioned regulations, FET also suspends the suppliers who have not conducted any transactions with the company for three years or more. This is to ensure that the information regarding suppliers' creditworthiness and corporate social responsibility remains up-to-date.

Guided by the ISO 20400 Sustainable Procurement Guidelines, the sustainable supply chain management at FET aims to achieve the following five major objectives. Through the interaction of these five goals, FET's supply chain is expected to grow steadily and robustly.



The sustainable supply chain management of FET is primarily based on international management requirements and evaluation criteria, including the ISO 20400 Sustainable Procurement Guidelines, the Organisation for Economic Co-operation and Development (OECD), Life Cycle Analysis (LCA), the Responsible Business Alliance (RBA), and Ecovadis assessments. Guided by operational realities, FET has further structured this framework around three complementary mechanisms: "Registration Threshold Management," "Regular Management," and "Compliance Management."

Registration Threshold Management

All new suppliers must pass a nine-level evaluation conducted by the Company's Credit Department, which includes assessments of company information, project transaction records, credit history, and other aspects. Suppliers rated at levels 8 or 9 will not be considered for selection. This credit evaluation is linked to the Far Eastern Group and government-sanctioned suppliers, ensuring that suppliers listed as disqualified will not be engaged. Additionally, new suppliers are required to sign the "Code of Business Conduct Agreement," the "New Supplier Social Responsibility Self-Declaration," and the "Biodiversity Commitment Statement." They must also undergo the "ESG quantitative assessment threshold process." If they do not meet the threshold requirements, they must implement improvements; failure to do so will result in suspension until the necessary improvements are completed. Registration Threshold management ensures the credibility and reliability of all partners and secures their compliance with FET's requirements for a sustainable supply chain.

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Regular Management

Regular Management can be divided into the following seven major operations:

- Risk Classification and Attribute Identification: This includes ESG-critical suppliers, those with significant business relevance, and suppliers identified as high-risk in the previous year. Suppliers are assessed across ESG risk dimensions through factors such as specific country/region risks, industry-specific risks, and product-specific risks to identify ESG-critical suppliers.
- Sustainable Risk Due Diligence: ESG due diligence is structured around five major aspects, 17 sub topics and 23 questions. Suppliers are required to complete an online questionnaire, which is further supported by manual document review and verification. A due diligence score is assigned to each supplier based on this evaluation.
- Field Audits: For critical suppliers identified annually, on-site review are conducted to verify supporting documentation and ensure compliance through physical inspections.
- Supply Chain Carbon Inventory and Audit: In accordance with the "FET Supply Chain Greenhouse Gas Management Regulations," suppliers undergo greenhouse gas emission audits aligned with the Company's Scope 3, Category 1 and 2 emissions.
- Supply Chain TNFD Dependency and Impact Assessment: In accordance with the Company's TNFD reporting requirements, suppliers with significant biodiversity impacts are subject to dependency and impact assessments.
- Annual Performance Evaluation: Each year, performance evaluations are conducted for approximately 95% of the accumulated procurement amount, involving around 200 suppliers.
- In-person and Online Training: Annually, capacity-building training is provided to supply chain partners, focusing on various sustainability topics relevant to the year.



The annual implementation results of regular management will be presented in Chapter 4 of this report under the CARED Five Pillars Annual Performance.

Compliance Management

The core principle is to implement both the "stick" (temporary suspension) and the "carrot" (incentive measures) simultaneously, demonstrating FET's commitment and strength in sustainable supply chain management. In relation to the operations of threshold management and regular management, the Procurement Department will establish performance indicators based on different management requirements. Those who do not meet these indicators will be subject to temporary suspension of rights, accompanied by guidance and improvement measures to assist supply chain partners in keeping pace with FET. In terms of incentives, FET's Procurement Department has designed incentive programs that meet the needs of suppliers based on three aspects: Management Framework, Commercial Support, and Recognition & Partnership, with the goal of providing meaningful support and encouragement to supply chain partners as they strive to meet sustainability objectives.



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Supply Chain Sustainability Incentivizing Program

Management Framework

- Selection benefit
- Prefer List
- Contract Clause
- Evaluation Criteria
- Benchmarking
- Goal Setting
- Simplification
- Empowering

Recognition & Partnership

- Supplier Rewards
- News Release
- Join Press Conference
- Supplier Sustainability Day
- Join Partnership



Commercial Support

- Long Term Contract
- Green Premium
- ESG Barrier Support
- Innovation Support
- Opportunity Support

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3.2.3 Sustainable Supply Chain Execution Guidelines and Performance Indicators (CARED)

Sections 3-2-1 and 3-2-2 primarily outline the planning and framework for the sustainable management of the FET supply chain. In terms of execution, the Procurement Department, guided by the sustainable management policy, has integrated the five pillars of CARED ESG in 2023: Circular Economy (C), Awareness (A), Risk Management (R), Empowering (E), and De-carbonization (D). This integration addresses all significant issues of concern to key stakeholders. Furthermore, the management practices outlined in Section 3-2-2 serve as the implementation of these five pillars. Each pillar is supported by specific execution strategies and collaborative engagement with the supply chain. Through FET's sustainability capabilities and influence, the company aims to empower and lead supply chain partners on their own sustainable transformation journey.

Sustainable DNA – CARED Sustainable Performance Linkage

FET drives corporate resilience by linking sustainability performance with management compensation. Managers and above must establish annual ESG goals based on the nature of the business, accounting for at least 5% of their performance evaluations. The Procurement Department has incorporated international benchmarks such as DJSI/CDP, supply chain carbon inventory and audit, and biodiversity protection into the Company's procurement performance tracking dashboard at the management level, establishing quantitative indicators integrated into daily operations. Frontline procurement staff have at least 5% of their compensation evaluation tied to sustainability supply chain management KPIs, while managers and above have 10%-30% of their performance evaluation based on the intensity of supply chain management. The Procurement Department will adjust performance indicators in line with international sustainable supply chain management trends and provide necessary training to strengthen the linkage between performance evaluation and sustainable supply chain management.



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CARED Annual KPI Tracking and Evaluation Table

| Sustainability Strategy | KPI | 2024 Goals | 2024 Achievements | 2025 Goals | 2026 Goals | 2030 Goals |
|--|--|--|--|--|--|--|
| CARED Driving Low carbon Transition Across the Value Chain | A. Number of new suppliers completing third-party on-site review for the year | 30 companies | 35 companies | 35 companies | 35 companies | 35 companies |
| | B. Number of new suppliers completing FET's independent on-site review for the year | 50 companies | 64 companies | 55 companies | 55 companies | 55 companies |
| | C. Percentage of Tier 1 Significant supplier document audit | 100% | 100% | 100% | 100% | 100% |
| | D. Percentage of Tier 1 Significant supplier On-site audit | 100% | 100% | 100% | 100% | 100% |
| | E. Performance improvement rate of high-risk suppliers for the year | 90% | 100% | 90% | 90% | 95% |
| | F. Proportion of signatories to the Biodiversity Commitment of the Top 100 suppliers in the supply chain | 85% | 95% | 95% | 95% | Continue to focus on reducing supply chain impacts on biodiversity |
| | G. Circular economy recycling rate | Recycling rate reaches 50% of the total weight of retired equipment sold | Recycling rate reaches 86.8% of the total weight of retired equipment sold | Recycling rate reaches 80% of the total weight of retired equipment sold | Recycling rate reaches 80% of the total weight of retired equipment sold | Gradual increase of recycling rate |
| | H. Supply chain carbon reduction in Scope 3 Cat 1 & 2 | Reduce carbon emissions by 5% compared to previous year | Reduce carbon emissions by 5.9% compared to previous year | Reduce carbon emissions by 5% compared to previous year | Reduce carbon emissions by 5% compared to previous year | 42% reduction in carbon emissions compared to the 2021 baseline year |

Definition of Circular Economy Recycling Rate: The proportion of total weight of recyclable materials to the annual total weight of decommissioned telecom equipment, mobile devices, and administrative facility assets.

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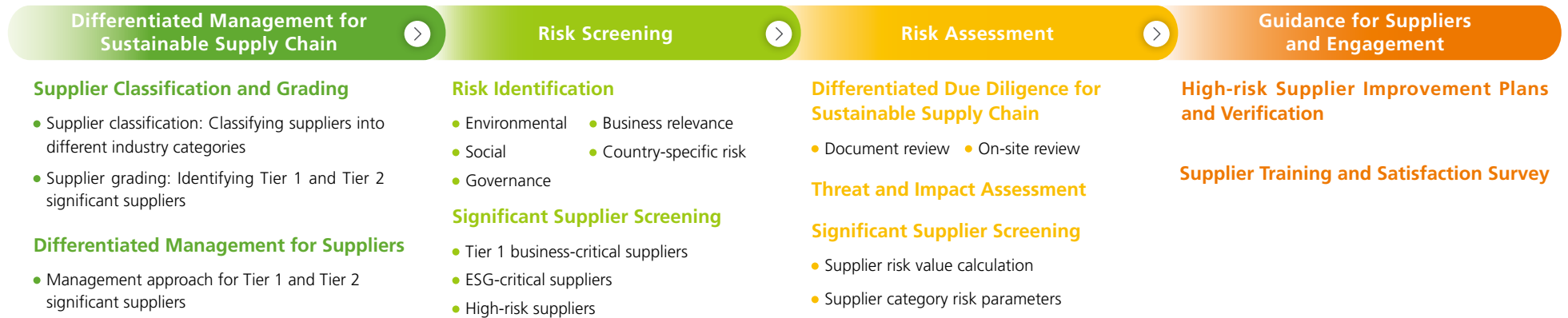
3.3 Supplier Risk Management and Screening

The Procurement Department of FET integrates the ISO 31000 Risk Management Guidelines and the ISO 20400 Sustainable Procurement Risk Assessment processes to conduct significant screening and analysis of vendors involved in annual transactions, serving as a priority management focus for due diligence and on-site review. By classifying transaction types and segmenting procurement amounts, and referencing international risk attribute indicators, suppliers are categorized into three main groups: "Business-Critical Suppliers," "ESG-Critical Suppliers," and "Annual High-Risk Suppliers." The following sections will provide detailed explanations of these steps.

3.3.1 Supply Chain Risk Management Methodology and Steps

FET's supply chain risk management can be broadly divided into four steps:

FET Sustainable Supply Chain Management Cycle



FET SUPPLIERS

For supplier categories, the Procurement Department conducts a detailed review of supplier transaction content and industry categories. FET further categorizes suppliers into the following five major types for more refined management:



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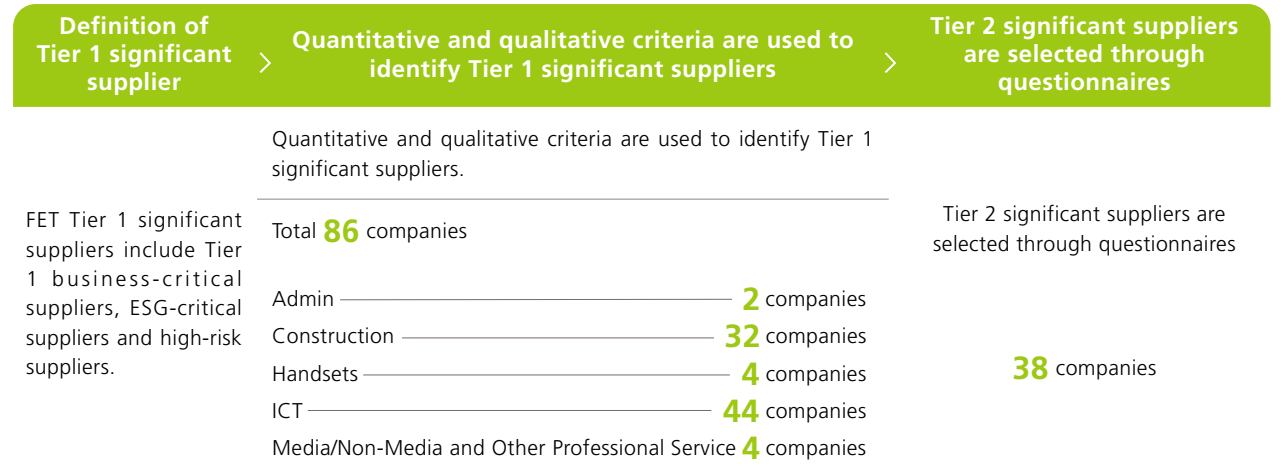
As a telecommunications company deeply committed to sustainable supply chain management, FET understands the challenges faced by suppliers in sustainability management. Therefore, in 2023, the Company introduced a digital sustainability management platform, aiming to leverage digital capabilities to obtain higher quality sustainability information more efficiently and accurately. The digital sustainability management platform has brought multiple benefits to FET: improving internal supplier management efficiency by using ESG data to make precise decisions; enhancing confidence among customers, investors, and consumers; continuously providing early warnings on supply chain risks; uncovering opportunities for sustainable collaboration; and shaping FET's supply chain management highlights. The three major benefits of the digital platform are as follows:



3.3.2 Critical Supplier Selection

The FET Procurement Department conducts a systematic and logical selection of critical suppliers each year. The purpose is to understand supply chain risks and dependencies from ESG (Environmental, Social, and Governance) as well as business operations perspectives. Once critical suppliers are identified, monitoring and development efforts can be focused on those suppliers with the highest risk and greatest business relevance. Priority should be given to their risk management, and proactive risk response measures should be implemented.

After classifying suppliers, the Procurement Department filters out three key categories of major suppliers based on annual procurement amounts, supplier location, transaction attributes, and due diligence results: "Business-Critical Suppliers," "ESG-Critical Suppliers," and "Annual High-Risk Suppliers." Corresponding risk management measures are then applied to each category. Explanations are provided below respectively.



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3.3.2.1 Business-Critical Suppliers

Business-critical suppliers are primarily selected based on procurement amounts, with cumulative annual procurement exceeding 80%.

The above-mentioned suppliers will be further evaluated according to the following criteria.

| FET Critical Supplier Screening Criteria | | |
|--|---------------------------------|--|
| Tier 1 Critical Suppliers | Quantitative screening criteria | <ul style="list-style-type: none"> • ICT and construction: Two consecutive years of transactions totaling more than NT\$60 million. • Media/non-media and other professional services: Two consecutive years of transactions totaling more than NT\$50 million. • Handsets: Total amount exceeds NT\$100 million in two years. • General administration: Total amount exceeds NT\$20 million in two years. |
| | Qualitative screening criteria | Irreplaceability, high replacement cost, limited qualifications, exclusive supply, equipment binding |
| Tier 2 Critical Suppliers | Screening method | Conducting surveys for Tier 1 business-critical suppliers to identify their upstream suppliers based on qualitative criteria. |
| | Qualitative screening criteria | Whether the directly related products provided are exclusive, with limited qualifications, bound with important equipment, and the cost of replacing the brand is too high. |

Business-critical suppliers are the main supplier sources for FET's annual operations. They are the primary focus of management efforts, including risk due diligence, on-site inspections, and supply chain carbon audits.

3.3.2.2 ESG Critical Suppliers

In the section on ESG critical supplier selection, the Procurement Department, in addition to considering the three major aspects of environment, society, and governance, also references international and local regulations and other risk attributes. These are further categorized into "country-specific risks," "industry-specific risks," and "product-specific risks." The individual screening criteria are as follows:

| | |
|--------------------------------|--|
| Country-Specific Risk | <ul style="list-style-type: none"> • Ensuring compliance with the NCC's Regulations for Administration of Mobile Broadband Businesses and banning the companies on the blacklist. • Paying attention to suppliers located in high sustainability risk countries as identified by the United Nations and European Union reports, including countries with poor ranking in Corruption Perceptions Index and Climate Risk Index, high climate vulnerability, and high rates of child labor employment. |
| Sector-Specific Risk | <p>According to the reports from S&P, GRI, and SASB, it is crucial to monitor if suppliers in various categories pose sustainability issues/risks during transactions with FET, such as:</p> <ul style="list-style-type: none"> • ICT suppliers who are integrating APIs may pose information security risks. • Construction suppliers carrying out base station projects may involve community engagement risks, greenhouse gas emissions, and industrial waste management issues. • Media/non-media and other professional service suppliers engaged in marketing campaigns may pose intellectual property risks and sensitive information protection concerns. |
| Commodity-Specific Risk | <p>According to S&P, CBAM, CCA, and international sustainability regulations, attention is required for sourcing critical raw materials from suppliers who may be involved in ESG issues, such as precision manufacturing equipment involving the use of conflict minerals, cable production involving waste management, and system integration services potentially involving labor rights issues.</p> |

Once a supplier is included as an ESG critical supplier, it must confirm its sustainability risks and dependencies through an annual risk due diligence process, ensuring that its sustainability risks remain within a controllable range.

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3.3.2.3 Annual High-Risk Suppliers

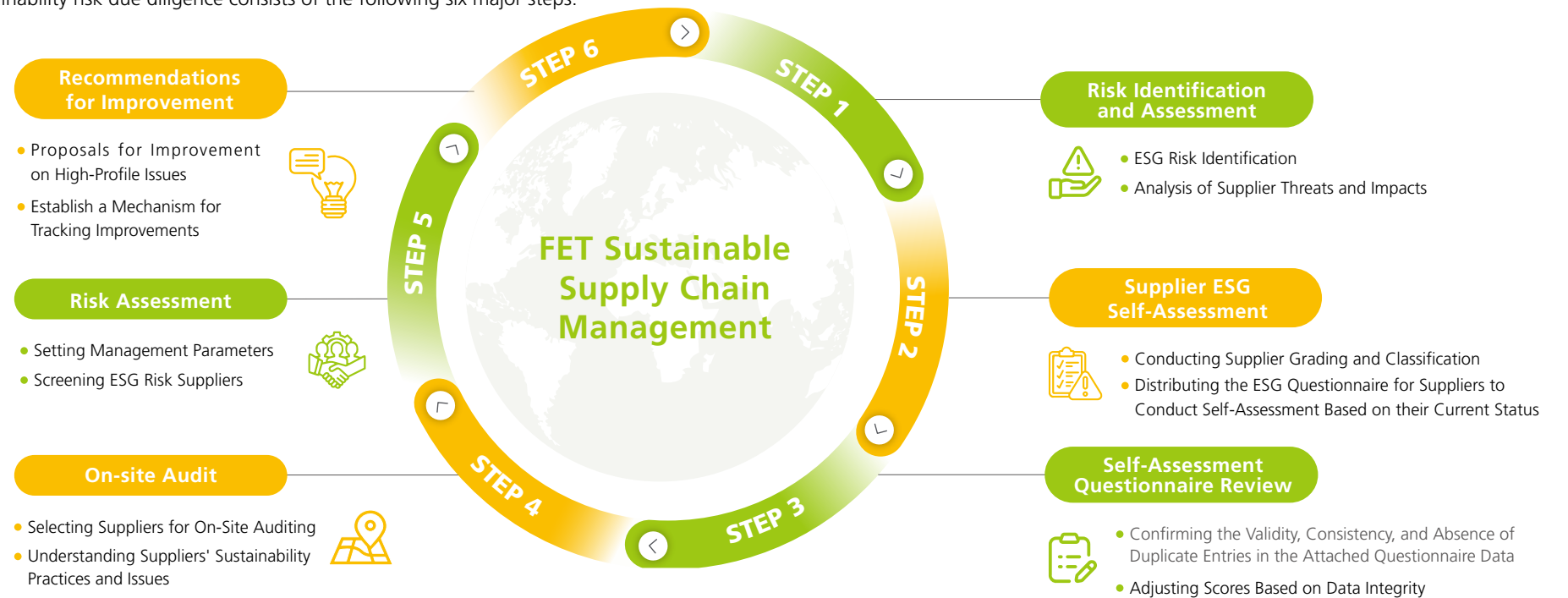
The annual high-risk suppliers are identified through ESG risk due diligence, followed by methodologies such as risk impact assessment. Suppliers designated as high-risk are required to carry out mandatory improvements within a specified timeframe for their identified high-risk categories. The completion of these improvements must be verified by FET and a third-party consultant before continuing transactions. Failure to improve within the designated timeframe will result in suspension until improvement is completed.

3.3.3 Supplier Sustainability Risk Due Diligence and Guidance

The diagram in this chapter illustrates how FET conducts comprehensive sustainability risk due diligence and enforces improvement processes for annual critical suppliers and selected Tier 1 suppliers (Note).

3-3-3-1 Supplier Sustainability Risk Due Diligence

FET's sustainability risk due diligence consists of the following six major steps:



Note: The Procurement Department conducts sustainability risk due diligence on the top 500 vendors selected annually. Vendors that do not participate in the investigation will be temporarily suspended until the investigation has been completed.

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Step 1 & 2

Each year, FET's Procurement Division identifies risks and conducts threat impact analysis based on international sustainability issues and emerging risks. The results of this analysis are then incorporated into that year's due diligence questionnaire. To more accurately detect sustainability risks within the supply chain, FET has taken the lead in the industry by adopting a differentiated supplier management questionnaire in 2023, which is divided into a general industry questionnaire and an engineering industry questionnaire. For suppliers in the engineering sector, the questionnaire includes key sustainability issues such as supply chain disruption risk, heat-related hazards, and advanced occupational safety and health concerns. In 2024, the questionnaires were further refined into four differentiated versions: Information and Communications Technology, Engineering, Terminal Equipment, and General Affairs & Media. This tailored approach aims to more accurately reflect industry-specific risk profiles and provide a more realistic distribution of sustainability risks across sectors.

The questionnaire is structured around the three core ESG pillars—Environmental, Social, and Governance—and further divided into five key aspects: sustainable governance, supplier management, environmental management, labor rights, and community relations. The assessment questions are updated periodically in line with emerging trends and issues, such as biodiversity, conflict minerals management, and geopolitical risks. Suppliers are also required to provide supporting documentation that complies with relevant international standards, including ISO 27001, ISO 9000, ISO 14001, ISO 50001, ISO 14064, and ISO 45001.



Step 3 & 4

Since 2020, the number of suppliers evaluated has exceeded 300. By 2024, this number reached 487 suppliers, covering over 90% of the total annual procurement spending.

Document Review:

Reviewers assess suppliers' implementation status by examining four tiers of documentation provided by the suppliers, scoring their compliance accordingly. The review process includes both internal evaluations conducted by FET and assessments commissioned to third-party consultants. Since its inception in 2020, a total of 403 suppliers were reviewed as of 2024, achieving a 100% review rate for critical suppliers.

On-site Review:

The on-site review use a semi-structured interview format combined with a review of supporting documents provided by suppliers to confirm their current implementation status. These audits are carried out either internally by FET or by commissioned third-party consultants. In 2024, a total of 84 suppliers underwent on-site review—35 by third-party consultants and 49 by FET. on-site review are not merely a one-way inspection; they also involve visiting suppliers to understand the challenges they face in implementing sustainable practices, while providing consultation and relevant assistance.

Step 5 Supply Chain Sustainability Risk Assessment

Supplier Risk Value Calculation:

Each year, FET conducts a quantitative assessment of sustainability threat events for different categories of suppliers based on the results of its sustainable supply chain due diligence. This assessment is carried out in collaboration with internal procurement personnel, ensuring that each supplier's ESG (Environmental, Social, and Governance) aspects are assigned a risk value.

Supplier Category Risk Parameters:

FET sets specific risk parameters for each supplier category based on their assessment scores. These parameters serve as thresholds for classifying suppliers into high-risk, medium-risk, or low-risk groups within their respective categories.



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Annual Performance Evaluation:

In addition to the aforementioned sustainability risk assessment, the Procurement Department conducts an annual performance evaluation covering approximately 95% of the total annual procurement amount. The evaluation not only assesses traditional QCDS dimensions—quality, cost, delivery, and service—but also incorporates new indicators in 2024 related to market resilience and competitiveness. Just as differentiated questionnaires are used in ESG risk assessments for various supplier categories, the annual performance evaluation adopts a refined segmentation across 11 supplier categories to ensure alignment with each supplier's role within FET's operations. Evaluation results are categorized into five performance tiers, which guide tiered supplier management strategies. The detailed grading and management framework is described as follows:

| Grade | Score | Type | Action Plan | Count |
|-------|-------------|-------------|---|-------|
| A | 90 or Above | Excellent | Outstanding supplier | 9 |
| B | 70-89 | Good | Qualified supplier | 203 |
| C | 60-69 | Fair | Reduce procurement amount and propose improvement plans | 5 |
| D | 50-59 | Poor | Suspend new procurements; supplier must implement improvement plan. Can resume only upon approval by Procurement and User Departments | 0 |
| E | Below 50 | Unqualified | Non-compliant supplier; procurement terminated | 1 |

Step 6 Supply Chain Guidance and Improvement

Supply Chain Guidance:

FET provides various training on sustainability issues to its supply chain partners each year through different learning channels. This includes in-person courses, practical workshops, online courses, individual coaching, and supplier conference sessions. The content of the support is tailored according to the supplier's category, company size, and current sustainability issues.

Supply Chain Improvement:

Suppliers identified as either high-risk in sustainability or non-compliant in the annual performance evaluation are required to implement improvement measures. For sustainability high-risk suppliers, FET will provide recommended improvement actions based on their specific risk profiles. These suppliers must follow the recommendations, and FET will offer necessary guidance during the process. The improvement outcomes must be validated by both FET and a third-party consultant. Only upon successful verification can the supplier resume business transactions. Failure to improve within the designated timeframe will result in suspension until improvement is completed. For suppliers rated as non-compliant in the annual performance evaluation, they must proactively propose an improvement plan. The plan must be approved by both the user department and the procurement team before the supplier can continue transactions.

3.4 Annual Refinement and Enhancement of Risk Management Performance Indicators

You can measure. You can manage. FET's Procurement Department has consistently adhered to data-driven management, supplemented by the SMART principles: Specific, Measurable, Achievable, Realistic, and Time-bound. These principles are applied to establish quantifiable and communicable performance indicators. The goal is to enable stakeholders and investors to clearly and effectively understand the objectives that procurement aims to achieve in sustainable supply chain management.

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3.4.1 2024 Sustainable Risk Assessment and Annual Performance Evaluation Results

Annual Procurement and Supply Chain Screening Performance:

In 2024, FET's total procurement spending amounted to US\$1.28 billion, representing 35.3% of FET's overall spending. At the same time, FET engaged with a total of 1,076 active suppliers, while the top 100 suppliers accounted for 92.3% of FET's annual procurement amount. FET has divided supplier procurement into five distinct categories: ICT, handsets, construction, general administration, as well as media/non-media and other professional services. FET has identified a total of 86 significant suppliers based on quantitative and qualitative criteria. Through a questionnaire survey, 38 Tier 2 significant suppliers were selected, and out of them, certain strategically important Tier 2 suppliers were incorporated into FET's sustainable supply chain management requirements.



Procurement expenditure accounted for 35.7% of the total expenditure of company, amounting to

US\$1,274,470,148 (Note)



The total number of Tier 1 suppliers was

1076 companies



The procurement amount from the top 100 suppliers as a percentage of FET annual procurement expenditure was

92.3%

Note: The amount is calculated using the exchange rate of USD to TWD at 32.78, as of December 31, 2024, per the Central Bank.

| Supplier Screening | FY 2024 |
|---|---------|
| 1.1 Total number of Tier-1 suppliers | 1076 |
| 1.2 Total number of significant suppliers in Tier-1 | 86 |
| 1.3 % of total spend on significant suppliers in Tier-1 | 88.6% |
| 1.4 Total number of significant suppliers in non Tier-1 | 38 |
| 1.5 Total number of significant suppliers (Tier-1 and non Tier-1) | 124 |

| Five Major Categories | Overall Procurement Ratio | Proportion of Suppliers |
|--|---------------------------|-------------------------|
| Admin | 0.5% | 6.6% |
| Construction | 12.1% | 22.1% |
| Handsets | 59.5% | 0.9% |
| ICT | 25.5% | 54.2% |
| Media/Non-Media and Other Professional Service | 2.4% | 16.2% |
| Total | 100% | 100% |

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Definition of Tier 1 significant supplier

FET Tier 1 significant suppliers include Tier 1 business-critical suppliers, ESG-critical suppliers and high-risk suppliers.

- ESG-Critical Suppliers: These are strategic suppliers with a high level of ESG risk exposure.
- Business-critical suppliers: These are suppliers with high transaction amounts with FET, accounting for 80% or more of the total procurement expenditure.
- High-risk suppliers in the previous year are defined as suppliers with confirmed high ESG risks

Quantitative and qualitative criteria are used to identify Tier 1 significant suppliers

Quantitative and qualitative criteria are used to identify Tier 1 significant suppliers

Total **86** companies

| | |
|--|---------------------|
| Admin | 2 companies |
| Construction | 32 companies |
| Handsets | 4 companies |
| ICT | 44 companies |
| Media/Non-Media and Other Professional Service | 4 companies |

Tier 2 significant suppliers are selected through questionnaires

Tier 2 significant suppliers are selected through questionnaires

38 companies



Business Significant **73** Suppliers



Esg Significant **8** Suppliers



High-Risk Supplier List Excluding 9 companies that are also classified as Business-Critical Suppliers

14 Suppliers



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Supplier Performance Evaluation

| Supplier Assessment | FY 2024 | Target for FY 2024 |
|--|------------|-------------------------------|
| 1.1 Total number of suppliers assessed via desk assessments/ on-site assessments | 487 (Note) | 100% of significant suppliers |
| 1.2 % of unique significant suppliers assessed | 100% | |
| 1.3 Number of suppliers assessed with substantial actual/ potential negative impacts | 14 | |
| 1.4 % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan | 100% | |
| 1.5 Number of suppliers with substantial actual/potential negative impacts that were terminated | 0 | |
| 1.6 Percentage of Tier-1 critical suppliers that have undergone human rights due diligence | 100% | |

Note: 487 suppliers account for 92.0% of the total annual procurement amount

| | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|
| Total number of ESG questionnaires | 332 | 350 | 370 | 487 |
| Number of suppliers under document review only | 258 | 275 | 302 | 403 |
| Number of suppliers that have undergone on-site review | 74 | 75 | 68 | 84 |
| Review Coverage Rate (Note) | 31% | 33% | 32% | 42% |

Note: The review coverage rate is calculated by dividing the number of suppliers reviewed in the year by the total number of suppliers engaged in transactions in the year

| Evaluation Result | Number of Suppliers in 2022 | Number of Suppliers in 2023 | Number of Suppliers in 2024 | Measures Adopted |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| Outstanding Suppliers (90-100 points) | 5 | 4 | 9 | These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids. |
| Qualified Suppliers (70-89 points) | 218 | 179 | 203 | These suppliers are encouraged to further improve their performance. |
| Suppliers in Need of Improvements (60-69 points) | 3 | 7 | 5 | These suppliers are required to submit an improvement plan. |
| Unqualified Suppliers (59 points or less) | 1 | 4 | 0 | New procurement from these suppliers will be halted. Suppliers have to implement an improvement plan, and only upon confirmation of improvement completion from procurement and relevant users, these suppliers resume entering into transactions with FET. |
| Suspended Suppliers (less than 50 points) | 1 | 1 | 1 | Suspension |
| Total | 228 | 195 | 218 | |

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Performance Improvement of High-Risk Suppliers

| Corrective action plan support | FY 2024 | Target for FY 2024 |
|---|---------|---------------------|
| 2.1 Total number of suppliers supported in corrective action plan implementation | 14 | 100% of Significant |
| 2.2 % of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation | 100% | |

Supply Chain Capability Development Performance

FET's Procurement Department focuses on supplier capacity building through multiple formats, including in-person training courses, practical workshops, online courses, one-on-one coaching, and supplier conference sessions. The number 1178 represents the unduplicated count of suppliers (based on the highest number of participation per supplier).

| Capacity building programs | FY 2024 | Target for FY 2024 |
|---|---------|---------------------|
| 3.1 Total number of suppliers in capacity building programs | 1178 | 100% of significant |
| 3.2 % of unique significant suppliers in capacity building programs | 100% | |

For detailed information on supplier empowerment performance, please refer to Chapter 4, "Enhancing FET's CARED Five Pillars Annual Performance," Section 4-4, "Empowering."

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Chapter three provided a comprehensive explanation of the structure, methodology, and some key annual performance indicators of the sustainable supply chain management at FET's Procurement Department. This chapter provides a detailed explanation from the perspective of stakeholder concerns through the five pillars of CARED ESG: Circular Economy (C), Awareness (A), Risk Management (R), Empowering (E), and De-carbonization (D). It highlights the actions, execution details, and performance demonstrated by FET during the reporting period.

The chapter begins with an explanation of the annual timeline for sustainable supply chain project management. In addition to incorporating registration threshold management into daily procurement operations, the Procurement Department conducts various key projects, such as high-risk supplier improvement plans, online supplier training, sustainability risk due diligence, performance evaluation, supply chain carbon inventory and audit, and supplier conferences. The schedule for these projects is flexibly adjusted based on the annual workload. Figure illustrates the annual project timeline.

Annual Project Schedule for Sustainable Supply Chain Management



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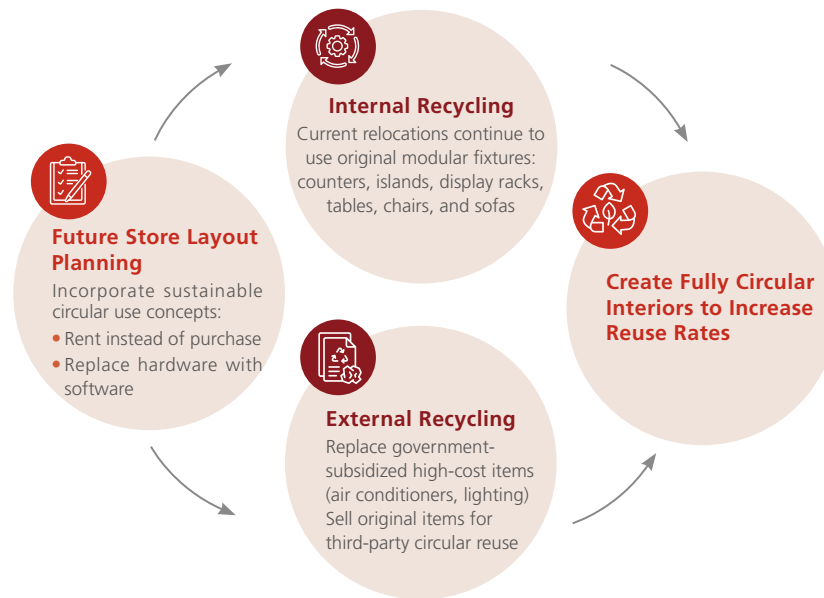
As stated in 3-2-3, the Procurement Department establishes circular economy recycling targets for decommissioned equipment each year, requiring recycling vendors to accurately report the recycling rates. The target for 2024 was set at 50%, with an achievement rate of 86.8%. An overview of the circular economy projects is provided below.

Project 1:

Building on the key conclusions from two internal and external circular economy workshops held consecutively in 2022 and 2023, the Procurement Department has launched concrete implementation actions.

First, a comprehensive inventory and action plan was developed to enhance the recycling rate of decoration materials and equipment in retail stores. This project has received support from the Sustainability Committee, with the goal of increasing the current in-store recycling rate of 40%-45% on an annual basis.

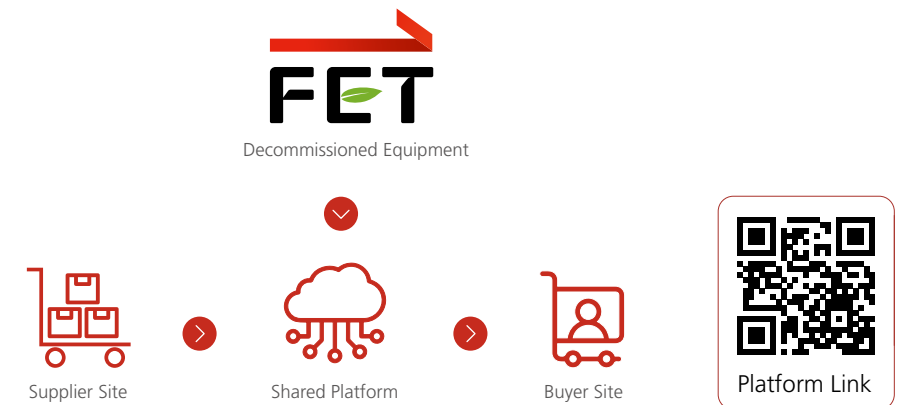
Strategy to Increase Store-Level Recycling and Reuse Rates



Project 2: Establishment of a Circular Economy Sharing Platform

In the spirit of transparency, openness, and sharing, we invite our supply chain partners to collaboratively enhance opportunities for material recycling. The primary purpose of the platform's establishment is to provide all supply chain partners with opportunities for reuse, based on the thousands of tons of decommissioned usable equipment and materials from FET each year. A noteworthy example of reuse includes the decommissioned batteries from the FET's base station have been repurposed as backup power sources for streetlight control signals, while the decommissioned tables and chairs have been transformed into essential furnishings for the new office building of a critical supplier. These instances illustrate FET's commitment to implementing a circular economy. Looking ahead, the platform is expected to allow supply chain partners to upload their own materials, leveraging FET's resources to help small and medium-sized enterprises find new uses for valuable materials.

Operation Description of the Circular Economy Sharing Platform



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Project 3: Supply Chain Take Back Program

The supply chain take back program is one of the key indicators required for disclosure by the telecommunications industry under the Sustainability Accounting Standards Board (SASB). FET and its critical supplier, Ericsson, began developing a supply chain take back program in 2022, achieving an effective weight recovery rate of 98%. In 2024, FET continued to promote the Ericsson product take-back initiative, with a total recovered weight of 242,987 kilograms.

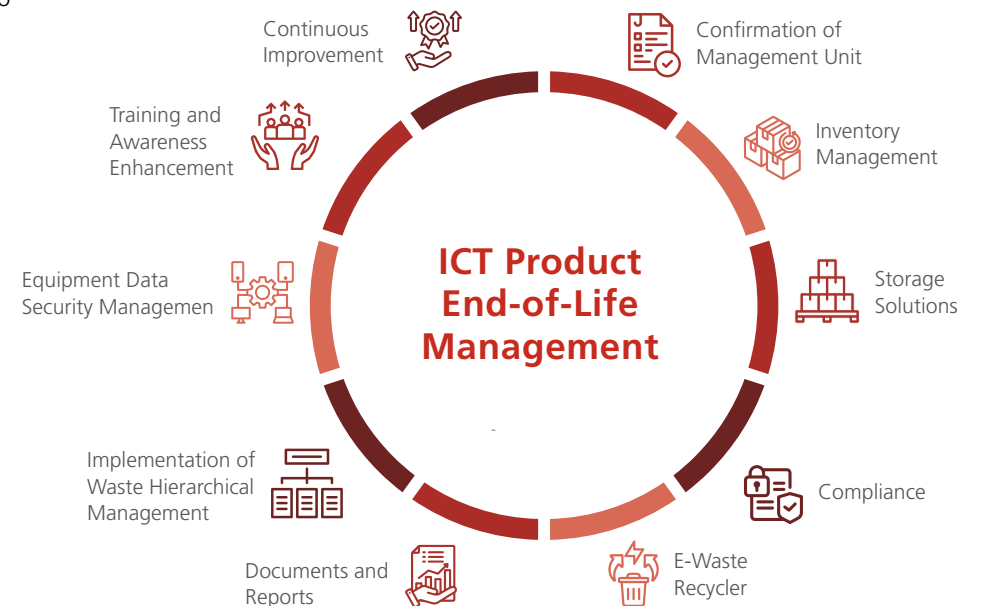
Project 4: Eco-Friendly SIM Cards

In 2024, the Procurement Department took the lead in promoting the concept of eco-friendly SIM cards. On August 27, 2024, FET became the first telecom company in Taiwan to announce the full adoption of SIM cards made from recycled materials (Recycled PVC/PS SIM Cards). Simultaneously, the design was changed to a nano-SIM format to reduce plastic usage. Starting in 2025, the new eco-friendly SIM cards will be gradually issued to customers. This initiative is estimated to reduce carbon emissions by up to 43%, saving the equivalent of 660,000 plastic PET bottles worth of plastic usage annually. FET also hopes to rally other industry players to join this movement.



Project 5: Product End of Life Management

TWSE/TPEX-listed companies will implement the S1 and S2 disclosure standards issued by the International Financial Reporting Standards Foundation (IFRS Foundation) in 2026. These IFRS standards also mandate adherence to SASB disclosure indicators, among which Product End of Life Management is a designated disclosure item for the telecommunications industry. Currently, FET has been managing retired equipment for many years and has achieved considerable results. However, the Procurement Department aims to integrate sustainability concepts into inventory and end-of-life management in a more detailed manner. This includes managing carbon emissions in the supply chain, promoting circular economy practices, handling hazardous waste, and overseeing end-of-life disposal. FET refers specifically to the International Telecommunication Union (ITU) publication "Product End of Life Management for ICT Equipment" as a guiding document and follows the outlined 10-step process to systematically improve management practices. The goal is to achieve comprehensive end-to-end control of all product flows. This section will successively elaborate on the outcomes of product end of life management.



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4.2 Awareness

Project 1: Annual Supplier Conference

The Procurement Department holds a supplier conference each year to achieve the following five key sustainable supply chain management goals:

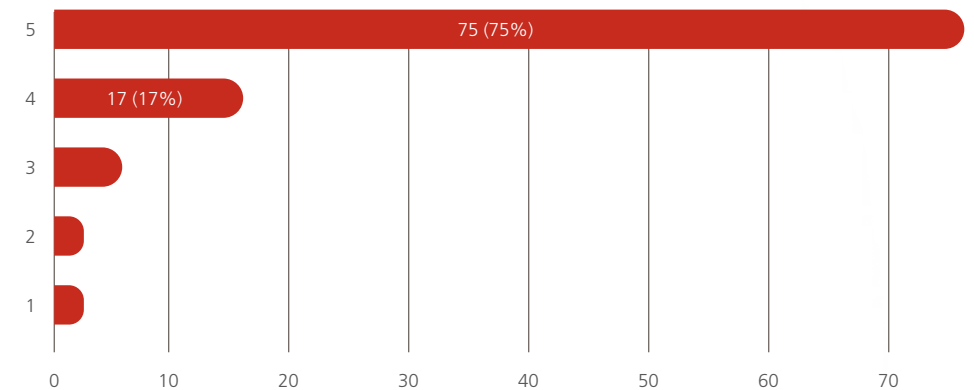
- Reward outstanding suppliers and encourage mutual learning among supply chain partners
- Communicate the latest sustainability trends to establish a sustainable culture and awareness within the supply chain
- Announce FET's execution goals and policies to strengthen supply chain engagement
- Integrate FET's resources to provide necessary support to partners
- Disseminate the results of the annual risk survey to raise supply chain risk awareness and communicate improvement targets

On November 8, 2024, FET held a hybrid (in-person and online) event themed "Carbon Reduction Action," featuring six keynote sessions covering a wide range of topics, including: "FET 2023 Supply Chain Carbon Reduction Achievements and 2024 Inventory Planning," "Sustainable Supplier Financing Project," "Support from FET's Carbon Inventory System and Consulting Services," "Taiwan Green Electricity Market and Joint Small-Scale Renewable Energy Procurement Program for the Supply Chain," "FET Circular Economy Sharing Platform Results," and "FET Occupational Safety and Health and Ethical Corporate Management Policy." A total of 73 companies participated in person, while 269 companies joined online, resulting in a total of 342 participating companies. The conference aimed to foster a carbon reduction ecosystem for the supply chain through the integration of digital innovation, green energy, and sustainable finance, empowering partners with FET's resources to collectively advance toward the goal of net-zero carbon emissions.



After the meeting, FET distributed an anonymous satisfaction survey and a carbon reduction participation intention survey. The satisfaction survey received responses from 100 companies, achieving a satisfaction rate of 92%. A total of 38 companies have expressed their willingness to participate in carbon reduction initiatives across various dimensions.

Overall Satisfaction of the Supplier Conference (5-very satisfied, 4-satisfied)



Feedback from the minority of participants who were not fully satisfied will also be taken into consideration by the Procurement Department as targets for future improvement.



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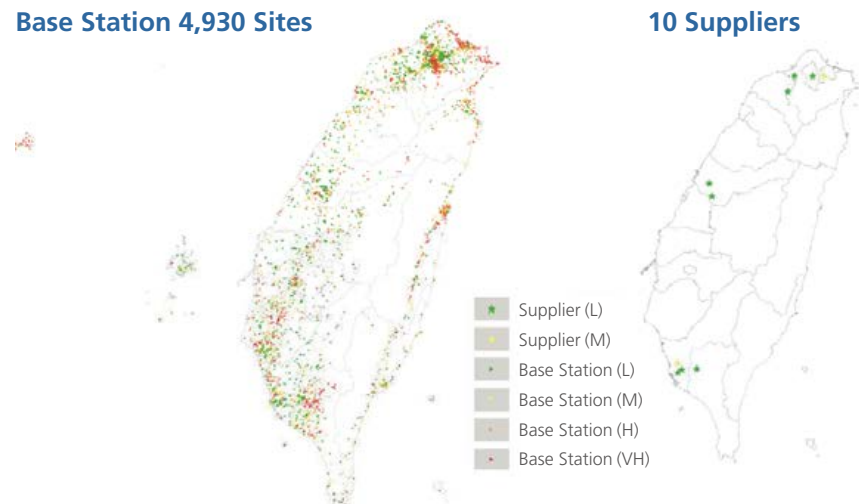
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Project 2: Supply Chain Biodiversity Dependency and Impact Assessment

In July 2024, in alignment with the company-wide TNFD project, the Procurement Department guided 21 of FET's critical engineering suppliers to conduct assessments on the impact and dependency of their operations on biodiversity. The assessment encompasses various impact dimensions, including seven major greenhouse gases, land/water use, resource utilization, pollution, and environmental disturbances. Additionally, it addresses reliance aspects such as energy, water, raw materials, the regulation of physical/biological environments, and employee health and safety. The overall guidance results indicated that FET's major engineering suppliers have high dependency on energy and employee health and safety, and a moderate level of impact in terms of greenhouse gas emissions.

In addition, the Procurement Department also collected the geographic coordinates of the main operational sites in the engineering supply chain, and used national biodiversity data to verify whether their operations might impact important species and biodiversity. Response strategies to reduce potential impacts were also established. After analysis, it was concluded that the current operations of FET's engineering suppliers have a low impact on Taiwan's biodiversity.

Supply Chain Operational Sites vs. Biodiversity Key Species Distribution Map



For detailed analysis, please refer to 2025 FET TNFD Report, which is scheduled for publication by the end of 2025.

Project 3: Sustainability Pioneers

The FET Procurement Department collaborates with supply chain partners to contribute to society and address issues such as the unequal distribution of educational resources. In 2020, FET established the Supply Chain Sustainability Pioneer Team, which has collaborated with 129 supply chain partners over the years. Together, they have contributed resources and efforts to assist schools and disadvantaged groups in need across Taiwan, focusing on various aspects such as educational environments, sports development, and digital capabilities.

The participating supply chain partners also provided feedback, stating that it is a great honor to collaborate with FET in this charitable initiative.

The results for each year are as follows:

| Summary of Annual Achievements of the Sustainability Pioneer Team | | | | | |
|---|---|--|---|--|--|
| Year | 2020 | 2021 | 2022 | 2023 | 2024 |
| Project | Renovation of the Basketball Courts and Classrooms at Binmao Junior High School | Establishment of the "Big Figures Classroom" and Computer Classroom at Wanli Elementary School | Hualien Food Bank and Assistance for Disadvantaged Communities in Rural Areas | Renovation of the Luyeh Care Classroom | Ruiyuan Elementary School Archery Team "Hou Yi Training Program" |
| Sponsorship Amount | \$1,380,000 | \$2,160,000 | \$770,000 | \$1,070,000 | \$650,000 |
| Number of Sponsored Suppliers | 24 | 38 | 23 | 21 | 23 |

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2024 Taitung Ruiyuan Elementary School Archery Team



2023 Renovation of the Taitung Luyeh Care Classroom



2021 Wanli Elementary School "Big Figures Classroom"



4.3 Risk Management

The outcomes of risk management will be explained based on the sustainable supply chain management framework of FET as described in Chapter 3, integrating results from "Registration Threshold Management," "Regular Management," and "Compliance Management."

Registration Threshold Management

Project 1: New Supplier Quantitative Assessment Threshold

During the supplier registration audit period from August 1, 2023 to July 31, 2024, a total of 288 new suppliers underwent ESG quantitative assessment threshold. Among them, 25 suppliers initially did not meet the qualification threshold, and improvement actions were initiated on September 4, 2024. As of December 31, 2024, 10 suppliers had completed the required improvements. The results of new supplier ESG quantitative assessment thresholds over the past three years are as follows:

| New Supplier Quantitative Assessment Threshold | | | |
|--|------|------|------|
| Year | 2022 | 2023 | 2024 |
| Number of Managed Suppliers | | | |
| Number of Screened Suppliers | 294 | 298 | 288 |
| Number of Initially Non-compliant Suppliers | 37 | 35 | 25 |
| Number of Suppliers Improved | 4 | 7 | 10 |
| Number of Suppliers Suspended | 33 | 28 | 15 |

Special Note: The number of improved and suspended suppliers is a dynamic figure that changes over time as suppliers complete their improvement processes.

Project 2: Code of Business Conduct Agreement / Biodiversity Agreement for New Supplier

The Procurement Department of FET has established a mandatory signature system within its electronic procurement system. This system requires both new suppliers and annual trading suppliers to sign the Code of Business Conduct Agreement and the Biodiversity Agreement every 360 days. This measure ensures that suppliers, regardless of personnel changes, continue to adhere to FET's commitments to ethical corporate management and biodiversity. The number of signed agreements for each year is as follows:

| Agreement Category | Annual Agreement Statistics | |
|------------------------------------|---|------|
| | 2023 | 2024 |
| Code of Business Conduct Agreement | 1441 | 1885 |
| Biodiversity Commitment Statement | The system has not been operational for a full year; therefore, no statistics have been compiled. | |
| | | 1146 |



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Project 3: FET Supply Chain ESG Sustainable Operation Self-Declaration

The Supply Chain ESG Sustainable Operation Self-Declaration is primarily signed to establish awareness among supply chain partners regarding their own sustainable operations. It also provides the Procurement Department with a preliminary understanding of the sustainable execution within the supply chain. The Procurement Department monitors the signing rate among active suppliers for the year (Note), as well as among critical suppliers, new suppliers, and the top 200 suppliers. If the KPI target is not met, the suppliers will be required to sign the declaration.

The management statistics for the 2024 Supply Chain ESG Sustainable Operation Self-Declaration are as follows:

| FET Supply Chain ESG Sustainable Operation Self-Declaration | | | | |
|---|---------------------------|-------------------------|---------------|--------------------------------|
| Supplier Category | Total Number of Suppliers | Total Number of Signage | Signage Ratio | % of Annual Procurement Amount |
| Active Suppliers (Note 1) | 1070 | 998 | 93.27% | 99.70% |
| Significant Suppliers | 86 | 86 | 100.00% | 88.6% |
| New Suppliers | 308 | 308 | 100.00% | 1.18% |
| 200 Critical Suppliers | 200 | 200 | 100.00% | 96.7% |

Note 1: FET considers suppliers with transactions for two consecutive years as active suppliers, and suppliers that have signed the Sustainable Operation Self-Declaration do not include foreign and Chinese companies.

Regular Management

Annual regular risk control management is mainly divided into four aspects: "Supply Chain Sustainability Risk Due Diligence," "Supply Chain Performance Evaluation," "Supply Chain Resilience Analysis," and "High-Risk Supplier Improvement Operations." The Procurement Department aims to understand the capabilities of supply chain partners from various perspectives, including ESG sustainability, QCDS performance, and overall resilience. This understanding will be used to implement necessary improvements to enhance the overall resilience of the FET supply chain in the face of change. The detailed execution results are explained as follows:

Project 1-1: Supply Chain Sustainability Risk Due Diligence

The methodology for supply chain sustainable risk due diligence can be found in section 3-3-3 of this report. In 2024, the Procurement Department expanded both the breadth and depth of the due diligence by extending the survey scope to include the top 600 suppliers by annual procurement amount, with mandatory completion required for the top 500. Additionally, the questionnaire categories were increased from two to four types, aiming for a more precise and in-depth understanding of the sustainability profiles presented by different categories of suppliers.

The total number of due diligence investigations for 2024 was 487. The results for each aspect are as follows:

| | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|
| Total Number of ESG Questionnaires | 332 | 350 | 370 | 487 |
| Number of suppliers Under Document Review Only | 258 | 275 | 302 | 403 |
| Number of Suppliers That Have Undergone on-site Review | 74 | 75 | 68 | 84 |
| Review Coverage Rate | 31% | 33% | 32% | 42% |

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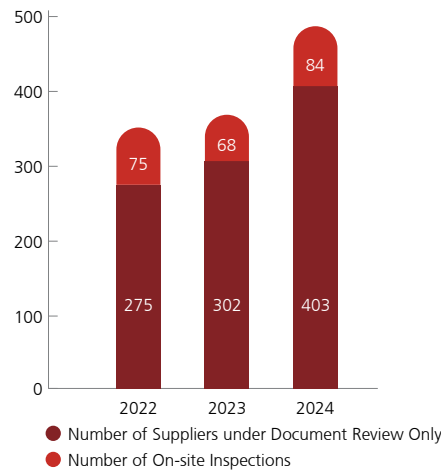
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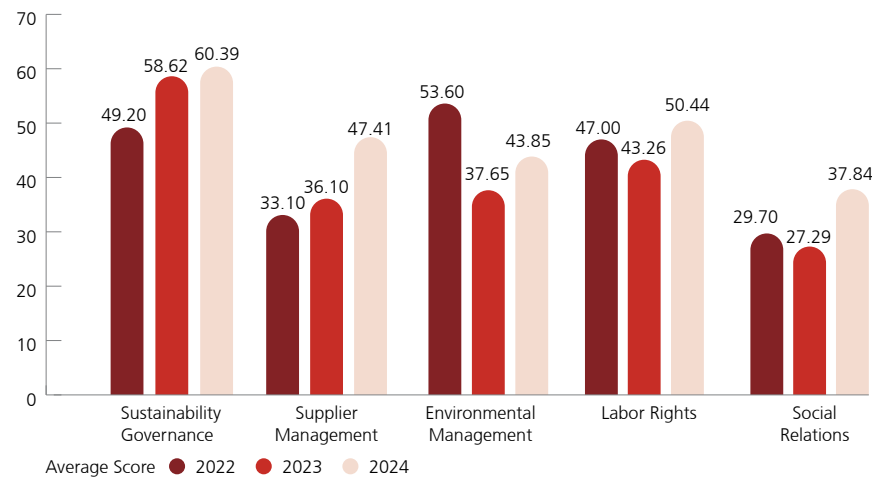
Number of Questionnaires Reviewed Over Three Years



Trends In The Number of Risk Assessments and The Proportion of High-Risk Suppliers



Supplier Sustainability Review Result Analysis



Note: In 2024, the review questionnaires were categorized for the first time based on supplier types, and the question framework was adjusted. Therefore, there were slight differences in the set of questions concerning the five sustainability areas compared to the previous year.

Project 1-2: Data-Driven Resilient Supply Chain - Comprehensive ESG Due Diligence Analysis of Top 100 Suppliers

To deepen sustainable governance in the supply chain, FET will implement an advanced data insight project for ESG due diligence in 2025. This initiative will utilize the Sustaihub platform to enhance capabilities in risk identification, performance tracking, and strategy optimization. This project encompasses audit scores from 108 suppliers across 10 major categories, spanning various industries including equipment manufacturing, information services, engineering, and new energy. It demonstrates FET's comprehensive attention to a diversified supply chain. The overall data scope spans 19 core sustainability dimensions, ranging from sustainable governance and ethical corporate management to significant issues such as biodiversity and labor rights. The cumulative analysis includes over 250,000 data entries, making this the most extensive and in-depth survey conducted to date.

FET has established a four-stage cross-verification mechanism to ensure data quality during due diligence. This mechanism includes self-assessment reporting, document review, on-site verification, and composite comparison. This comprehensive approach allows for the calculation of each supplier's average ESG score, along with individual scores in the three core dimensions: environmental, social, and governance. In 2025, the overall average score for ESG was 61%. Among the three components, Governance (G) performed the best with an average score of 68%, followed by Social (S) at 63%. In contrast, the Environmental (E) component was significantly lower, with an average score of only 48%, indicating that most suppliers have considerable room for improvement in environmental issues.

From the visualized charts, performance across individual ESG topics can be clearly observed. Topics such as "Ethical Corporate Management," "Regulatory Compliance," and "Labor Rights" received higher average scores, indicating that suppliers have achieved a certain level of maturity in basic compliance and governance systems.

In addition, horizontal bar charts were used to display the score rankings of suppliers, enabling FET to quickly grasp the ESG performance of suppliers for the year. Suppliers with relatively low scores represent potential high risks and can serve as key criteria for subsequent "differentiated resource allocation" and "strategic partnership development." This also forms an important strategic foundation for FET in establishing a low-carbon, transparent, and resilient supply chain. Details are as shown in the figure below.

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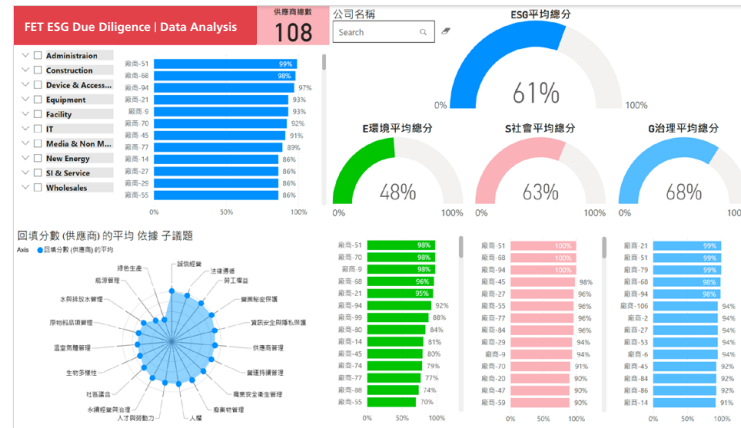
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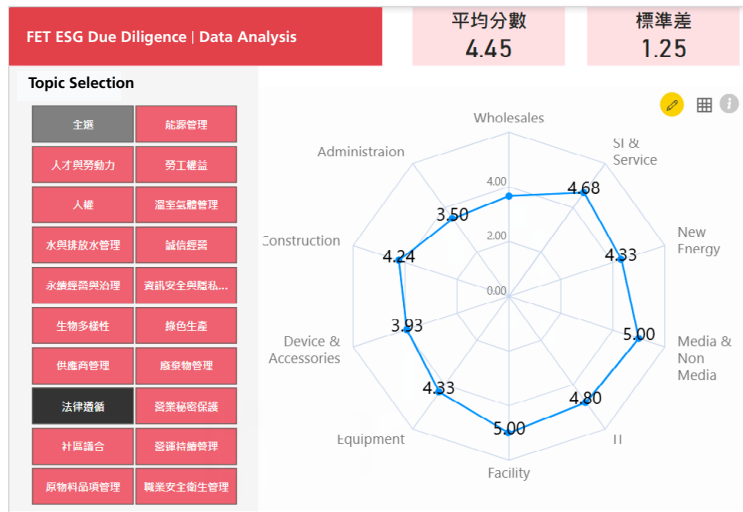
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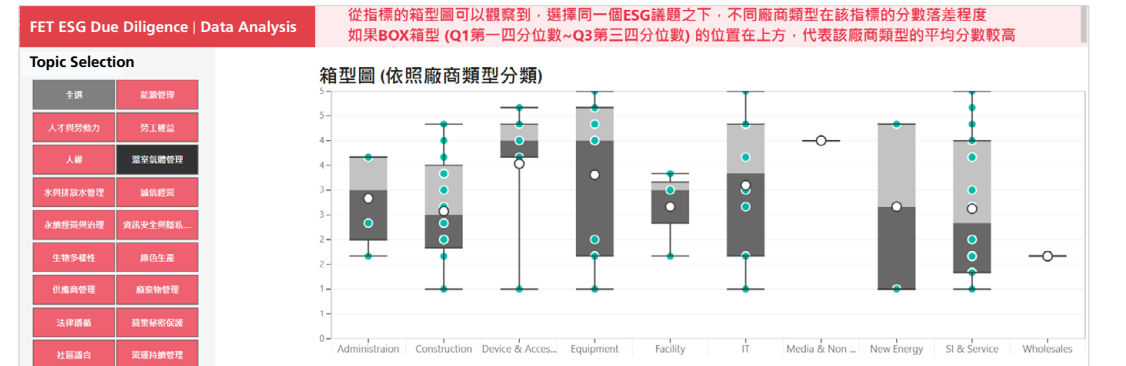
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The radar chart allows for a simultaneous comparison of the average scores of different types of suppliers under the same indicator, clearly illustrating the completion levels of various ESG issues through a circular trajectory. This enables FET to gain clearer insights into the overall ESG maturity of its supply chain, identify hidden risks, and promote differentiated management strategies.



To more accurately grasp the differences in actual performance among various suppliers on different ESG issues, FET employs box plot analysis to assess the degree of score variation. This approach aids in revealing the distribution of performance dispersion and maturity across different industry types on the same issues. Box plots display the median, upper and lower quartiles, and outliers for each supplier category under specific indicators, enabling the assessment of overall management maturity and internal performance gaps.



To track the progress and trends in ESG performance among key suppliers, FET utilizes scatter plot analysis. In the chart, the horizontal axis represents the average ESG score in 2024, while the vertical axis shows the average score in 2023. Each circle represents an individual supplier, with the size of the circle corresponding to the procurement amount and the color indicating the supplier's industry category. This chart enables simultaneous observation of performance changes and the relative importance of each supplier.

The overall graphical distribution exhibits a diagonal trend from the lower left to the upper right, indicating a strong positive correlation in the ESG performance of suppliers over the two-year period. Most suppliers maintained or slightly improved their performance, demonstrating the stability and directional effectiveness of the ESG assessment system.

However, special attention should be given to the suppliers located in the upper left quadrant. These suppliers achieved higher scores in 2023, but their scores have significantly declined in 2024, indicating a potential regression in their ESG performance. It is essential to further investigate the specific issues and causes behind the decline—whether environmental, social, or governance-related—in order to formulate targeted improvement support strategies or management mechanisms.

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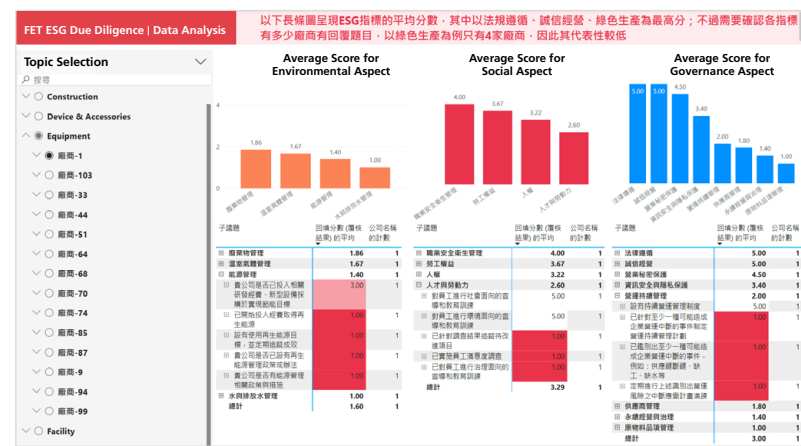
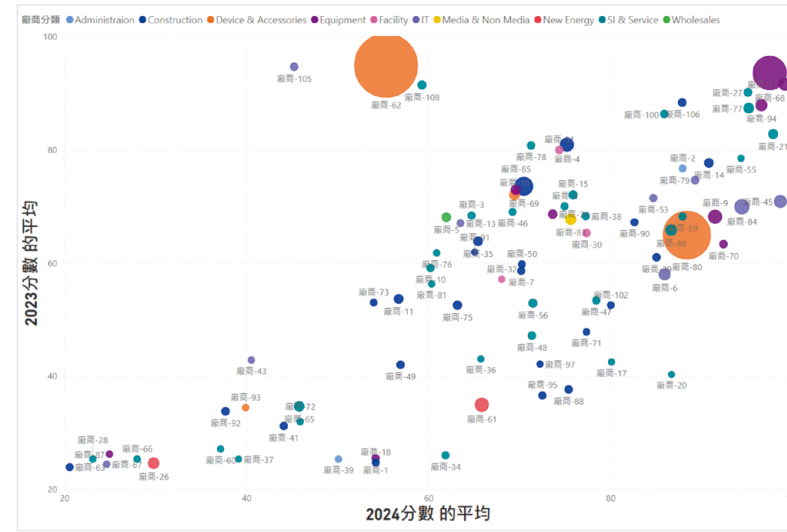
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The system adopts a score-based ranking and color-coded tagging mechanism to help FET personnel quickly identify potential risk items and priority areas for improvement. Low-scoring items are automatically highlighted in red blocks, immediately alerting responsible staff to potential risks. Through this structured and visualized data dashboard design, FET can quickly identify key issues and management weaknesses from a large volume of supplier responses. This not only enhances review efficiency but also facilitates subsequent differentiated guidance, thereby strengthening the overall sustainable management capabilities of the supply chain.

FET, through the various graphical representations mentioned above, conducts a comprehensive review of the supply chain's ESG performance and changes. In 2025, it will require underperforming suppliers to participate in sustainability governance workshops. Through FET's guidance and assistance, these suppliers will enhance their capabilities for sustainable operations.

Project 2: Annual Supplier Performance Evaluation

The purpose of the annual performance evaluation is to assess the performance of supplier partners in terms of quality delivery and overall project coordination. In 2024, the evaluation further included assessments of specific suppliers' market dominance and influence. The Procurement Department conducts annual performance evaluations based on 11 detailed supplier categories. In 2024, a total of 218 suppliers underwent evaluation. Among them, one supplier was suspended, and five suppliers were required to submit improvement plans.

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Performance Assessment Results of FET Suppliers over the Past Three Years

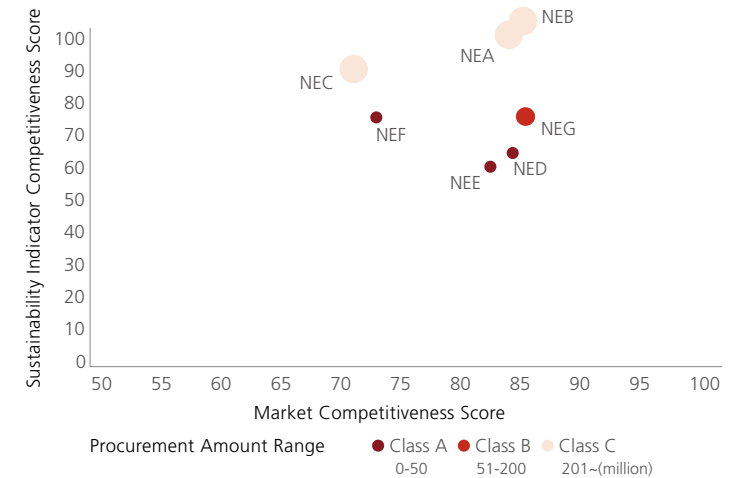
| Evaluation Result | Number of Suppliers in 2022 | Number of Suppliers in 2023 | Number of Suppliers in 2024 | Measures Adopted |
|---|-----------------------------|-----------------------------|-----------------------------|---|
| Outstanding Suppliers (90 to 100 points) | 5 | 4 | 9 | These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids. |
| Qualified Suppliers (70 to 89 points) | 218 | 179 | 203 | These suppliers are encouraged to further improve their performance. |
| Suppliers in Need of Improvements (60 to 69 points) | 3 | 7 | 5 | These suppliers are required to submit an improvement plan. |
| Unqualified Suppliers (59 points or less) | 1 | 4 | 0 | New procurement from these suppliers will be halted. Suppliers have to implement an improvement plan, and only upon confirmation of improvement completion from procurement and relevant users, these suppliers resume entering into transactions with FET. |
| Suspended Suppliers (less than 50 points) | 1 | 1 | 1 | Suspension |
| Total | 228 | 195 | 218 | |

Project 3: Supply Chain Resilience Analysis

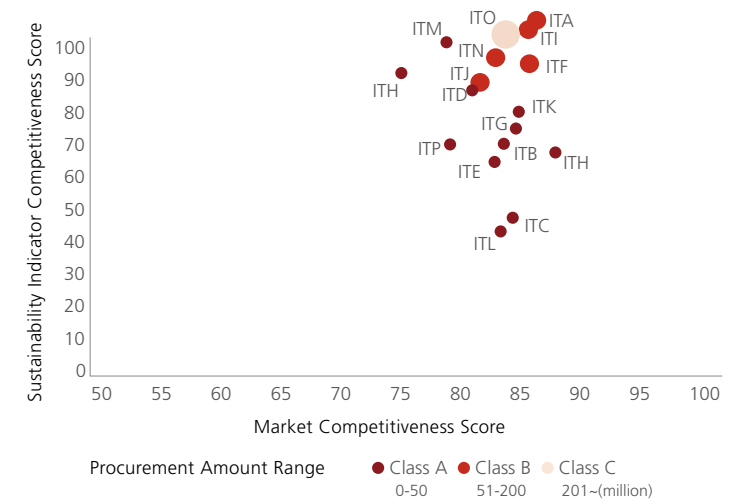
In order to more accurately grasp the different supplier categories within the FET supply chain and their overall resilience in a highly variable environment, the Procurement Department began planning a supply chain resilience analysis in 2023. This analysis was completed in 2024 for three major categories of critical suppliers: network equipment, information technology equipment, and electromechanical air conditioning equipment. The detailed analysis results are presented in the following three charts. Based on the analysis, suppliers within these three categories whose transaction amounts met the specified threshold demonstrated resilience capabilities that meet the standards set by the Procurement Division. However, within the category of information technology equipment, two companies—IT C and IT L—were found to have low sustainability and competitiveness scores. Additionally, in the category of electromechanical and air conditioning equipment, the vendor numbered FA F shows low market competitiveness. The Procurement Department will provide individual guidance to understand and improve these issues, thereby enhancing their adaptability.

Looking ahead to 2025, the Procurement Department will continue to expand the categories of analysis and lower the thresholds for transaction intensity, aiming to enhance the overall resilience of the FET supply chain.

Network Equipment - 7 Companies of Resilience



Information Equipment - 16 Companies of Resilience



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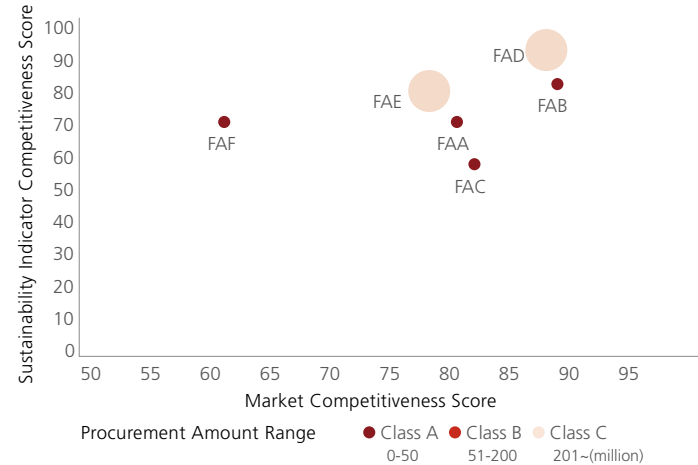
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Electromechanical Facilities and Equipment - 6 Companies of Resilience



Project 4: Improvement of High-Risk Suppliers

The Procurement Department places great importance on risk management. For high-risk suppliers, the department adopts a stance of guidance and improvement rather than punishment, with the hope that these vendors will address their deficiencies and strengthen their management capabilities. Relevant operations must be supervised by the responsible procurement personnel to track improvement progress and assess effectiveness. All 14 high-risk suppliers completed their improvements by March 2025, exceeding the original 90% completion rate target. The results are shown in the table below.



2024 High-Risk Supplier Improvement Tracking

| No. | Item | Number of High-Risk Suppliers | Number of Improvements Completed | Improvement Rate |
|-----|--|-------------------------------|----------------------------------|------------------|
| 1 | Supplier Sustainability Risk Due Diligence | 14 | 14 | 100% |

Compliance Management

The Procurement Department of FET will temporarily suspend the trading rights of suppliers who do not improve or have not engaged in transactions for several years, in order to mitigate trading risks. Please refer to the table below for the various aspects of suspension management.

Annual Suspended Supplier Management Table

| No. | Reason for Suspension | Number of Suppliers Suspended |
|-----|---|-------------------------------|
| 1 | No transactions for three years (Note) | 307 |
| 2 | Did not participate in mandatory sustainability due diligence | 66 |
| 3 | Failed new supplier ESG quantitative assessment threshold without improvement | 15 |
| 4 | Failed to improve high sustainability risk | 0 |
| 5 | Failed annual performance evaluation | 1 |
| 6 | Failed credit review | 5 |
| 7 | Listed by the government as a restricted entity | 2 |

Note: To ensure the accuracy of supply chain information and the accountability of vendor contact points, the Procurement Department conducts an annual review of the supplier master file, suspending vendors that have not engaged in transactions for three years. In the future, when there is a demand for transactions to be reinstated, these suppliers must undergo credit re-evaluation, update their relevant information, and re-sign both the "Ethical Corporate Management Agreement" and the "Biodiversity Commitment Statement" in the procurement system. This ensures the supply chain continues to uphold its commitments to FET.

The seven compliance management measures mentioned above are complemented by FET's establishment of various reinstatement management procedures, aimed at ensuring that suspension operations achieve the goals of supplier improvement and risk reduction.

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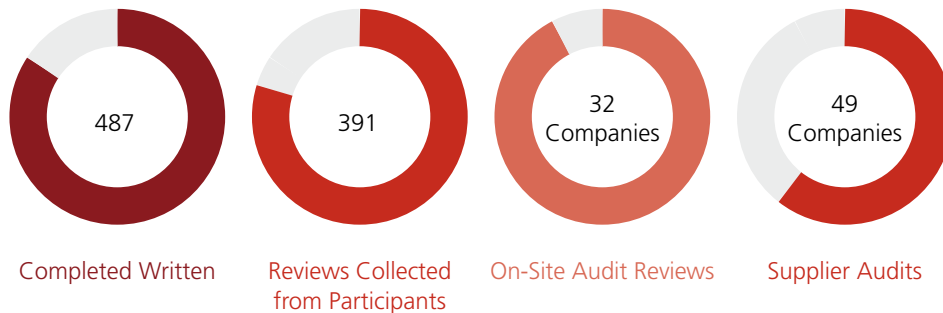
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Project 1: Digital Sustainability Elite Training

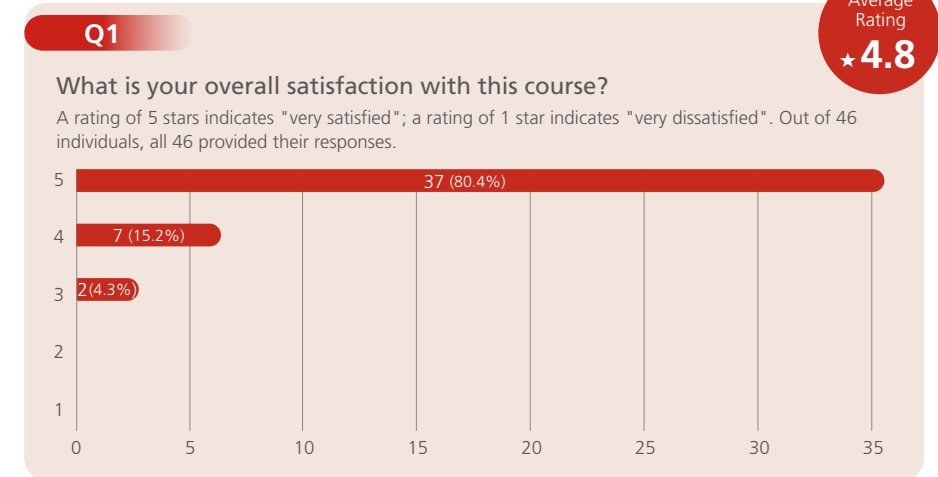
In 2024, the Procurement Department expanded the breadth and depth of due diligence, fostered a culture of sustainability, and initiated the establishment of a Digital Sustainability Elite Team. A total of 67 colleagues from the Company's nine departments participated in the establishment of the ESG sustainability initiative. In collaboration with Deloitte consultants, participants received 36 hours of training on supply chain due diligence, including classroom sessions and field internships. They subsequently engaged in both document-based and on-site supplier reviews. Through this program, all participants gained knowledge in the following five key areas:

- Frameworks and theories of due diligence management
- Detailed issues across ESG dimensions
- Techniques for conducting document review
- Techniques for conducting on-site review
- Trends in sustainable supply chain management

The overall outcomes of the training program are as follows:



Overall course satisfaction and recommendation rates are as follows:



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On-Site Supplier Audit



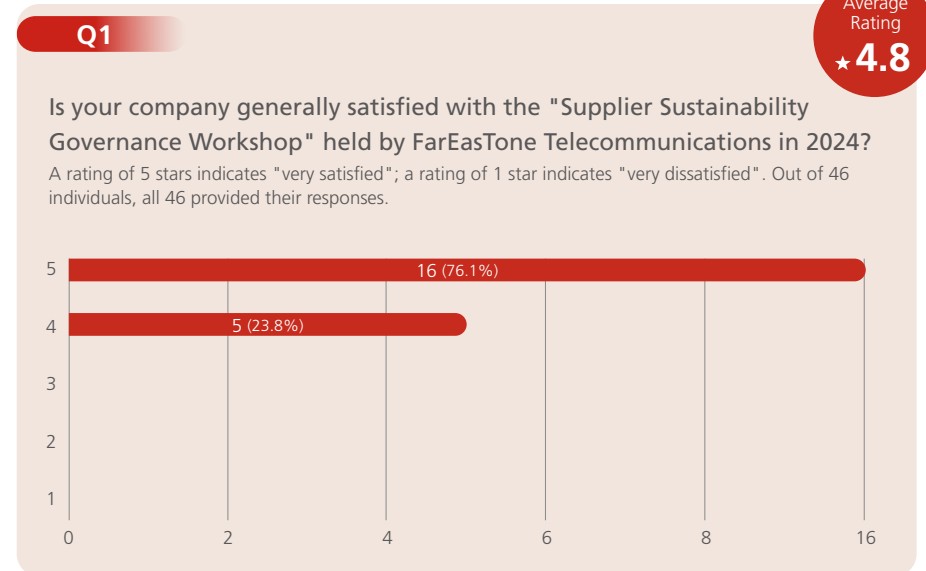
Course Photo



Training Completion Ceremony

Project 2: Workshop on Sustainable Governance for Small and Medium Enterprises

In 2023, the Procurement Department held an online briefing on sustainable governance for small and medium-sized enterprises (SMEs), receiving positive feedback from many supply chain partners, who expressed a desire for more practical guidance and assistance. Therefore, on May 31, 2024, the Procurement Department invited sustainability transformation experts and consultants to conduct an in-person sustainable governance workshop for 20 SMEs, involving 24 supply chain partners. The workshop not only conveyed the concepts and importance of sustainable governance but also provided hands-on practice with various forms and tools. Participants were taught how to gradually implement sustainability measures from the perspective of corporate governance, strengthening their companies' sustainable management capabilities.



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Project 3: e-Learning Training on 2024 Supply Chain Code of Conduct

As the importance of sustainability issues grows and international standards for supply chain sustainability management become more stringent, the Procurement Department continuously updates the requirements in the "Supplier Code of Conduct." In response, the Procurement Department developed an online learning course on the "Supplier Code of Conduct" in 2024. Supply chain vendors must pass the course assessment to be considered as having completed the training. The Procurement Department also set a course completion rate KPI to ensure supply chain partners fully understand FET's expectations and responsibilities within the supply chain.

In 2024, two online training sessions on the "Supplier Code of Conduct" were conducted, with 1,178 suppliers successfully completing the program. This represents 99.9% of the total number of trading suppliers for 2024 (excluding Apple Inc. and including some suppliers that are subsidiaries of FET).

The overall internal and external empowerment outcomes of FET's Procurement Department are presented as follows:



2022-2024 Procurement Department Sustainability Internal Training Course Statistics

| No. | Course Title | Year | Date | Course Hours (HRS) | Number of Participants | Total Training Hours |
|-----|--|------|---------------------|--------------------|------------------------|----------------------|
| 1 | SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory | 2022 | 2022/5/24 | 3 | 3 | 9 |
| 2 | Sustainability Manager Training | 2022 | | 80 | 1 | 80 |
| 3 | TCFD Training | 2022 | 2022/7/25 | 1.5 | 1 | 1.5 |
| 4 | 1 st Circular Economy Workshop | 2022 | 2022/8/5 | 9 | 4 | 36 |
| 5 | Annual Supplier Conference | 2022 | 2023/8/25 | 15 | 3 | 45 |
| 6 | Telecom Industry Biodiversity Seminar | 2023 | 2023/3/22 | 5 | 8 | 40 |
| 7 | SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory Audit Training | 2023 | 2023/5/16~2023/5/19 | 16 | 15 | 240 |
| 8 | Supply Chain Carbon Inventory Training | 2023 | 2023/8/25 | 1.5 | 5 | 7.5 |
| 9 | 2 nd Circular Economy Workshop | 2023 | 2023/8/18 | 8 | 37 | 296 |
| 10 | Annual Supplier Conference | 2023 | 2023/11/9 | 3 | 15 | 45 |
| 11 | FET Subsidiary GHG Protocol EEIO Tool Calculation Training | 2024 | 2024/1/9 | 5 | 14 | 70 |
| 12 | Supply Chain Carbon Inventory | 2024 | 2024/2/27 | 6 | 25 | 150 |
| 13 | Operation Training | | 2024/3/5 | | | |
| 14 | The 1 st Sustainable Governance Workshop | 2024 | 2024/5/31 | 3 | 15 | 45 |
| 15 | Digital Sustainability Elite Program Training | 2024 | 2024/Aug~Oct | 36 | 67 | 2412 |
| 16 | Sustainable Manager Training | 2024 | 2024/5/31 | 40*1+21*1 | 2 | 61 |
| 17 | Annual Supplier Conference | 2024 | 2024/11/8 | 3 | 18 | 54 |
| 18 | Supply Chain Carbon Inventory and Audit Operation Training | 2025 | 2025/1/9 | 6 | 34 | 204 |
| 19 | Supply Chain Carbon Inventory and Audit System Operation Training | 2025 | 2025/2/10 | 2 | 16 | 32 |

Total Hours: 3828

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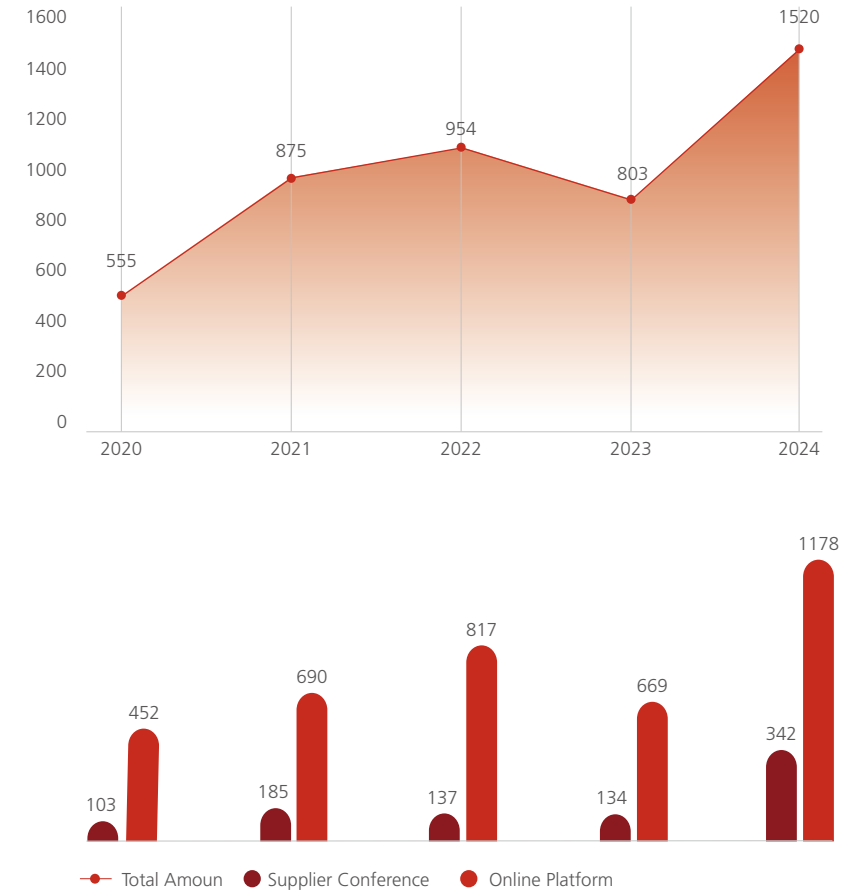
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2022-2024 Supply Chain Training Course Statistics

| No. | Course Title | Year | Date | Hours | Number of Participants |
|-----|--|------|-----------------------|-------|------------------------|
| 1 | 1 st Circular Economy Workshop: Partnering with Suppliers to Initiate the Innovative Value Chain of the Circular Economy Workshop | 2022 | 2022/8/5 | 9 | 45 |
| 2 | Seminar on the Impact of Telecom Industry Economic Activities on Biodiversity | 2023 | 2023/3/22 | 5 | 136 |
| 3 | SME Supply Chain Sustainability Management Briefing (e-Learning) | 2023 | 2023/8/31 | 1 | 257 |
| 4 | Annual Supplier Conference | 2023 | 2023/11/9 | 3 | 134 |
| 5 | ISO 20400 Sustainable Procurement Supply Chain Promotion (e-Learning) | 2023 | 2023 Fourth Quarter | 1 | 412 |
| 6 | FET 2024 Supply Chain Carbon Inventory Course | 2024 | 2024/2/27 2024/3/5 | 6 | 87 |
| 7 | SMEs Sustainable Governance Workshop | 2024 | 2024/5/31 | 3 | 24 |
| 8 | Supplier Code of Conduct Training (e-Learning) | 2024 | 2024 | 1 | 1178 |
| 9 | Annual Supplier Conference | 2024 | 2024/11/8 | 3 | 342 |

Total Number of Participants in the 2024 Supplier Sustainability Education Training: 2615

2024 Supplier Conference and Online Training Summary Table (2020–2024)



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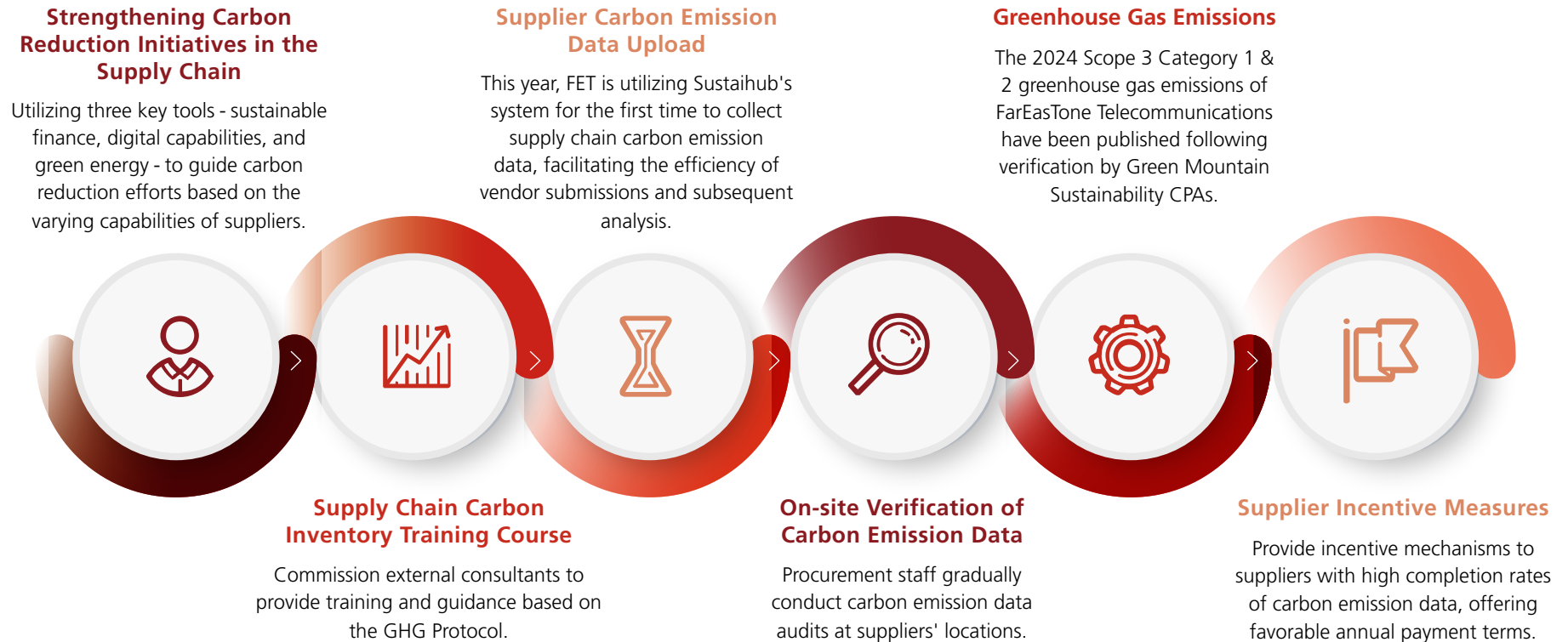
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4.5 De-carbonization Annual Supply Chain Carbon Reduction Performance

Supply chain carbon reduction performance is a core requirement of FET's emission reduction plan. In 2023, supply chain emissions accounted for 56.3% of FET's total value chain emissions (Scope 3). As a key focus within Scope 3, FET, as a major telecom operator in Taiwan, aims to lead by example and assist suppliers in advancing toward a low-carbon industrial chain. FET will implement the following six measures to ensure the supply chain meets the SBTi carbon reduction goals.



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Project 1: Strengthening Supply Chain Carbon Reduction Efforts—Leveraging Sustainable Finance, Digital Capabilities, and Green Energy Carbon reduction efforts are Tailored to Suppliers Based on Their Different Capabilities.

At the FET Supplier Conference held on November 8, 2024, the theme "Carbon Reduction Action" was introduced. In collaboration with Mizuho Bank, a Japanese financial institution, FET launched the "Sustainable Supplier Financing Project." Additionally, in partnership with the Sustaihub, they provided "Support from FET's Supply Chain Carbon Inventory and Audit System and Consulting Services." Furthermore, in cooperation with the Natural Power Company, they promoted the "Taiwan Green Electricity Market and Joint Small-Scale Renewable Energy Procurement Program for the Supply Chain." These initiatives were shared with the top 500 suppliers of FET, with the aim of creating a carbon reduction ecosystem within the supply chain through the integration of three core forces: digital technology, green energy, and sustainable finance. With the support of FET's resources, the Company seeks to work hand-in-hand with its supply chain partners to achieve the goal of net-zero carbon emissions. Following the conference, several suppliers expressed interest and engaged with relevant carbon inventory, green electricity, and sustainable financing providers for deeper collaboration. FET will continue to invest resources to assist its supply chain partners in implementing carbon reduction efforts through these three key approaches and will report on the execution results.



Project 2: 2025 FET Supply Chain Carbon Inventory and Audit Training Program

FET aims to achieve net zero by the year 2048. The Company has initiated short, medium, and long-term carbon reduction plans for its supply chain and commenced carbon inventory work in 2022. This includes holding informational sessions on supply chain carbon inventory and audit, planning training courses, providing carbon reduction operational guidance to suppliers, and executing carbon inventories. Suppliers are required to adhere to the five principles of the GHG Protocol: relevance, completeness, consistency, transparency, and accuracy, while continuously improving carbon reduction through the PDCA (Plan-Do-Check-Act) cycle.

It is gratifying to note that, after two years of capacity-building courses by the Procurement Department, about 15 engineering suppliers are now able to independently conduct internal carbon inventories and integrate their data with FET's system.

This year's training course will be held on January 9, 2025, at FET's corporate headquarters conference room. The course will require participation from 50 suppliers whose annual transaction amounts with FET exceed NT\$40 million, totaling 102 attendees. External consultants will be commissioned to provide training and guidance based on the GHG Protocol, empowering supply chain partners with scientific methods to calculate their annual carbon emissions and offering dedicated support.



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Project 3: Supplier Carbon Emission Data Submission and Upload System

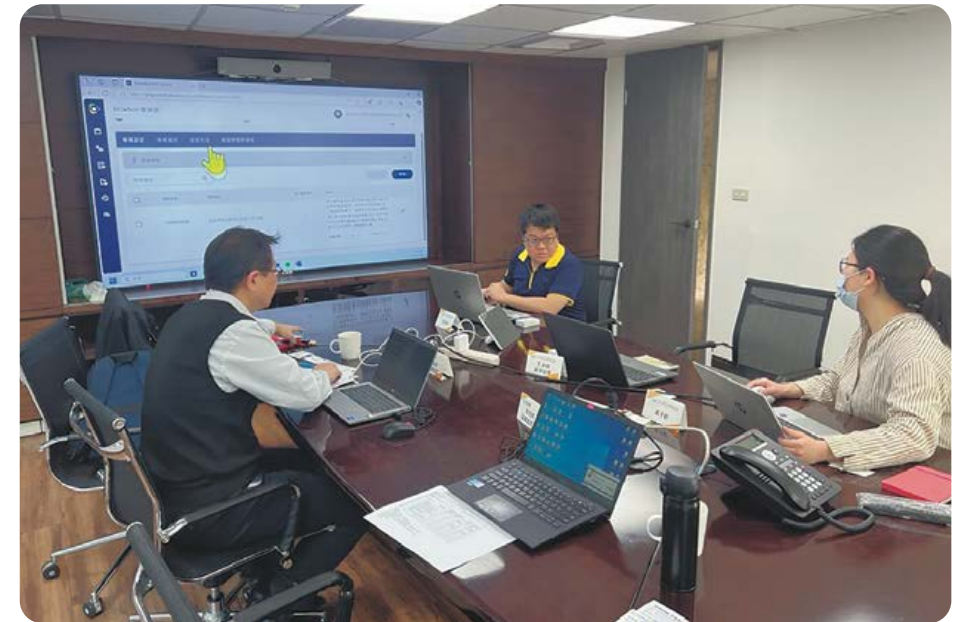
This year, FET will utilize Sustaihub's system for the first time to collect supply chain carbon emission data, facilitating the efficiency of vendor submissions and subsequent analysis. Additionally, enhancing digital capabilities will facilitate future expansion in identifying carbon emission hotspots and planning decarbonization pathways. Suppliers are required to submit carbon emission data related to their 2024 transaction activities with FET, including goods, services, and engineering works.



Project 4: 2025 FET On-Site Audit of Supplier Carbon Emission Data

FET requires carbon emission audits for Apple and the top 40 suppliers (expected to account for 95% of the supply chain's carbon emissions). Suppliers must submit their 2024 carbon inventory list by the end of March according to the "FET Supply Chain Greenhouse Gas Management Regulations" and training guidelines. Subsequently, procurement staff will conduct on-site review at supplier locations to verify carbon emission data.

The on-site review use a semi-structured interview format combined with a review of supporting documents provided by suppliers to confirm their current implementation status. Procurement completed audits for 46 suppliers. on-site review are not merely a one-way inspection; they also involve visiting suppliers to understand the challenges they face in implementing sustainable practices, while providing consultation and relevant assistance.



Project 5: FET 2024 Scope 3 Category 1 & 2 Greenhouse Gas Emissions

In 2024, FET conducted the Scope 3 Category 1 & 2 greenhouse gas accounting operations. This was achieved through various initiatives, including "Strengthening Supply Chain Carbon Reduction Measures: Utilizing Sustainable Finance, Digital Capabilities, and Green Energy Development as the Three Main Tools to Guide Carbon Reduction Efforts," "Supply Chain Carbon Inventory and Audit Training Program," "Supplier Carbon Emission Data Submission and Upload System," "On-Site Audit of Supplier Carbon Emission Data," and "Incentive Measures." Ultimately, after verification by the United Certified Public Accountants Management Consulting Co., Ltd., the Scope 3 Category 1 & 2 greenhouse gas emissions for FET in 2024 amounted to 142,388 tons, as detailed below:

First, in response to FET's merger with Asia Pacific Telecom at the end of 2023, FET resubmitted its GHG target for review to the SBTi this year. For the Scope 3 Category 1 & 2 emissions data, the SBTi reviewers required the 2021 base year calculations to be based on the Hybrid Method, and requested revisions to some of the emissions data.

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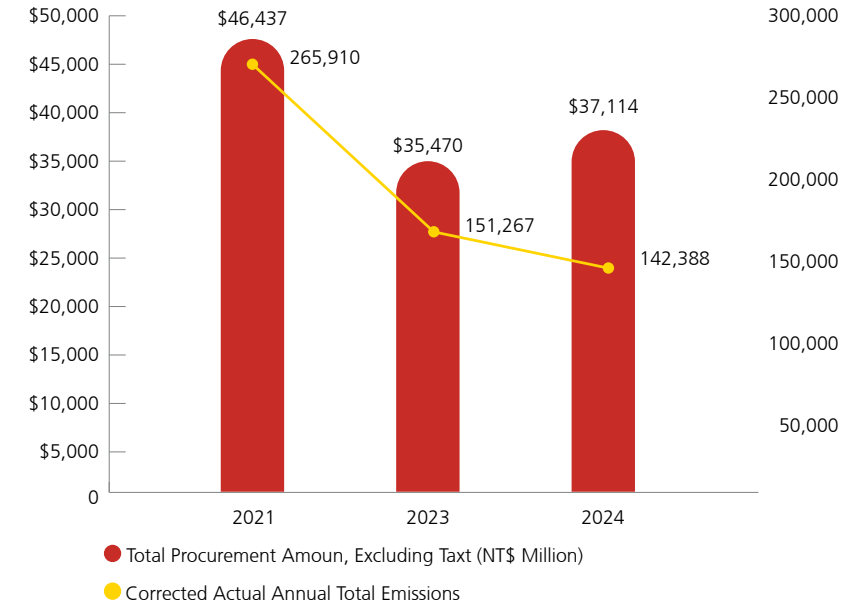
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As a result, the final 2021 and 2023 combined Scope 3 Category 1 & 2 emissions for FET and Asia Pacific Telecom were revised, as shown in Item 2 of the table below.

Second, during the carbon emission verification in 2024, the verification company requested that the accessories of Apple Inc. be included in the scope of the carbon inventory. Due to the lack of carbon footprint information for these accessories, the calculation was based on the Environmentally Extended Input-Output (EEIO) method. After obtaining the agreement from the verification company, the total carbon emissions for Apple Inc. accessories for the years 2021 and 2023 were added back, aligning with the calculation method for 2024, as shown in the table under item 3.

| Scope 3 Cat1 & Cat 2 | | | | |
|----------------------|--|----------|----------|----------|
| No. | Annual | 2021 | 2023 | 2024 |
| 1 | Total Procurement Amount (NT\$Million), Excluding Tax | \$46,437 | \$35,470 | \$37,114 |
| 2 | SBTi Approved Total Emissions (Metric Tone CO2e) | 258,985 | 146,574 | |
| 3 | Corrected Actual Annual Total Emissions (Metric Tone CO2e) | 265,910 | 151,267 | 142,388 |
| 4 | Decreased by % Compared to the Previous Year | | | -5.9% |
| 5 | 2024 Carbon Reduction Target (Metric Tone CO2e) | | | 143,703 |

Scope 3 Cat1 & Cat 2



Project 6: Sustainable Supply Chain Management Support – Supplier Incentive Measures

FET provides an incentive mechanism for suppliers who achieve a high completion rate in carbon emissions data. These suppliers are offered favorable annual payment terms, allowing them to work alongside FET towards the goal of net zero emissions. In the previous carbon inventory year, 14 suppliers qualified for the supplier incentive program and received preferential trading conditions. This financial incentive alleviates the burden on SMEs. The confirmation procedures and approval process for this year's incentive mechanism are illustrated in the diagram below.

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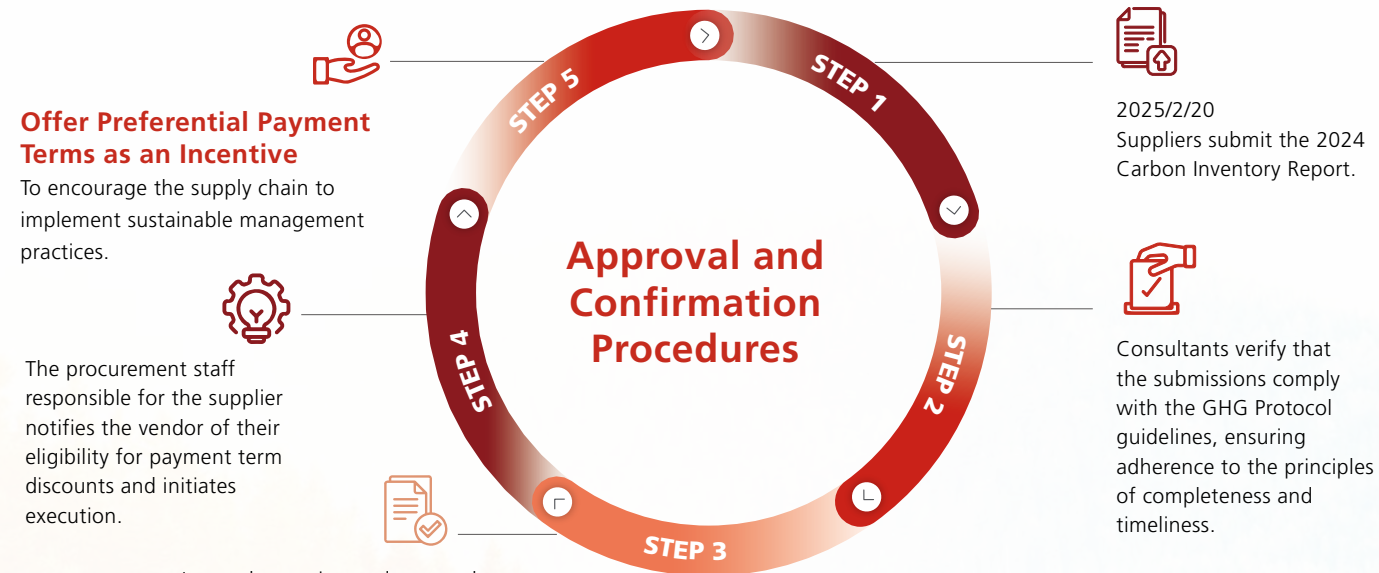
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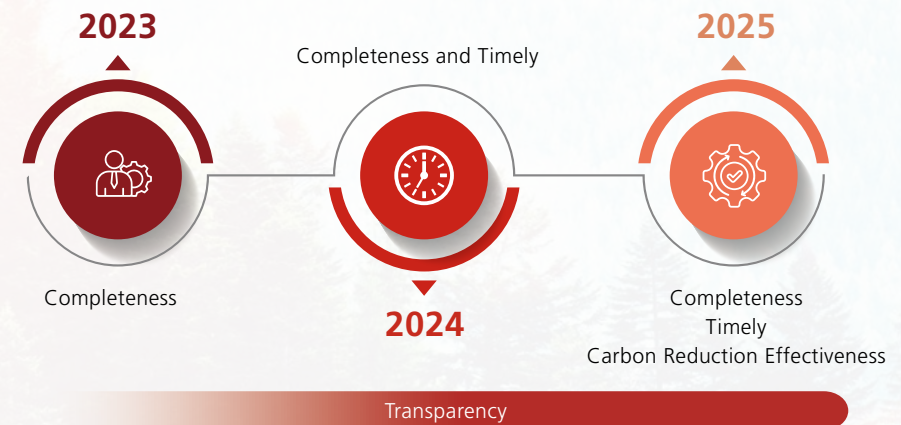
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With the enhancement of suppliers' capabilities, this year we have added an incentive indicator for "carbon reduction effectiveness" (as shown in the figure below). A third-party consultant will review the carbon inventory data submitted by suppliers and determine whether it meets the criteria for the incentive program.





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2024 marks a year of remarkable achievements for the FET Procurement Department.

In addition to receiving top honors with full marks across all six indicators of the Sustainable Supply Chain module in the Dow Jones Sustainability World Index (DJSI), FET upheld the philosophy of "leading by example" to drive net-zero transformation alongside its value chain partners. This commitment was further recognized by the Carbon Disclosure Project (CDP), where FET ranked in the top 6% globally in the Supplier Engagement Rating, earning the highest distinction of "Leadership Level–Grade A." This marks FET as the only telecom company in Taiwan to have achieved an A rating for five consecutive years. FET also published the first "Supply Chain Sustainability Report" in Taiwan, verified by a third-party certification body, demonstrating its commitment to building a sustainable supply chain.

Striving for excellence and constantly surpassing itself has always been the Procurement Department's core belief. In 2025, the Procurement Department has outlined nine key areas of focus, aiming to advance with international sustainability trends and deepen supply chain practices. Through these initiatives, FET seeks to better meet the expectations of its stakeholders—a mission that defines a true benchmark enterprise.

2025 Work Priorities



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Independent Limited Assurance Report

To Far EasTone Telecommunications Co., Ltd.:

We were engaged by Far EasTone Telecommunications Co., Ltd. (Far EasTone) to provide limited assurance on selected non-financial information (including the Greenhouse Gas (GHG) emissions) attached as Appendix A (the Subject Matter) of the 2025 SUPPLY CHAIN ESG SUMMARY.

Subject Matter and Applicable Criteria

Our assurance engagement relates to limited level of assurance on the selected non-financial information (including the GHG emissions) disclosed in the non-financial reporting section published on the 2025 SUPPLY CHAIN ESG SUMMARY, as set out in the Appendix A: Summary of Assurance Subject Matters.

The standard is based on the 2025 SUPPLY CHAIN ESG SUMMARY and based on industry characteristics, survey results and collected supplier information.

Greenhouse gas (GHG) emissions are based on the Greenhouse GAS Protocol Technical Guidance for Calculating Scope 3 Emissions published by World Resources Institute and The World Business Council for Sustainable Development (WBCSD).

Management's Responsibilities

The management of Far EasTone are responsible for the preparation, content, and presentation on the selected non-financial information (including the GHG emissions) disclosed in the non-financial reporting section published on the 2025 SUPPLY CHAIN ESG SUMMARY. They need to consider relevant laws and regulations and using the applicable criteria to fairly prepare and present the Subject Matter. It is also their responsibility to maintain necessary internal controls related to the preparation of 2025 SUPPLY CHAIN ESG SUMMARY to ensure that the performance indicators are not materially misrepresented due to fraud or error.

Independence and Standards on Quality Management

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting as related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm also applies the Standards on Quality Control 1 (TWSQC 1), Quality Control for Public Accounting Firms and therefore has in place a quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

Our Responsibilities

Our responsibility is to perform a limited assurance engagement and to express a conclusion on the selected non-financial information (including the GHG emission) of the 2025 SUPPLY CHAIN ESG SUMMARY. We conducted our engagement in accordance with the Standard on Assurance Engagements (TWSAE) 3000 'Assurance engagements other than audits or reviews of historical financial information' and the Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (TWSAE 3410), issued by the Accounting Research and Development Foundation. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the selected non-financial information (including the GHG emissions) as published on 2025 SUPPLY CHAIN ESG SUMMARY was prepared.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under TWSAE 3000 and TWSAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the following assurance procedures, among others:

- Review the rationality of internal preparation of non-financial information reporting standards.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report to inquiries about the design and implementation of the internal control systems and methods used to collect and report.
- Obtaining the original supporting documentation, quantitative or qualitative, obtained from the information management systems of Far EasTone's main operations or from external sources, used in the preparation of the non-financial indicators.
- Based on our understanding of the above matters and the identified areas, we conducted inquiries, observations, examinations, and re-performance tests on the selected samples of the subject matter to obtain limited assurance evidence.
- Verification, by means of tests, based on the selection of a sample of quantitative information on the non-financial indicators of Far EasTone's main operators. We have also checked that they are adequately compiled from the data supplied by the information sources of Far EasTone's main operators.
- Verification greenhouse gas (GHG) emission activity data and emission coefficient through testing method.
- Obtainment of a management representation letter from the directors and the management of Far EasTone.

This report does not provide any assurance on the effectiveness of the design or implementation of internal control systems related to the 2025 SUPPLY CHAIN ESG SUMMARY.

Inherent Restrictions

There are inherent limitations in this project, particularly in relation to non-financial indicators, which are subject to more inherent restrictions compared to financial information. The qualitative interpretation of data, including its relevance, materiality, and accuracy, depends more on individual assumptions and judgments.

Conclusion

Based on our procedures and the evidence obtained as described in this report, nothing has come to our attention that causes us to believe that the selected non-financial information (including the GHG emissions) of Far EasTone disclosed on the 2025 SUPPLY CHAIN ESG SUMMARY is not prepared, in all material respects.

Other Matters

The maintenance of Far EasTone's website is the responsibility of Far EasTone's management. Following the publication of our assurance report on Far EasTone's website, we do not assume responsibility for performing further assurance procedures on any subsequent changes to the subject matter information or applicable criteria disclosed on Far EasTone's website.

GREEN MOUNTAIN SUSTAINABILITY

Alfred Du

Public Accountants and Chartered Accountants

The reference number of the FSC (Financial Supervisory Commission) approval letter:7775

3 July 2025

Appendix A: Summary of Assurance Subject Matters

| No. | Subject Matters | Pages | Selected standards |
|-----|---|---------|---|
| 1 | Supplier Screening | FY 2024 | The quantity of Tier 1 suppliers is based on the suppliers which have traded with Far EasTone in 2024 The quantity of Tier 1 suppliers is selected based on the significant supplier selected standard, ESG and the high-risk action standard of Far EasTone. % of total expenditure on significant in Tier-1 equals to Procurement amount on Tier-1 significant suppliers divided by the total procurement amount from all suppliers in 2024. The quantity of non Tier-1 significant is calculated based on the internal questionnaire filled by Tier-1 significant suppliers. The quantity of significant suppliers (including Tier-1 and non Tier-1) equals to the quantity of Tier-1 significant suppliers plus the quantity of non Tier-1 significant suppliers. |
| | 1.1 Total number of Tier-1 suppliers | 1,076 | |
| | 1.2 Total number of significant suppliers in Tier-1 | 86 | |
| | 1.3 % of total expenditure on significant in Tier-1 | 88.6% | |
| | 1.4 Total number of significant suppliers in non Tier-1 | 38 | |
| 2 | 1.5 Total number of significant suppliers (Tier-1 and non Tier-1) | 124 | |
| | | | |

| No. | Subject Matters | Pages | Selected standards | |
|--|--|------------|---|-------------------------------|
| 2 | Supplier performance evaluation | | Total number of suppliers assessed via desk assessments/ on-site assessments is calculated based on the number of suppliers filling out the internal risk questionnaire. % of unique significant suppliers assessed equals to the number of Tier-1 suppliers assessed divided by the number of Tier-1 suppliers in 2024. The number of suppliers with substantial actual/potential negative impacts is calculated based on the number of suppliers with high risks in governance and social and environmental aspects based on responses to the supplier assessment. % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan is calculated based on the number of suppliers who proposed improvement plan divided by the number of suppliers with substantial | |
| | Supplier assessment | FY 2024 | | Target for FY 2024 |
| | 1.1 Total number of suppliers assessed via desk assessments/ on-site assessments | 487 (None) | | 100% of significant suppliers |
| | 1.2 % of unique significant suppliers assessed | 100% | | |
| | 1.3 Number of suppliers assessed with substantial actual/potential negative impacts | 14 | | |
| | 1.4 % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan | 100% | | |
| 2 | 1.5 Number of suppliers with substantial actual/potential negative impacts that were terminated | 0 | | |
| | 1.6 Percentage of Tier-1 critical suppliers that have undergone human rights due diligence | 100% | | |
| Note : 487 vendors accounted for 92.0% of the total annual procurement amount. | | | | |

Content

1. Transcendent Far EasTone CARED

2. Vision and Encouragement

3. Visionary Far EasTone - Sustainable Supply Chain Management

4. Enhancing FET's CARED Five Pillars Annual Performance

5. 2025 Outlook

6. Assurance Statement



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| | | | actual/ potential negative impacts. Number of suppliers with substantial actual/ potential negative impacts that were terminated is calculated based on the suspension list in the internal procurement system. The percentage of Tier 1 critical suppliers undergoing human rights due diligence is calculated by dividing the number of assessed Tier 1 critical suppliers by the total number of Tier 1 critical suppliers in 2024. |
| 3 | 2024 Far EasTone Scope 3 Category 1 & 2 GHG Emissions Accounting (Note: Includes only Far EasTone). Through initiatives such as "Strengthening Supply Chain Decarbonization Efforts—using sustainable finance, digital capabilities, and green energy development as the three key tools for carbon reduction guidance," along with "Carbon Inventory Training Programs for the Supply Chain," "Carbon Emissions Data Submission and Upload by Suppliers," "On-site Verification of Supplier Carbon Emissions Data," and "Incentive Measures," Far EasTone's Scope 3 Category 1 & 2 greenhouse gas (GHG) emissions for 2024—after assurance by | 57 | In accordance with the GHG Protocol accounting standards, a hybrid estimation is conducted using carbon inventory data and EEIO calculations, with Hybrid Method applied to estimate total carbon emissions. |

| No. | Subject Matters | Pages | Selected standards | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------|---|--|--|------|------|------|-----------------------------|-----|-----|-----|---|----|----|----|---|---|---|----|--|--|
| | Aoyama Sustainable CPAs—amounted to 142,388 metric tons. | | | | | | | | | | | | | | | | | | | | | |
| | Newly Registered Suppliers ESG Assessment Results in 2024 : During the registration and verification period from August 1, 2023 to July 31, 2024, a total of 288 new suppliers underwent ESG quantitative evaluation. Among them, 25 suppliers initially failed to meet the qualification threshold. Corrective action procedures were initiated on September 4, 2025. As of December 31, 2024, 10 suppliers had completed improvements. The ESG evaluation results for newly registered suppliers over the past three years are as follows. | | The calculation period for new suppliers is from August 1, 2023 to July 31, 2024, covering a total of 12 months. The number of new suppliers who completed the ESG Questionnaire is also calculated. The number of previously non-compliant suppliers is calculated based on those with evaluation scores below 50%. | | | | | | | | | | | | | | | | | | | |
| 4 | Quantitative evaluation of new suppliers | 44 | A statistical count of previously non-compliant suppliers that have been confirmed to have made improvements. The quantity of suspended suppliers is evaluated based on those with evaluation score below 50% and did not submit an improvement plan in the supplier system. | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th rowspan="2">Total Suppliers Managed</th> <th colspan="3">Year</th> </tr> <tr> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Number of suppliers managed</td> <td>294</td> <td>298</td> <td>288</td> </tr> <tr> <td>Number of initially non-compliant suppliers</td> <td>37</td> <td>35</td> <td>25</td> </tr> <tr> <td>Number of suppliers that completed improvements</td> <td>4</td> <td>7</td> <td>10</td> </tr> </tbody> </table> | Total Suppliers Managed | Year | | | 2022 | 2023 | 2024 | Number of suppliers managed | 294 | 298 | 288 | Number of initially non-compliant suppliers | 37 | 35 | 25 | Number of suppliers that completed improvements | 4 | 7 | 10 | | |
| Total Suppliers Managed | Year | | | | | | | | | | | | | | | | | | | | | |
| | 2022 | 2023 | 2024 | | | | | | | | | | | | | | | | | | | |
| Number of suppliers managed | 294 | 298 | 288 | | | | | | | | | | | | | | | | | | | |
| Number of initially non-compliant suppliers | 37 | 35 | 25 | | | | | | | | | | | | | | | | | | | |
| Number of suppliers that completed improvements | 4 | 7 | 10 | | | | | | | | | | | | | | | | | | | |

| Number of disqualified suppliers | | | | | | | | | | | | |
|---|--|---|--|------------------|---------------------------------------|---|---|------------------------------------|-----|--|----|--|
| | 33 | 28 | 15 | | | | | | | | | |
| Note: The figures for suppliers completing corrective actions and those disqualified are subject to change over time as improvements are implemented. | | | | | | | | | | | | |
| The Circular Economy Recycling Rate accounted for 86.8% of the total weight of retired equipment sold. | | | | | | | | | | | | |
| 5 | Definition of Circular Economy Recycling Rate : The proportion of total weight of recyclable materials to the annual total weight of decommissioned telecom equipment, mobile devices, and administrative facility assets. | 27 | The ratio is calculated by dividing the total weight of recyclable materials from decommissioned equipment by the total weight of decommissioned equipment sold. | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Evaluation Result</th> <th>Number of suppliers in 2024</th> <th>Measures adopted</th> </tr> </thead> <tbody> <tr> <td>Outstanding suppliers (90-100 points)</td> <td>9</td> <td>These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids.</td> </tr> <tr> <td>Qualified suppliers (70-89 points)</td> <td>203</td> <td>These suppliers are encouraged to further improve their performance.</td> </tr> </tbody> </table> | Evaluation Result | Number of suppliers in 2024 | Measures adopted | Outstanding suppliers (90-100 points) | 9 | These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids. | Qualified suppliers (70-89 points) | 203 | These suppliers are encouraged to further improve their performance. | 36 | Supplier performance assessment result is classified based on the internal established five-level standard. The number of assessed suppliers is selected based on the total procurement amount of 95% suppliers, the on-site visit suppliers and other internal selected suppliers. |
| Evaluation Result | Number of suppliers in 2024 | Measures adopted | | | | | | | | | | |
| Outstanding suppliers (90-100 points) | 9 | These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids. | | | | | | | | | | |
| Qualified suppliers (70-89 points) | 203 | These suppliers are encouraged to further improve their performance. | | | | | | | | | | |

| Suppliers in need of improvements (60-69 points) | 5 | These suppliers are required to submit an improvement plan. |
|--|-----|---|
| Unqualified suppliers (59 points or less) | 0 | New procurement from these suppliers will be halted. Suppliers have to implement an improvement plan, and only upon confirmation of improvement completion from procurement and relevant users, these suppliers resume entering into transactions with FET. |
| Suspended suppliers (less than 50 points) | 1 | Suspension |
| Total | 218 | |



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