

CARED

2024 SUPPLY CHAIN ESG SUMMARY

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TRANSCENDENT FAR EASTONE CARED **1-0**

2024 SUPPLY CHAIN
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1-1 ABOUT THIS REPORT

From the Editor

Since the issuance of the Corporate Social Responsibility (CSR) report in 2011, FET has been committed to promoting ESG and sustainable development. FET rolled out sustainable supply chain management in 2015. In 2022, FET became the first telecom operator in Taiwan to obtain third-party certification of ISO 20400 Sustainable Procurement - Guidance, marking the beginning of its adoption of ISO 20400 standards for sustainable supply chain management. Additionally, the Company has extended its sustainable governance efforts to cover procurement management and has been improving its procurement management practices since.

FET developed the 5 CARED ESG Pillars in 2023, including Circular Economic (C), Awareness (A), Risk Management (R), Empowering (E), and De-carbonization (D), to consolidate issues of concern to all key stakeholders. These 5 pillars also set the foundation for future sustainable procurement policies and guidelines. This report will comprehensively elaborate on these five pillars to provide stakeholders with deep insights into outstanding achievements and future vision of FET Procurement Department. This will enhance reader's confidence in FET with greater support.

Report Period

1 Jan. 2023 — 31 May. 2024

Reporting Scope

This report discloses the performance of sustainable supply chain management. The scope of disclosure covers Far EasTone Telecommunications Co., Ltd. (hereinafter referred to as "FET"), the parent company, as well as its two key subsidiaries, namely New Century InfoComm Tech Co., Ltd. (hereinafter referred to as "NCIC") and ARCOA Communications Co., Ltd. (hereinafter referred to as "ARCOA"). The procurement activities and supply chain management of FET are primarily managed by FETs Legal, Regulatory & Procurement Department, and its business activities are conducted in accordance with FETs procurement regulations. The performance of sustainable supply chain management is monitored by "Far EasTone CSR Committee" which is headed by the Chairman and General Manager. The highest supervision unit of "Far EasTone CSR Committee" is the Board of Directors.

Publication Information

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1-2 ABOUT OUR ESG VALUES

Company Overview

Established in Taiwan in 1997, Far EasTone Telecommunications Co., Ltd provides telecommunications and digital application services. Its main business segments include mobile services, domestic fixed-line communication, international communication, data telecommunication, product sales, and other services. FET is dedicated to leveraging technology to bring people closer together, fulfilling its brand promise of "Closing the Distance".

Business Philosophy



【 VISION 】

FET Connects You and Your World, Enriches Your Life and Protects our Earth.



【 MISSION 】

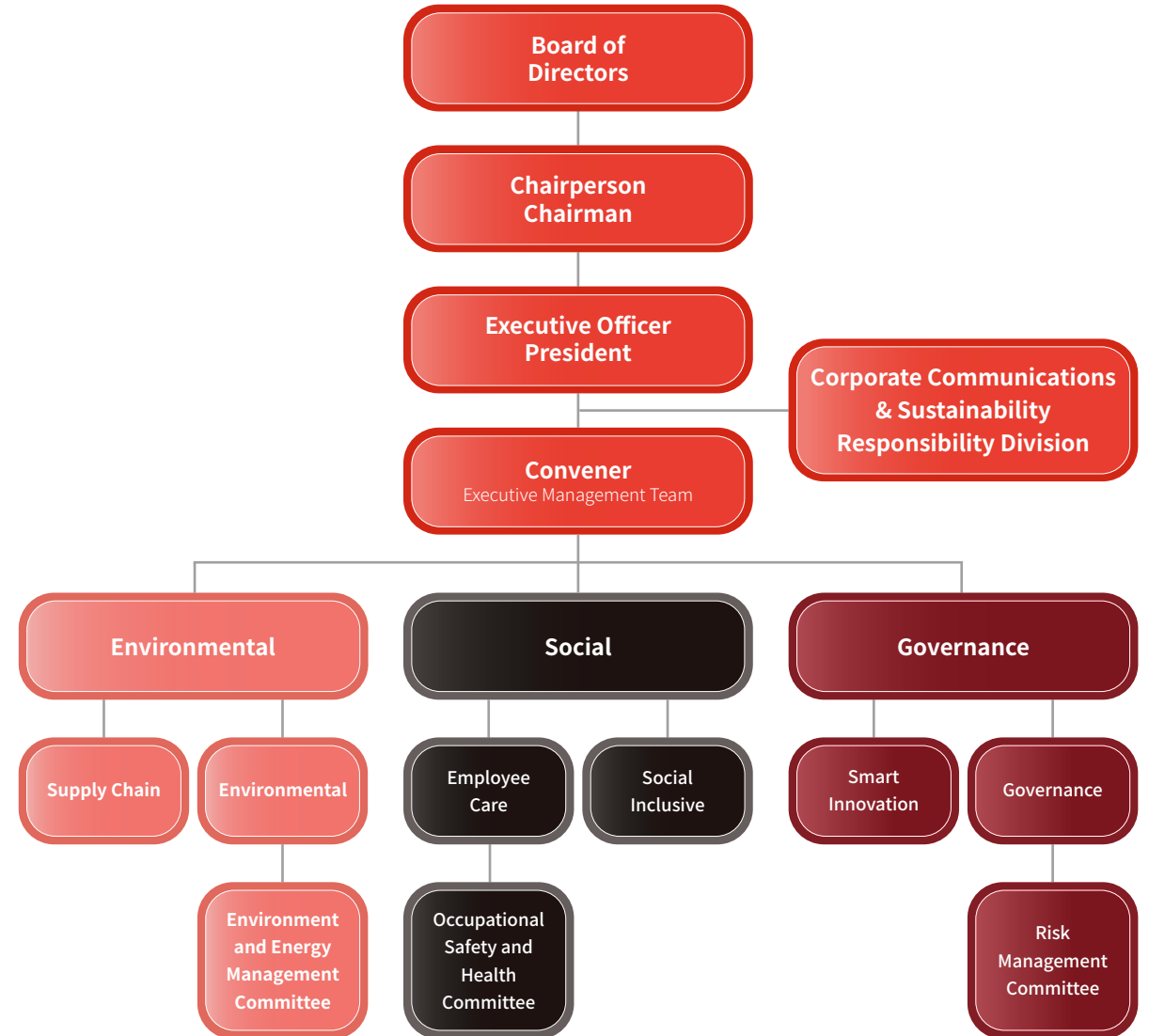
For Consumers: Our World Connected; Easier, Safer, Kinder, and Greener.
For Enterprises: Become Your Digital Transformation Partner of Choice and Improve Your Company's Productivity, Competitiveness, and Sustainability with Advanced Technologies.



【 COMMITMENT 】

FET promises to exceed customers' expectations with innovation and passion, as well as become the first preferred employer among employees. In addition to maximizing profits for shareholders, we are committed to CSR and sustainable environmental development.

Sustainable Development Committee Structure




Key Product and Service Sustainability Values

Far Eastone provides main products and services such as mobile communication, domestic fixed-line communication, international communication, and data telecommunication. Additionally, FET leverages its core ICT capabilities in "Big Data, AI, and IoT" to delve into key technology areas such as smart cities, smart manufacturing, digital transformation, low-carbon operations, consumer applications, and smart healthcare, aiming to drive industry transformation and the sustainable development of Taiwanese society. Below are some examples of sustainable low-carbon product and service offerings:

<p>Smart Streetlights</p>	<p>FET smart streetlight management solution combines its proprietary brand of streetlight controllers and 4G/NB-IoT communication technology. It collects real-time data and establishes a Virtual Private Network (VPN) for enhanced security in IoT applications. Smart streetlights can mitigate climate change, improve air quality, and reduce traffic accidents.</p>
<p>Telemedicine</p>	<p>FET has developed a "5G Telemedicine Platform" integrating 5G with new technologies, enabling hospitals and patients to communicate medical conditions without spatial constraints. It facilitates efficient, time-saving, and convenient communication, offering real-time, uninterrupted healthcare services in Taiwan.</p>
<p>Internet Data Center (IDC)</p>	<p>FET embraces intelligence and energy efficiency as core design principles to build low-energy consumption, highly efficient green smart data centers with Power Usage Effectiveness (PUE) values. Green smart data centers use the solar energy and adopt Free Cooling systems with accurate calculation of PUE values to achieve lower PUE.</p>
<p>Energy Management System (EMS)</p>	<p>FET has developed its own EMS that utilizes AI to control air conditioning based on switch habits and temperature predictions. FET has used EMS to manage energy usage in over 1,000 schools and 40,000 classrooms, becoming the largest energy manager in Taiwan.</p>

Participation in Associations

Name of Association	Nature of Association
Taiwan Institute for Sustainable Energy(TAISE)	Sustainability Initiatives
Center for Corporate Sustainability (CCS)	Sustainability Initiatives
BCSD Taiwan	Sustainability Initiatives
Taiwan Net Zero Emissions Association	Sustainability Initiatives
Cloud Computing & IoT Association in Taiwan	Emerging Technology Development
Chinese Institute of Transportation	Emerging Technology Development
5G Smart Pole Standard Promotion Alliance	Emerging Technology Development
Groupe Speciale Mobile Association (GSMA)	Telecommunication Industry
Taiwan Telecommunication Industry Development Association (TTIDA)	Telecommunication Industry
Taiwan Network Information Center	Telecommunication Industry
Taiwan Communication Society	Telecommunication Industry
Taiwan Internet Association	Telecommunication Industry



FET telemedicine service tackles the issue of limited healthcare availability in rural regions, particularly in Taitung where there is a scarcity of doctors in fields such as ophthalmology, dermatology, and otolaryngology. Leveraging 5G technology for seamless and prompt transmission, FET offers real-time consultations across multiple disciplines, especially during pandemics.

1-3 AWARDS AND RECOGNITIONS IN RECENT YEARS

International Accolades in 2023

In December 2023, FET achieved the top ranking globally in the telecommunications industry and was selected for the fifth consecutive year in the DJSI World Index (Dow Jones Sustainability Indices). Additionally, FET ranked second in the DJSI World Index's Telecommunications Industry category for supply chain management. To enhance sustainable supply chain management, a digital platform has been implemented, and the transparency of some questionnaire data (SAQ) has been improved. At the same time, in March 2023, FET ranked among the top 8% globally in the CDP Climate Change and Supplier Engagement Rating for the third consecutive year. In the latest version of responding to the newest CDP questionnaire, FET initiated supply chain carbon audit tasks with education and training in 2023, requesting supply chains to conduct carbon information inventory checks on suppliers. There are also more stringent requirements on the disclosure and verification of carbon emission data. More detailed information on [page 27-28](#).

FET Major Sustainability Milestones in the Last Three Years

May. 2024	• Conduct the first supplier sustainability management workshop
Mar. 2024	• 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)
Dec. 2023	• Included in the Dow Jones Sustainability Index World for five consecutive years and ranked first globally in the telecom industry
Nov. 2023	• National Sustainable Development Award from the Executive Yuan
Oct. 2023	• Received 11 awards in TCSA ceremony, including Taiwan Top 10 Sustainability Exemplary Award, with the most awards among all companies in Taiwan
Jul. 2023	• Selected as a component stock of the "FTSE4Good TIP Taiwan ESG Index" for six consecutive years
Apr. 2023	• First telecom operator in Taiwan to pass the review of SBTi for its near-term target under the 1.5oC warming scenario
Apr. 2023	• Ranked among the top 5% of the listed companies in the Corporate Governance Evaluation for the ninth consecutive year
Mar. 2023	• Joined RE100, committing to 100% use of renewable energy by 2040
Nov. 2022	• Mr. Douglas Hsu, the Chairman of FET, won the Corporate Sustainability Lifetime Achievement Award
Oct. 2022	• First telecom company in Taiwan to obtain the certification of ISO 20400 Sustainable Procurement - Guidance
Sep. 2022	• Launched supply chain carbon inventory, with a goal of reducing supply chain emissions by 16% by 2030
Aug. 2022	• Joined hands with suppliers to launch the Circular Economy and Innovative Value Chain Workshop
Jun. 2022	• First telecom operator in Taiwan to join the Ericsson Product Take-Back Program with a recycling rate better than 80% of the EU standard
Dec. 2021	• Established the first 5G Metaverse Accelerator in Taiwan
May. 2021	• Far Eastern Memorial Hospital introduced FET telemedicine platform offering one-stop medical care services from self-service registration, waiting for video session to video consultation.
Mar. 2021	• Built the first 5G smart factory in Taiwan
Mar. 2021	• FET 5G telemedicine platform launched the first remote cardiology diagnosis service in Taiwan
Feb. 2021	• The Silver Award in the Sustainability Yearbook for the second consecutive year



FOREWORD

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Foreword

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2024 SUPPLY CHAIN
ESG SUMMARY

2-1 MESSAGE FROM THE CHAIRMAN OF TAIWAN INSTITUTE FOR SUSTAINABLE ENERGY

FET has long been recognized as a leading brand in the telecommunications industry, consistently striving for excellence in its products and services. Capitalizing on its core business, FET integrates 5G technology with "Big Data, AI, and IoT" to accelerate its pursuit of corporate sustainability. Over the years, FET contributions to sustainable actions have been widely acknowledged. The Company has received the "National Sustainable Development Award" twice, been named among the top ten sustainability exemplary enterprises in Taiwan Corporate Sustainability Awards (TCSA) for six consecutive years, and has been honored as a leader in sustainable supply chains. In international evaluations, FET has been selected as constituent stock of the DJSI WORLD INDEX for four consecutive years and has received the highest honor, an "A" score, in CDP Climate Change and Supplier Engagement Rating. FET is truly an admirable benchmark in sustainability.

Embracing the era of net zero emissions, sustainable

supply chain management undoubtedly plays a pivotal role in the telecommunications industry. Leveraging data and technology tools to optimize supply chain management, while also responsibly enhancing supply chain disclosure with transparency, is crucial. In this regard, FET has taken the lead among its peers by issuing Taiwan's first Supply Chain ESG Summary Report in the telecommunications industry, which is of great significance.

The telecommunications industry contributes procurement projects worth hundreds of billions of dollars each year. However, various issues such as the impact of base station construction on the environment and biodiversity, mobile phone and electronic product waste and circular economy, and the carbon emissions generated by the operation of telecommunications equipment in data centers are all critical topics in sustainable development. Through this report, FET can consolidate its performance in sustainable supply chain management over

the years, serving as a direct and effective way to actively communicate with stakeholders.

FET remains committed to upholding various international sustainable procurement principles, resolutely strengthening its supply chain management efforts. These efforts encompass eleven sustainable and social supply chain management guiding principles, including anti-corruption, diversity and inclusion, environmental stewardship, corporate ethics, financial integrity, global citizenship, health and safety human rights, labor rights, sustainable supply chain, and transparency. This report not only introduces supply chain management strategies and practices but also elaborates on achievements such as circular economy collaboration programs, ESG awareness enhancement for small and medium-sized enterprises, risk identification and control, sustainable empowerment of employees, carbon footprint verification and carbon reduction pathway

guidance. These efforts showcase the ambition to drive the entire industry towards the goal of net zero emissions by 2050.

Effective supply chain management can enhance business efficiency and competitiveness, realizing long-term economic sustainability. Collaboration between suppliers and partners to explore innovative solutions can reduce carbon emissions and resource consumption throughout the supply chain, thus achieving environmental sustainability. It can also provide fair job opportunities and support community development, promoting social harmony and progress, and ultimately creating higher value. Expectantly, through the joint efforts of FET and all its suppliers, holding accountability to the earth and the generations to come, paving the way for a sustainable and prosperous future.



Mr. Eugene Chien

Chairman, Taiwan Institute for Sustainable Energy
Chairman, Telecommunication & Transportation Foundation

**Embarking on a Sustainable Future:
Sustainable Supply Chain Management
is Imperative**

2-2 MESSAGE FROM MANAGEMENT



Chairman

Mr. Douglas Hsu

徐旭東

In view of environmental trends such as global warming and climate change, along with the growing focus on carbon credits and carbon tax, companies are keen to engage in ESG sustainability initiatives, which not only strive for creating a friendly environment, but also directly impact the competitiveness of the company itself. Nowadays, supply chain risks are unpredictable, and thus, FET has seized this opportunity to publish our first-ever Supply Chain ESG Report. Through this report, we aim to share how FET, by strengthening sustainable supply chain management, maintains resilience and moves forward in an era of uncertainty.

We believe that the tougher the times, the more resilient a company can be. Since its establishment, FET has not only deepened its presence in the telecommunications market

but has also been actively engaged in ESG sustainability initiatives. Since issuing our first Sustainability Report in 2011, we have reviewed and refined our sustainability goals annually. Apart from leading by example, FET has expanded the scope of sustainability initiatives to its supply chain. We actively implement three major ESG sustainability strategies: "Driving the Environmentally Friendly Value Chain", "Building a Distance-free and Inclusive Society", and "Embracing the Future of Smart Sustainability". We incorporate ESG into our operations, using technology to realize low-carbon operations. Recognizing that supply chain GHG emissions account for 53% of FET's total value chain emissions, enforcing sustainable supply chain management policies and achieving year-by-year emission reduction plans are crucial success factors amidst

"

We believe that the tougher the times, the more resilient a company can be. Looking ahead, FET will continue to pursue its corporate vision of "FET Connects You and Your World, Enriches Your Life and Protects our Earth." We are committed to partnering with the industry chain to move towards sustainability and to challenge ourselves to reach new heights.

"

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FET digital and net-zero dual transition journey.

After passing the review of the Science-Based Targets initiative (SBTi) in 2019, FET set more aggressive science-based targets in 2022 and once again obtained SBTi certification. FET became the first telecommunications company in Taiwan that has set its target to limit the short-term temperature increase within the scenario of 1.5oC, and we have declared our commitment to achieving net-zero emissions for the entire company by 2048. In addition to these efforts, we urge suppliers to comply with relevant standards on sustainability issues in accordance with the "Sustainable Development Best Practice Principles" and the "Supply Chain Sustainable Management Policy". These initiatives ensure that both parties in our business transactions are committed to sustainable

development. To establish long-term and stable supplier relationships, FET actively creates opportunities for supplier engagement and counseling, including annual "Supplier Conferences", "Biodiversity Forums", "Circular Economy Workshops" and "Carbon Footprint Verification Guidance Meetings". By leveraging our corporate influence, we team up with suppliers to explore circular economy practices and conduct carbon footprint assessments and reduction efforts together.

Looking ahead, FET will continue to pursue its corporate vision of "FET Connects You and Your World, Enriches Your Life and Protects our Earth. We are committed to partnering with the industry chain to move towards sustainability and to challenge ourselves to reach new heights.



President

Ms. Chee Ching

井靖

VISIONARY ³⁻⁰ FAR EASTONE — SUSTAINABLE SUPPLY CHAIN MANAGEMENT

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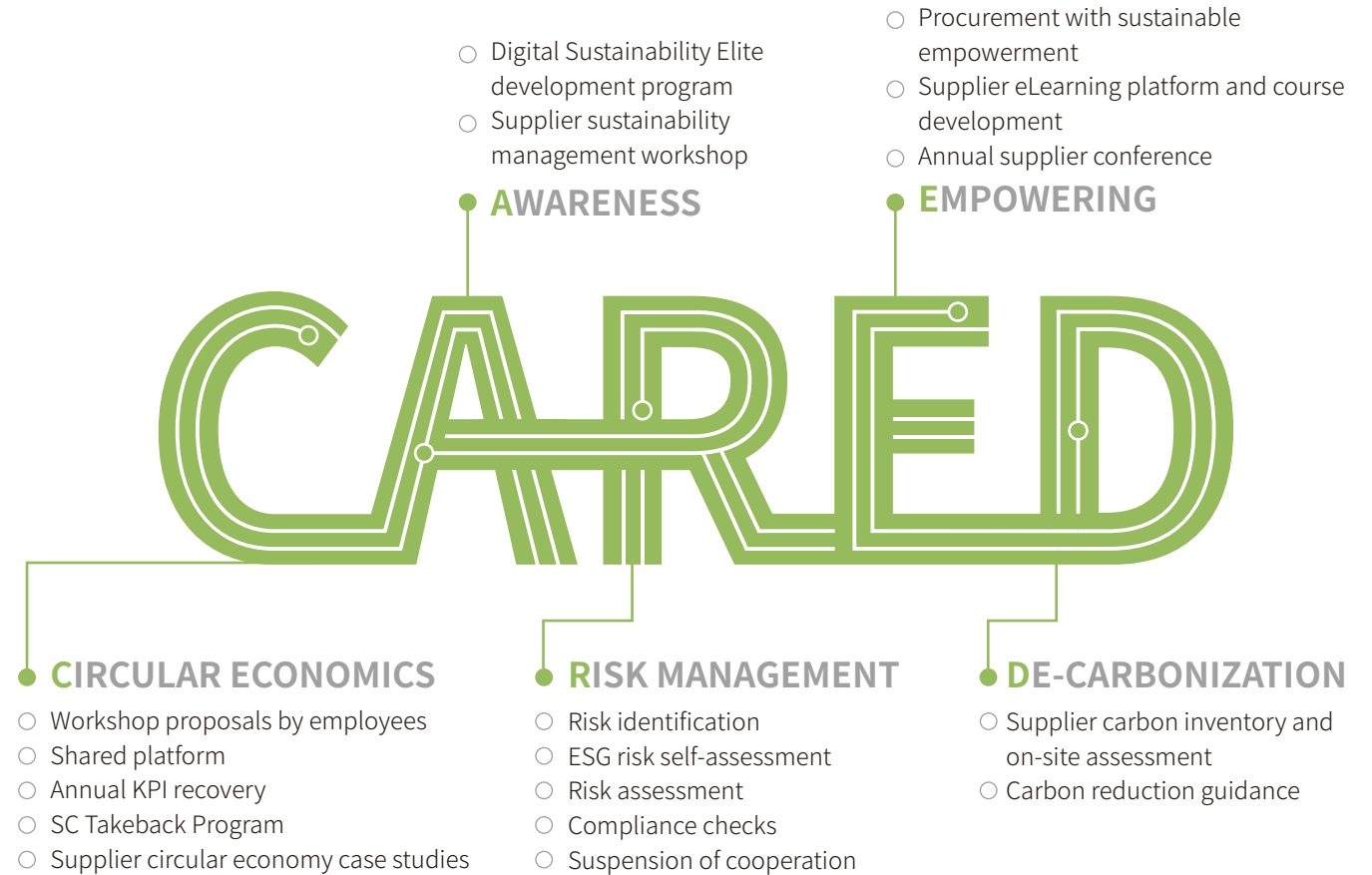
3-1 SUSTAINABLE SUPPLY CHAIN MANAGEMENT POLICY

I FET Sustainable Supply Chain Management Policy

FET incorporates sustainability management issues of the Institute for Supply Management (ISM) and the ISO 20400 Sustainable Procurement Guidance as the guiding principles in terms of governance. On the environmental topic, the policy embraces the trend towards supply chain decarbonization and net-zero emissions. Socially, it seeks to foster collaborative relationships that ensure shared prosperity with stakeholders. This comprehensive ESG approach, encompassing environmental, social, and governance dimensions, forms the core of FET Sustainable Supply Chain Management Policy. At the end of 2023, FET merged with Asia Pacific Telecom. This merger combines the strengths of both companies, including spectrum resources, procurement synergies, and store consolidation, to offer customers better network experiences and frontline services. Regarding procurement, post-merger operations will follow FET existing procurement processes and supplier management policy. Please see the report link for details.

I Looking into the Future with Five Key Pillars

Under the guidance of the sustainability management policy, Procurement Department integrated all key stakeholder concerns using the FET CAREED five pillars structure to manage and track supply chain ESG performance in 2023. Each pillar has its own set of implementation strategies. Our goal is to leverage FETs sustainability capabilities and strengths to empower and lead the supply chain. By doing so, both the Company and the supply chain are able to promptly address potential risks and seize growth opportunities amid the sustainability trend.



Circular Economy

To effectively carry out our circular economy plan within the supply chain, we firstly incorporated related questions into the supplier sustainability due diligence questionnaire. It allows us to assess the status of our suppliers' management practices concerning circular economy issues. Next, we organized two circular economy workshops aimed at enhancing suppliers' understanding of the concept. Lastly, we launched a joint circular economy cooperation program with our suppliers. Through close partnership with Ericsson Taiwan (FET major telecom equipment supplier), we aim to drive the entire supply chain towards a circular economy transformation. For more detailed information, please refer to "Circular Economy Cooperation Program" on page 29 under Chapter 4 Environmental Sustainability - Low-Carbon Sustainable Supply Chain Strategy.

Awareness

By implementing sustainability training plan starting from 2023 and carrying on 2024, FET continually to enhance our sustainability culture and awareness. For internal business users - We launched the "Digital Sustainability Elite Development Plan" series of courses, hoping to inspire employees to actively participate in promoting the company's sustainability goals, establish a more positive and stable internal sustainability culture, and improve employees' awareness of sustainable development. For supplier partners - we will hold supply chain sustainability governance workshops in 2024. These workshops are expected to not only improve the overall sustainability performance and management of our supply chain but also strengthen our cooperation with suppliers. For more detailed information, please refer to Chapter 5 Two-Way Empowerment - Digital Sustainability Elite Development Program on pages 33.

Risk Management

FET has been proactive in this regard, issuing the "FET Supplier Code of Conduct" in 2014. Since 2015, suppliers have been required to sign the "Corporate Social Responsibility Self-Declaration". In 2017, the Company's President signed off and issued the "Supply Chain Management Policy" which is the fundamental principal of all sustainable supply chain management tasks.

Through years of implementation, we have observed that the twin transformation towards digitalization and sustainability not only maximize management efficiency but also create synergies in management, highlighting FET sustainability management initiatives. Therefore, in 2023, we embraced digital sustainable transformation by using digital platforms to support and enhance sustainable supply chain management. More details on our implementation mechanisms and performance can be found in Chapter 3 About FET Sustainable Supply Chain Management on pages 15.

Empowering

In addition to promoting the innovative and bold Awareness program, Far EasTone Telecommunications has also invested resources in designing and implementing a series of supplier sustainability courses. Each year, the course content will be adjusted based on international sustainability trends. For instance, during the 2023 Supplier Conference, we invited experts to discuss topics such as the circular economy, supply chain risk resilience analysis, and the outlook for green energy in Taiwan. These sessions aimed to improve the sustainability empowerment of our suppliers. For more detailed information on our supplier sustainability training programs, please refer to Chapter 5 Two-Way Empowerment - Digital Sustainability Elite Development Program on page 34.

De-carbonization

Vivian Lee, Senior Vice President of Legal, Regulatory & Procurement, said "Looking ahead to 2024, carbon reduction and net-zero emissions remain critical sustainability priorities globally. The supply chain, a key engaged stakeholder in Scope 3, plays a pivotal role in the Company's carbon reduction efforts. As a leading telecom operator in Taiwan, FET is thoroughly committed to embrace the spirit of "supporting the small companies with FET capability " and "driving the low-carbon industry supply chain. "

FET aims to achieve net-zero emissions by 2048 and has launched short, medium, and long-term supply chain carbon reduction plans. In 2023, FET rolled out a comprehensive supply chain carbon inventory, which included inventory kick-off meetings, on-site carbon audits, and issuing "Greenhouse Gas Management Guidance for the Supply Chain " and helping for suppliers on carbon reduction pathway planning. For more detailed information, please refer to "Sustainable Supply Chain Net-Zero Plan" on page 27 under Chapter 4 Environmental Sustainability - Low-Carbon Sustainable Supply Chain Strategy.

Sustainability DNA - Embedding Sustainability in Performance Metrics

FET has implemented a mechanism linking sustainability performance to compensation, starting with the management team. For manager level and above, ESG goals are set annually based on their business functions and account for at least 5% of their overall performance assessments. Procurement Department has created the KPI in the Company's executive-level performance tracking dashboard which indexes include international evaluation ratings such as DJSI/CDP, supply chain carbon inventory performance, supply chain biodiversity protection commitments. Also, quantitative indicators are established to embed sustainable supply chain management performance in the daily operations of employees. For entry-level procurement staff, annual KPIs related to sustainable supply chain management represent at least 5% of their salary review criteria. For managers and above, the percentage varies from 10% to 30% depending on the relevancy of supply chain management required. The Procurement Department will continue to adjust performance tracking indicators in line with the evolving international landscape of sustainable supply chain management, providing necessary training to procurement employees and reinforcing the deep integration of performance assessments with sustainable supply chain management.



Sustainability Key Pillars	KPI	2023 Goals	2023 Achievements	2024 Goals	2025 Goals	2030 Goals	
CARED Driving low-carbon transition across the value chain	A	Number of annual on-site audit by third-party organizations	30 companies	30 companies	30 companies	35 companies	35 companies
	B	Number of annual on-site audit by FET	48 companies	48 companies (Conducted on-site reviews for 41 companies + supply chain carbon inventory for 26 companies - overlap of 19 companies)	50 companies	55 companies	55 companies
	C	Proportion of Tier 1 Significant supplier document audit	100%	100%	100%	100%	100%
	D	Proportion of Tier 1 Significant supplier On-site audit	100%	100%	100%	100%	100%
	E	Annual high ESG-risk supplier performance improvement ratio	90%	100%	90%	93%	95%
	F	Proportion of signatories to the Biodiversity Commitment of the Top 100 suppliers in the supply chain	80%	83%	85%	D. 90%	Continue to focus on reducing supply chain impacts on biodiversity
	G	Circular economy recycling rate	Recycling rate reaches 25% of the total weight of retired equipment sold	>50%	Recycling rate reaches 50% of the total weight of retired equipment sold	Recycling rate reaches 50% 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 10% compared to the base year 2021	A 57.9% decrease compared to the 2021 base year (please refer to Figure X)	Reduce carbon emissions by 5% compared to previous year	Reduce carbon emissions by 5% compared to previous year	Reduce carbon emissions by 42% compared to the base year 2021

Note: The Supply Chain 2050 long-term carbon reduction goal is described in Chapter 4 Environmental Sustainability - Low-Carbon Sustainable Supply Chain Strategy.

3-2 SUSTAINABLE SUPPLY CHAIN MANAGEMENT MECHANISM

FET Supply Chain Highlights in 2023

In 2023, FET implemented sustainable supply chain management initiatives following the ISO 20400 framework, with a focus on the risk management pillar of the CARED plan. The performance highlights for the year are as follows:

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

US\$ 1,274,470,148

The total number of Tier 1 suppliers was

1,142

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

92.6%

Summary table of the proportion of Tier 1 suppliers and significant suppliers in 2023

Supplier Screening	FY 2023
1.1 Total number of Tier-1 suppliers	1,142
1.2 Total number of significant suppliers in Tier-1	98
1.3 % of total expenditure on significant suppliers in Tier-1	88.34%
1.4 Total number of significant suppliers in non Tier-1	47
1.5 Total number of significant suppliers (Tier-1 and non Tier-1)	145



I Supplier Assessment and Development

FET Procurement Department has put in place a robust and stringent "threshold management" mechanism for reviewing new suppliers. The Company's Credit Department conducts the assessment on vendors and based on the results, vendors are classified into 9 levels. The 9-level credit assessment covers four major aspects: company profile, project transaction information, credit history, and other factors (such as litigation records). Vendors with low ratings (level 8 and level 9) do not qualify as FET suppliers. Additionally, vendors that are suspended by the Far Eastern Group or government authorities are also excluded, ensuring that all suppliers are reliable in terms of credit and operations, thereby minimizing transaction risks.

On the regular management, FET conducts detailed annual grading and classification of suppliers. This includes categorizing suppliers into ESG-critical, business-critical, and high-risk categories. ESG risk identification for suppliers is carried out based on country-specific, sector-specific, and commodity-specific risks to screen ESG-critical suppliers. Suppliers classified as business-critical are determined by their procurement amount, with those contributing 80% or more to the total procurement value identified as such. Classification is based on transaction content,

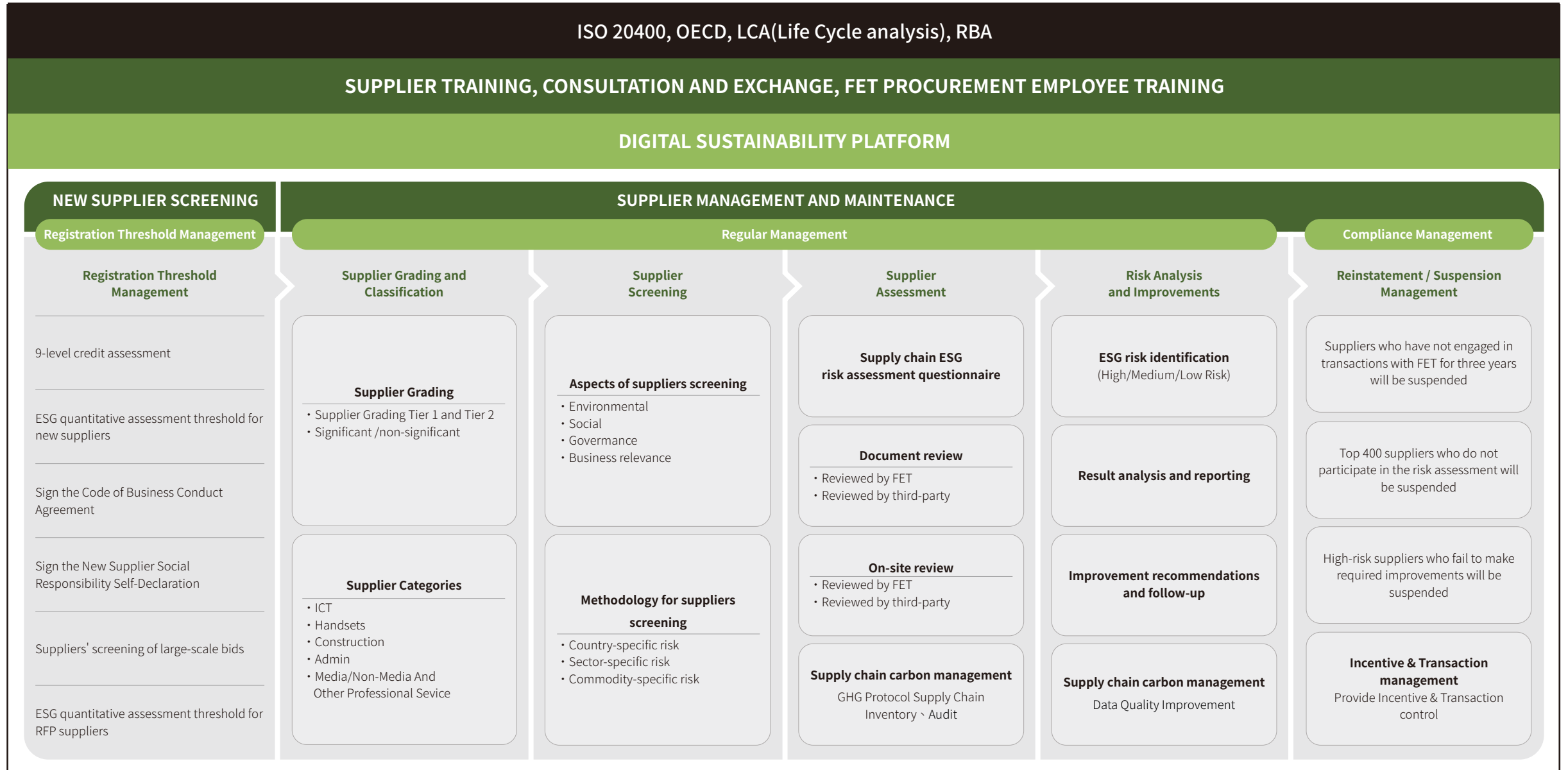
divided into five main supplier categories. FET conducts annual ESG risk assessments for all significant suppliers.

In compliance management, FET enforces a suspension mechanism for suppliers who have not engaged in transactions for three years. Suppliers suspended due to inactivity for three years must go through the same 9-level credit assessment as new suppliers upon reinstatement. This ensures that their market credit ratings meet FET requirements.

Since 2019, FET Procurement Department has incorporated ESG sustainability capabilities into the supplier selection process. Vendors participating in significant bids must undergo and pass an ESG risk assessment. The Procurement Department has conducted annual ESG risk assessment for suppliers, involving both assessments by FET and third-party evaluations based on self-assessment questionnaires and supporting documents. FET also requires high risk suppliers to take improvement measures, thereby mitigating potential risks and preventing substantial damage.



FET Sustainable Supply Chain Management Policy and Supply Chain Management Goals



2023 Tier1 supplier and significant supplier assessment and corrective action plan data:

Supplier Assessment	FY 2023	Target for FY 2023
1 Total number of suppliers assessed via desk assessments/ on-site assessments	370	⁽¹⁾ 100% of significant
2 % of unique significant suppliers assessed	100%	
3 Number of suppliers assessed with substantial actual/ potential negative impacts	16	
4 % of suppliers with substantial actual/ potential negative impacts with agreed corrective action/improvement plan	100%	
5 Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

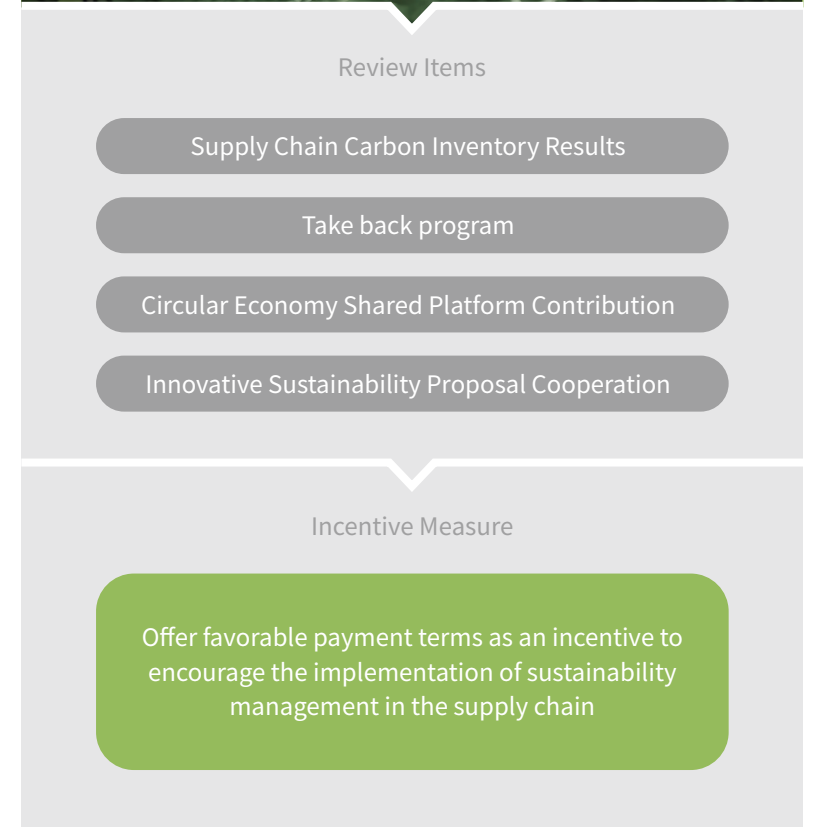
Note 1: Those suppliers failed to conduct assessment have been suspended.

2023 high risk supplier corrective action plan data:

Corrective action plan support	FY 2023	Target for FY 2023
1 Total number of suppliers supported in corrective action plan implementation	16	100% of significant
2 % of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	

Sustainable Supply Chain Management External Support - Supplier Incentives

FET has introduced various commercial support and incentive measures, including "Supply Chain Carbon Inventory Results", "Circular Economy Cooperation Program", "Circular Economy Shared Platform Contribution" and "Innovative Sustainability Proposal Cooperation". In the future, FET will seek additional sustainability performance indicators to expand its positive impact on sustainability. FET incentivizing program includes measures such as "Commercial Support" and "Recognition & Partnership." For instance, the Green Premium motivates suppliers who demonstrate excellent sustainability performance through commercial support. In the 2023 carbon inventory year, 14 suppliers have qualified for the supplier incentive program and received preferential trading conditions.



3-3 Twin Transformation – Digital Sustainable Supply Chain Management

Benefits of the Digital Sustainability Management Platform

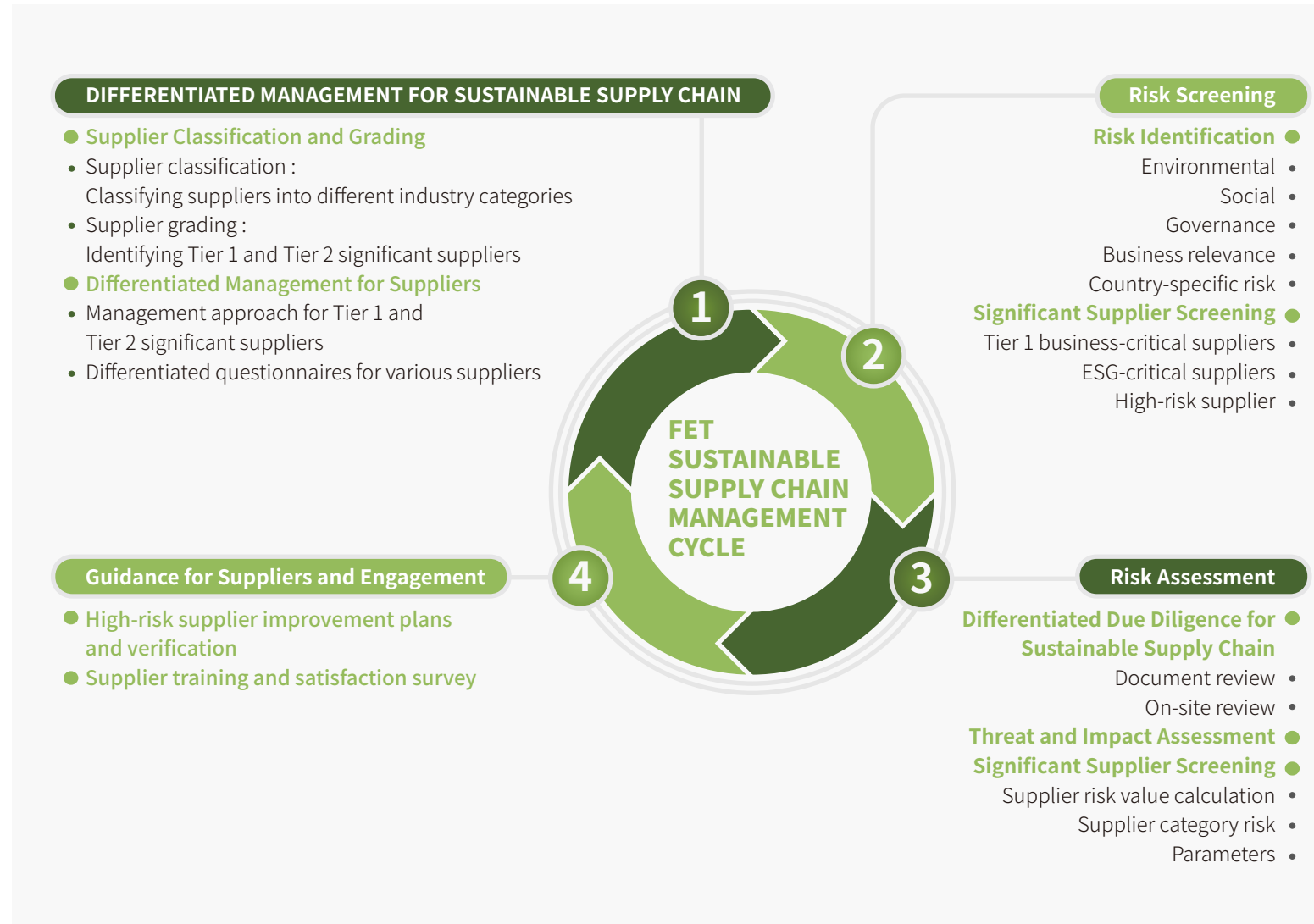
Vivian Lee, Senior Vice President of Legal, Regulatory & Procurement, said "Our short-term goal is to overcome the bottlenecks in traditional supply chain management and enhance supplier management efficiency and sustainability information transparency".

As a telecom company deeply invested in sustainable supply chain management, FET understands the challenges inherent in managing supplier sustainability. To significantly enhance the overall efficiency of sustainable supply chain management and facilitate intelligent communication with stakeholders, FET decided to implement and begin using a digital sustainability management platform in 2023, aiming to smartly advance the development of a sustainable supply chain.

Looking ahead, we anticipate that the digital sustainability management platform will bring comprehensive benefits to FET. Internally, it will enable our colleagues to efficiently leverage ESG data insights for better sustainability decision-making. This will enhance confidence among our customers, investors, and consumers. Externally, the platform will continue to provide early warnings of potential supply chain risks, allowing us to prepare preventive measures in advance. Additionally, it will help us to identify sustainability collaboration opportunities across the supply chain, creating notable highlights in FET supply chain sustainability management.



In 2023, through the digital sustainability platform, FET implemented its sustainable supply chain management mechanism, which includes the following four key phases:



Establishment of Sustainable Supply Chain Management Strategy

- For detailed information on supplier classification, please refer to Sustainable Supply Chain Management Mechanism on [page 15](#)
- Identification of Tier 1 significant suppliers and Tier 2 significant suppliers

Definition of Tier 1 significant supplier	Quantitative and qualitative criteria are used to identify Tier 1 significant suppliers	Tier 2 significant suppliers are selected through questionnaires
FET Tier 1 significant suppliers include Tier 1 business-critical suppliers, ESG-critical suppliers and high-risk suppliers.	Quantitative and qualitative criteria are used to identify Tier 1 significant suppliers	
<ul style="list-style-type: none"> 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 	<p>Total 98 companies</p> <p>Admin 4 companies</p> <p>Construction 28 companies</p> <p>Media/non-media and other professional services .. 11 companies</p> <p>ICT 52 companies</p> <p>Handsets 3 companies</p>	<p>Tier 2 significant suppliers are selected through questionnaires</p> <p>47 companies</p>

Supplier Differentiated Management

- Management approach of Tier 1 and Tier 2 significant suppliers: Since 2016, FET has conducted annual on-site ESG reviews for all Tier 1 significant suppliers. Based on the needs of the year, the Company also includes additional important suppliers or Tier 2 significant suppliers for on-site reviews.
- Differentiated Management Questionnaires for suppliers: FET pioneered the industry in 2023 by adopting two types of Supplier Assessment Questionnaires (SAQs). FET designed and distributed

industry-specific questionnaires for suppliers in the construction category. These questionnaires addressed key industry sustainability issues, including supply chain disruption risks, high-temperature injuries and advanced occupational safety and health issues. In 2024, the Company plans to continuously design differentiated supplier sustainability questionnaires tailored to different business scales and industry categories.

Risk Screening

Significant Supplier

FET significant suppliers include business-significant suppliers, ESG-significant suppliers, and high-risk suppliers. The definitions are as follows:



Definition of ESG-Critical Suppliers

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>

Definition of ESG-Significant Suppliers

Definition of Business-Significant Suppliers		
Tier 1 business- Significant suppliers	Quantitative screening criteria	<ul style="list-style-type: none"> ICT and Construction: Total transaction amount exceeds NT\$50 million (approximately US\$1.6 million) over two years. Media/Non-Media and Other Professional Service: Continuous transactions over two years with a total amount exceeding NT\$50 million (approximately US\$1.6 million). Handsets: Total transaction amount exceeds NT\$100 million (approximately US\$3.2 million) over two years. Admin: Continuous transactions over two years with a total amount exceeding NT\$20 million (approximately US\$640 thousand).
	Qualitative screening criteria	<ul style="list-style-type: none"> The direct products provided are irreplaceable, have high substitution costs, have limited qualifications, are exclusively supplied, or are bound to specific equipment.
Tier 2 business- Significant suppliers	Screening method	<ul style="list-style-type: none"> Conducting surveys for Tier 1 business-critical suppliers to identify their upstream suppliers based on qualitative criteria.
	Qualitative screening criteria	<ul style="list-style-type: none"> The direct products provided are irreplaceable, have high substitution costs, have limited qualifications, are exclusively supplied, or are bound to specific equipment.

Noe: In light of the 2023 merger between FET and Asia Pacific Telecom, the definitions for "continuous two-year transactions" and "two-year cumulative amount" have been updated as follows. Continuous two-year transactions: Suppliers who have engaged in transactions with FET for two consecutive years. Two-year cumulative amount: The sum of FET procurement amount in 2022 (excluding Asia Pacific Telecom's procurement amount) and FET procurement amount in 2023 (including Asia Pacific Telecom's procurement amount).

Definition of High-Risk Suppliers:
Suppliers identified through review and risk assessment from significant suppliers as high-risk are those falling into High Risk Suppliers.

Risk Assessment

New supplier screening

In 2023, a total of 298 new suppliers were under ESG quantitative assessment. The evaluation results showed that 35 companies failed to pass 60 points. As of the end of March 2024, 7 suppliers had completed improvements, and 28 suppliers that had not improved have been suspended and cannot trade until they improve.

Supplier Annual Performance Assessment

The annual supplier evaluation includes project execution performance and sustainability performance, with sustainability performance accounting for 30% of the total score. This helps Far Eastone assess potential financial and sustainability risks. Suppliers whose annual evaluation scores are more than 5% lower than the previous year and below 70 points will be prioritized for improvement consultancy. They must implement improvement plans and undergo a second evaluation. In 2023, a total of 195 suppliers were evaluated, representing 95% of the total procurement amount. One supplier that failed the evaluation has been suspended for transactions.

The three-year performance assessment results are shown in the table below:

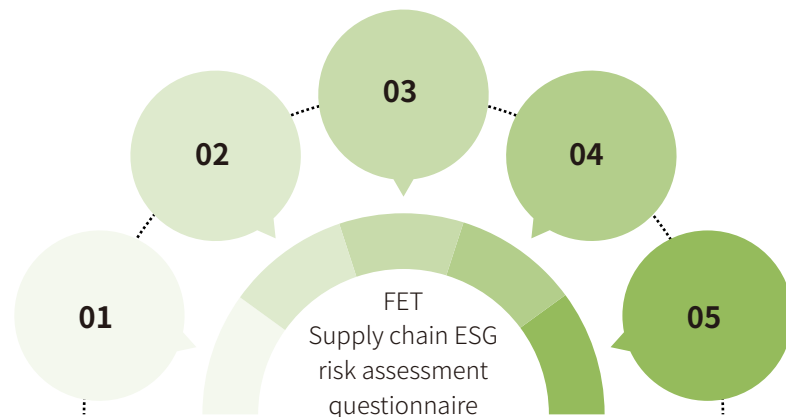
Performance assessment results of FET suppliers over the past three years

Evaluation Result	Number of suppliers in 2021	Number of suppliers in 2022	Number of suppliers in 2023	Measures adopted
Outstanding suppliers (90-100 points)	8	5	4	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)	187	218	179	These suppliers are encouraged to further improve their performance.
Suppliers in need of improvements (60-69 points)	4	3	7	These suppliers are required to submit an improvement plan.
Unqualified suppliers (59 points or less)	0	1	4	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	200	228	195	

Sustainable Supply Chain Due Diligence

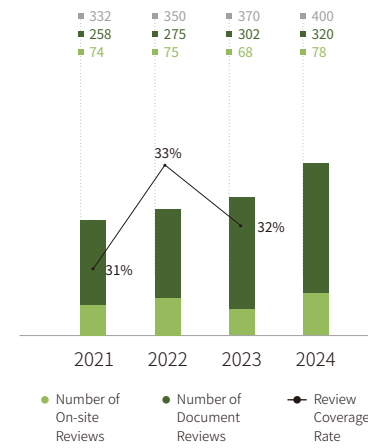
The Procurement Department will start the supply chain ESG risk assessment process in the second quarter each year. The ESG risk assessment questionnaire covers five major areas: sustainability governance, supplier management, environmental management, labor rights, and social relations. It is periodically updated based on international sustainability trends, including emerging risks such as biodiversity, controversial raw materials management, and geopolitical risks. Additionally, the questionnaire requires suppliers to provide or disclose information regarding their compliance with relevant international standards, including ISO 27001, ISO 9000, ISO 14001, ISO 50001, ISO 14064, ISO 45001.

01	>> Sustainability Governance	>> Integrity Management Principles Geopolitical Risk
02	>> Supplier Management	>> Supplier Management Controversial Raw Materials Management
03	>> Environmental Management	>> Greenhouse Gas Management Biodiversity Management
04	>> Labor Rights	>> Labor Rights Mechanism Talent and Workforce
05	>> Social Relations	>> Community Engagement Management



- Document Review**
 The document review process involves evaluating the compliance of suppliers' practices by examining four levels of documentation provided by the suppliers. The document review is conducted either in-house by FET or by a third-party consultant. Since 2020, the number of suppliers reviewed annually has exceeded 300, reaching 370 in 2023, which accounts for over 90% of the total annual procurement amount and covers all critical suppliers.
- On-Site Review**
 The on-site review is conducted through semi-structured interviews, coupled with the review of relevant policies and documents presented by the suppliers on-site, to confirm their implementation status on various sustainability issues. The on-site review is conducted by either FET or a third-party consultant. In 2023, a total of 78 on-site reviews were completed, with 30 conducted by third-party consultants and 48 by FET itself. The on-site review is not merely a one-way verification process. More importantly, FET uses these visits to gain a deeper understanding of the challenges suppliers face in implementing sustainability actions and to aid.

Number and proportion of suppliers underwent ESG document review/on-site review over the past three years.



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.

Supplier ESG Risk Assessment and High-Risk Supplier Management

The number of suppliers covered by 2023 ESG risk assessment increased to 370	Percentage of procurement amount from suppliers being reviewed over total procurement expenditure remained at 91.6%	Supplier ESG risk assessment questionnaire covered 15 major categories of sustainability issues	2023 on-site review coverage rate for significant suppliers reached 100%
Total number of high-risk suppliers in 2023 was 16	2023 high-risk supplier improvement rate was 100%	Suspended suppliers from the result of annual performance evaluation in 2023 1 company	The weighting of sustainability management in the annual supplier performance assessment was 30%

Note: Sustainability risk assessment scores account for 30% weighting in the annual supplier performance assessment. Suppliers whose annual performance assessment scores fall into the improvement required range need to take necessary actions to enhance their performance.

Sustainability Risk Assessment

- Calculation of supplier risk value:** Each year, FET calculates the risk values for its suppliers based on the results of sustainable supply chain due diligence as well as the quantitative supplier assessments under different sustainability threat events for various supplier categories conducted by FET internal procurement staff. Each supplier is assigned a risk value on ESG (Environmental, Social, and Governance) respectively.
- Supplier category risk parameters:** FET sets risk parameters for different supplier categories based on the distribution of these scores. These parameters serve as the criteria of producing the lists of high-risk, medium-risk, and low-risk suppliers for each supplier category.

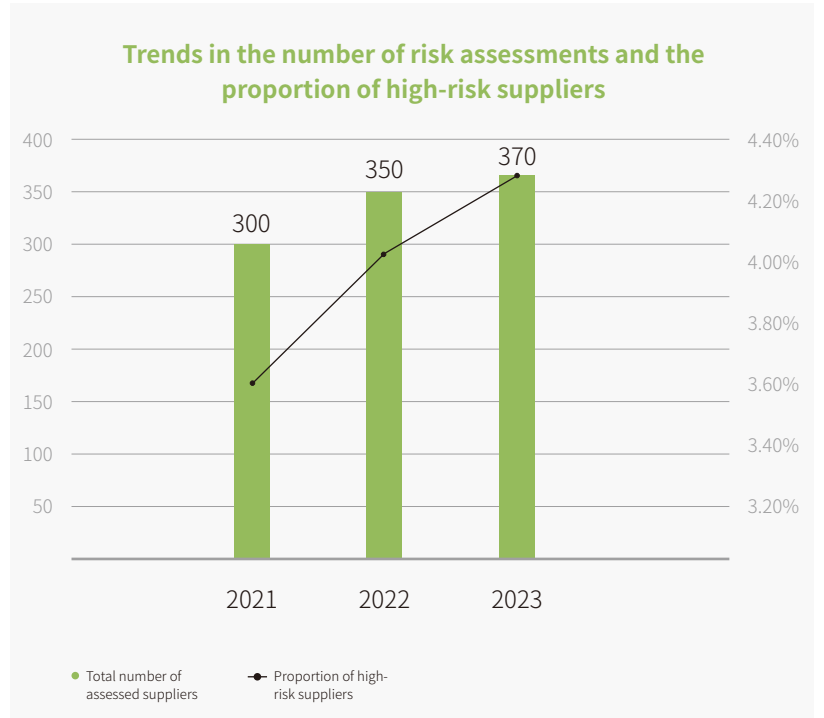
Digital Platform Transformation Enhancement Plan

The journey towards digital transformation is challenging. Internally, the Company needs to foster a culture where digital tools are utilized effectively across the board and provide appropriate training. In light of this, FET launch the Digital Sustainability Elite Development Program in 2024, aiming to strengthen employees' hands-on experience in performing sustainability reviews on the digital platform. For suppliers, using a digital platform enables them to respond to questionnaires more quickly and access ESG benchmarks against their peers. Far EasTone will actively assist suppliers in promoting the long-term benefits of using the digital platform. In 2023, the overall satisfaction with the digital sustainability platform among suppliers was rated at 4.4 out of 5. FET aims to continuously improve users satisfaction through more proactive engagement efforts.

2023 Supplier Sustainability Review Analysis

2023 results and analysis: Some suppliers participated for the first time and Due to the depth of questionnaire have increased, scores in some areas has shown a decline. The score in environmental management has dropped, which is due to the increased difficulty of the questions in 2023. In addition to requiring suppliers to provide ISO 14064 certification, the general questionnaire also included questions on industrial wastewater management, and the industry-specific questionnaire incorporated biodiversity issues, leading to the decline in the score.

The number of suppliers covered by the assessment has increased over the past few years, reaching 370 in 2023 while high-risk suppliers were controlled below 5% for three consecutive years.



I Guidance for Suppliers and Engagement

In 2023, FET conducted the sustainability risk assessment for 370 suppliers and among them, 16 suppliers were identified as high-risk. These high-risk suppliers were primarily associated with the risks arising from a lack of a supplier code of conduct, absence of sustainability management policy and planning, and issues related to labor rights. The breakdown of high-risk suppliers is as follows: 8 in ICT, 4 in construction, 2 in general administration, 1 in sales and marketing, and 1 in handsets.

FET has asked high-risk suppliers to set up an improvement plan. As of April 2024, all high-risk suppliers have reported their improvements, achieving a 100% improvement rate. FET will also conduct the on-site audit for all high-risk suppliers in 2024 to ensure their improvement measures are implemented.

- High-risk supplier improvement plan: Suppliers identified as high-risk are required to submit an improvement plan and relevant supporting documents within one month, which will be checked by the reviewers.
- High-risk supplier improvement verification: FET staff and third-party consultants will review the improvement plans and supporting documents provided by the suppliers. For suppliers assessed as "further improvement required", supplementary documents or explanations need to be provided by suppliers to address the items that require further improvement until the improvements are well-verified. During the next year's sustainability review, FET will conduct on-site review for all high-risk suppliers in the previous year to ensure that improvement plans have been effectively carried out.

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Far EastTone also holds a series of supplier education, training and engagement activities every year. For detailed information, please refer to Chapter 5 Two-Way Empowerment - Digital Sustainability Elite Development Program on [pages 33](#).

Figure X: Demonstration of Improvement Suggestions for High-Risk Suppliers. FET offers online improvement suggestions for high-risk suppliers identified each year. This support includes providing remedial recommendations and suggested supporting documents for each issue requiring improvement, helping suppliers to formulate targeted improvement plans, and develop internal policy documents.

改善供應商		2023年永續發展與風險評估改善建議		供應商改善計畫提交書			
改善供應商	2023年永續發展形式	改善類別	改善日期	治理風險評定	社會風險評定	環境風險評定	改善計畫交付日
				中	低	低	53.64
改善發現與改善建議							
改善優先度	面向	永續議題	改善問題	改善提案	改善建議	供應商改善方案	
優先改善	社會	勞工權益	公司是否設有勞工權益機制	未制定勞工權益機制政策	建議制定勞工權益機制政策		
優先改善	社會	勞工權益	公司是否定期舉行勞工會議或溝通會議，並提供相關個案處理支持與改善	無與勞工討論，僅提供在自的勞工會議表單	建議定期舉辦勞工會議並保留會議紀錄		
優先改善	社會	勞工權益	勞工會議之勞方代表是否由員工推選	非由員工推選的任選資料	建議勞工會議之勞方代表由勞方舉薦產生，並保留相關會議紀錄及其他任選資料		
持續改善	社會	勞工權益	公司是否設有內部舉報與回饋的管道	僅於line工作群組或與主管私下溝通	建議設立多元回饋管道，並公告員工知悉。		
持續改善	社會	勞工權益	公司是否具有保護舉報的舉報與內部意見處理	未訂有明確舉報規章制度或保護責任	建議意見回饋管道可由舉報且獨立之單位處理並列入相關制度辦法		
持續改善	社會	勞工權益	公司是否制定內部意見處理與回饋機制，並對內部意見進行定期評估與改善	尚未制定明確文化內部意見處理與回饋機制	建議明文制定內部意見處理與回饋機制，並實際對內部意見進行定期評估、追蹤與改善		
建議檢核文件							
勞工權益	check	Y	勞工權益政策				
勞工權益	check	Y	勞工會議紀錄				
勞工權益	check	Y	勞方代表人聯絡紀錄				
勞工權益	check	Y	內部舉報回饋機制				



ENVIRONMENTALLY FRIENDLY – GREEN SUSTAINABLE SUPPLY CHAIN STRATEGY

2024 SUPPLY CHAIN ESG SUMMARY

4-0

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4-1 SUPPLY CHAIN DECARBONIZATION PROGRAM

FET Net Zero Commitment



In April 2023, FET 1.5C science-based target has been validated by SBTi, committing to a 42% reduction in Scope 3 emissions by 2030. The Procurement Department held a supply chain carbon inventory kick-off meeting at the end of 2022, requiring 26 suppliers to submit carbon inventory results and conducted on-site audits in 2023. FET engaged external consultants to provide training and guidance according to the GHG Protocol. Additionally, a financial incentive system has been implemented to mitigate the impact of carbon inventory efforts on SMEs. In the same year, FET held a supply chain carbon inventory meeting, involving Apple and the top 40 suppliers (expected to account for 95% of the supply

chain's carbon emissions), to implement supply chain carbon inventory assessments. They developed the "Greenhouse Gas Management Guidance for the Supply Chain" and associated training courses to provide inventory guidance. In 2024, FET organized two supply chain carbon inventory training courses to guide and assist the supply chain in implementing carbon inventory, reduction, and neutrality efforts. A total of 87 participants attended, including 45 tier 1 and 2 tier 2 material suppliers. Suppliers were required to submit their 2023 carbon inventory lists by the end of March for subsequent review.

For more detailed information, please download the FET "GHG Management Guidance for Supply Chain" <https://corporate.fetnet.net/content/corp/en/CSR/ValueSharing/SupplyChainManagementStrategy.html>

Green Procurement Amount in the Past Five Years

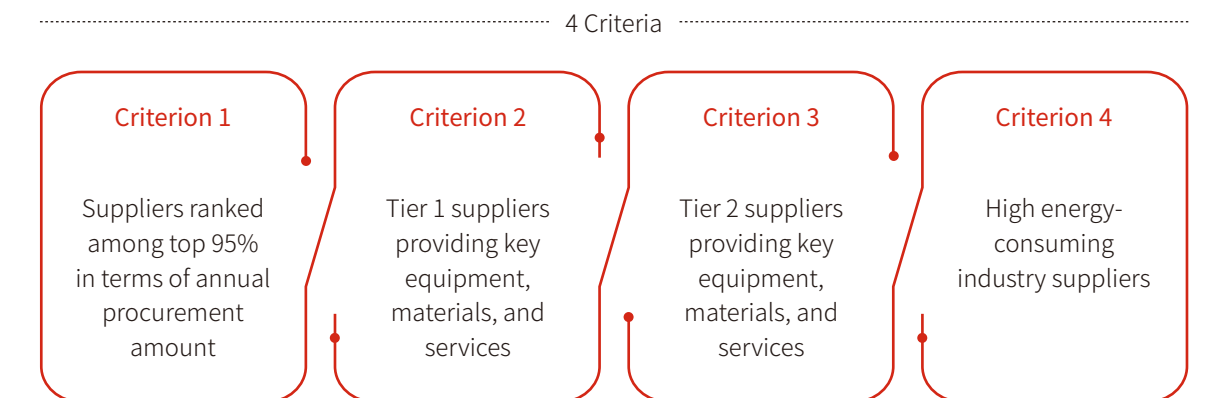
To encourage environmental product development across the supply chain, FET not only incorporates energy-saving specifications into the bidding requirements, but also includes products in compliance with ROHS and WEEE standards in its green procurement calculation from 2023 onwards. As a result, FET green procurement amount in 2023 increased by 2.4 times compared to 2022.

Besides implementing green procurement policy, FET is also working with its suppliers to carry out the net zero plan, circular economy cooperation program and biodiversity management.

	2019	2020	2021	2022	2023
FET Green Procurement Amount	\$9,929,444	\$11,093,899	\$17,125,014	\$17,150,944	\$41,208,219

Note: FX rate are based on the annual average exchange rates of the New Taiwan Dollar against the US Dollar as provided by the Central Bank of Taiwan.

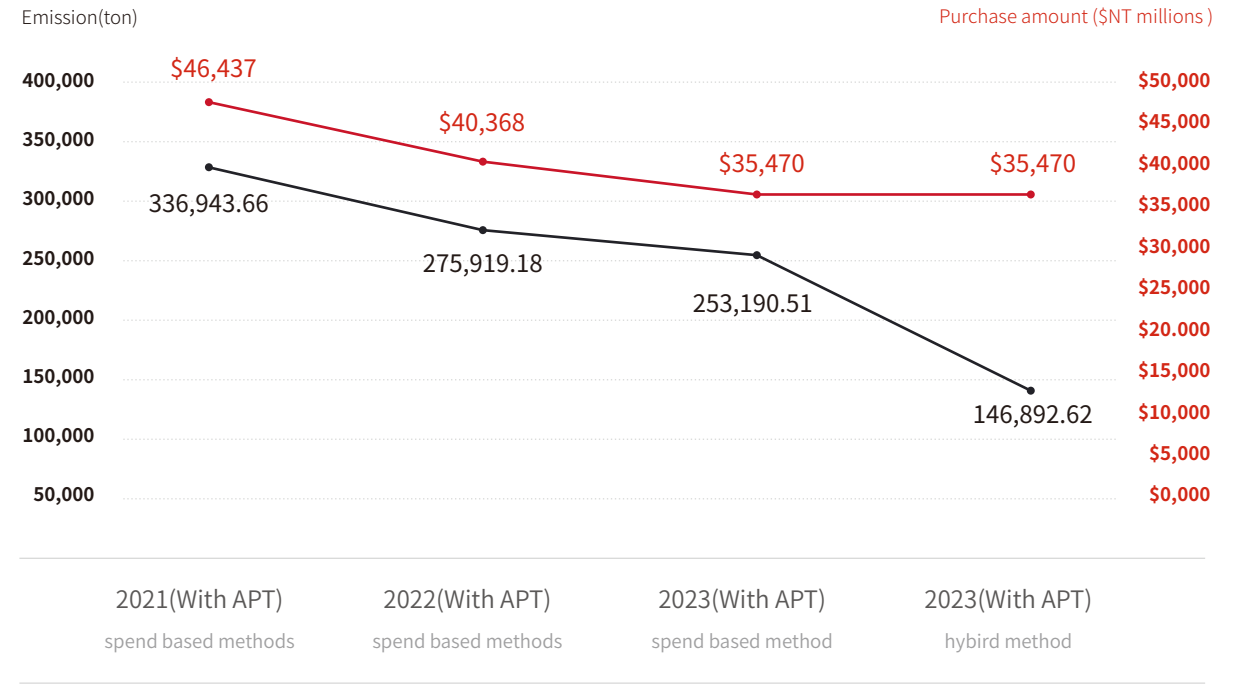
Supply Chain Screening Process for Carbon Inventory



Based on the procurement data analysis for 2023, a total of **43** suppliers are required to conduct carbon inventory and reduce emissions.

	Short-term Goals	Medium-term Goals	Long-term Goals
FETs Goals	Pass short-term science-based target (1.5C) validation in 2023.	All IDC offices and retail stores in Taiwan use 100% renewable energy by 2030.	Achieve company-wide net zero emissions by 2048: Reduce Scope 1, 2 and 3 emissions by more than 90% compared to 2021 (long-term science-based target application in progress).
		Reduce Scope 1 and 2 emissions by more than 42% by 2030.	
	Join RE100 in 2023.	The entire company uses 100% renewable energy by 2040.	
Supply Chains Goals	Initiate the supply chain carbon inventory process in 2023, covering Tier 1 and Tier 2 suppliers accounting for around 95% of total supply chain carbon emissions.	Achieve an absolute reduction of over 90% in Scope 3 supply chain emissions by 2048 as compared to the base year of 2021. Note: On December 15, 2023, Far EasTone Telecommunications formally merged with Asia Pacific Telecom. According to GHG Protocol regulations, it must recalculate its baseline emissions for 2021, and the 2023 emissions must also include those of Asia Pacific Telecom. Far EasTone Telecommunications' Procurement Department will plan supply chain carbon reduction training and pathways based on the new organizational and supply chain structure, to be fully implemented in 2024.	Achieve an absolute reduction of 42% in Scope 3 emissions by 2030.
	Conduct carbon inventory calculation training for subsidiaries in 2024 to enhance their knowledge and capabilities in carbon inventory.		
	Held two supply chain carbon inventory training sessions in 2024 to guide and assist the supply chain in conducting carbon inventory tasks.		
	Publish "GHG Management Guidance for Supply Chain" in 2024 to enforce the five key principles of the SBTi GHG Protocol Scope 3 value chain emission reduction.		
	40 suppliers are expected to complete carbon inventory in 2024 and provide carbon emissions data related to their transactions with FET using internationally recognized GHG Protocol principles.		
Implement significant supplier carbon inventory and engagement			

Scope 3 Cat 1 & 2



- The figure above shows the combined Scope 3 Cat1 & Cat2 emissions for Far EasTone Telecommunications and Asia Pacific Telecom from 2021 to 2023.
- In 2023, the emissions using the spend-based method were 253,190.51 tons. However, after the completion of the actual inventory work for the 2024 SBTi project, the final inventory value was calculated to be 146,892.62 tons based on GHG Protocol approved Hybrid Method.
- The carbon inventory of services and products built on behalf of enterprise customers from Enterprise Business Unit which FET has no direct control was not included in the emission calculation, as well as intermediary resale products for which the end customer's services and products are uncertain, in the Scope 3 Cat 1 carbon emission calculation. This exclusion accounts for approximately 3%-5% of the annual total amount. After these services and products are traded, they are fully operated independently by the customers, and FET cannot know the usage situation at the customer's end. Therefore, the corresponding Scope 3 Cat. 11 and 12 categories are also not included in the carbon emission calculation. The estimated impact on the emissions for Scope 3 Cat. 11 and 12 is also within 3%-5%.
- There are 6 companies which were notified and put into purchase amount limitation watch list based on FET "GHG Management Guidance for Supply Chain" due to non-compliance to provide 2023 carbon inventory. The annual purchase amount for those suppliers who were mandatorily required for carbon inventory in Scope 1,2,3 is over NT\$ 45Millions. (1.4 million US\$.)

4-2 CIRCULAR ECONOMY COOPERATION PROGRAM

Supplier ESG Risk Assessment Questionnaire Design - Circular Economy Section

Since 2022, FET has incorporated a set of "Circular Economy" questions into its Supplier ESG Risk Assessment Questionnaire. This initiative helps FET to understand the current management status of suppliers and identify potential collaboration opportunities. Through the "FET Circular Economy Workshop", we have begun planning and establishing a "Circular Economy Shared Platform" to effectively reuse resources and reduce carbon emissions and pollution within the supply chain. This platform allows us to explore ways to gradually move away from the linear "procure, manufacture, dispose" model, reinforcing our confidence that the circular economy can help businesses lower costs and reduce greenhouse gas emissions.

Circular Economy Workshop Series

FET held two sessions of circular economy workshop during 2022-2023. The themes and details of each session are as follows:

<p>1</p> <p>Circular Economy Workshop "Partnering with Suppliers to Initiate the Innovative Value Chain of the Circular Economy Workshop"</p>	<p>This workshop invited suppliers from various sectors, including mobile phones, network equipment, computer peripherals and facilities. Participating companies included Ericsson Taiwan, Nokia Taiwan, Delta Electronics, and 30 other enterprises. The goal was to explore opportunities and business models for circular economy through in-depth communication, discussion, and brainstorming, leveraging each supplier's core competencies.</p>	<p>30 suppliers 45 participants</p>
<p>2</p> <p>Circular Economy Workshop "How to Record Material Circulation Flows"</p>	<p>The workshop gathered internal key units to provide trend analysis and capability building. Through group discussions and brainstorming sessions, participants developed five innovative circular economy solutions, aiming to maximize resource utilization.</p>	<p>18 departments 37 participants</p>

Supplier Circular Economy Collaboration Case

With an annual procurement budget around 1.2 billions US dollars in supply chain expenditure, we have an excellent opportunity to build circular economy resilience together with our supply chains. We are dedicated to giving retired but usable equipment a new life. By establishing a "Circular Economy Shared Platform", we aim to create an exemplary model of environmental sustainability and co-prosperity development with FET value chain partners.

Following the CARED-Circular Economic Plan, FET is building a "[1] Circular Economy Shared Platform" to facilitate collaboration with suppliers. This platform will provide a channel for assets and old equipment to be reused and revitalized instead of being sold or discarded, aligning with our ESG sustainability goals of reducing carbon emissions and pollution. Initially, the platform will focus on old IT equipment, used batteries, and facility equipment (such as generators, chillers, and SMR). In the future, it will include more items to broaden the implementation of the circular economy. FET has completed its circular economy platform by July 2024, integrating internal and external resources to enhance material recycling within the value chain.

1. FET has signed a take-back program agreement with its major supplier, Ericsson Taiwan, for NCC-regulated RF components, achieving an effective recycling rate of 98%.
2. FET has signed circular economy contracts with major recycling vendors, requiring them to report the recycling rates of various metals and recyclable materials. In 2023, the overall recycling rate exceeded 85%.
3. FET plans to deepen cooperation with major suppliers in 2024, anticipating the implementation of more take-back programs.

[1] Circular Economy Shared Platform Link:

https://www.fetnet.net/content/cbu/tw/digital-services/Sharing-Platform.html?_ga=2.114075471.996591049.1721785319-799391195.1687334741&_gac=1.19079498.1721638205.CjwKCAjwhvi0BhA4EiwAX25ujxlLuj80uggw63BA_48xHtUoQwVRIRPmpp1r5UVjV920ujtdJzM1phoCaScQAvD_BwE

4-3 BIODIVERSITY MANAGEMENT

Biodiversity has been recognized by the United Nations as one of the global Sustainable Development Goals (SDGs). The 28th United Nations Climate Change Conference of the Parties (COP 28) also highlighted the interconnection between biodiversity and climate change. Therefore, preventing biodiversity degradation and mitigating climate change require comprehensive efforts of all human beings. FET has initiated the following measures:

- ^[1] In 2023, Far EasTone Telecommunications hosted Taiwan's first "Biodiversity Seminar" for the telecommunications industry, inviting experts from the Biodiversity Research Center of Academia Sinica to discuss the impact of base station construction on biodiversity. The event was attended by over 30 colleagues and more than 300 suppliers online. The attendees jointly completed the "FET Base Station Construction Environmental Impact Self-Assessment Form" and the "FET Supply Chain Biodiversity Commitment" and marked the start of collaborative efforts to carry out Taiwan's biodiversity conservation plan.
- Setting a Target to achieve 80% of the Top 100 Suppliers Signing the "FET Supply Chain Biodiversity Commitment" in 2023: The target was met with a result of 83% in 2023.
- ^[2] Far EasTone Telecommunications, in collaboration with its supply chain partner Lite-On Technology and the Biodiversity Research Center of Academia Sinica, jointly developed the "5G AI Voicemaple Automatic Collection Device." This device leverages transmission, AI analysis, and the nationwide base station network to overcome the challenges of collecting terrestrial biological soundscapes in Taiwan, thereby protecting biodiversity.

[1] Please refer to the news release from Academia Sinica :
https://www.biodiv.tw/zh_mediacoverage-20230323143257

Please refer to the link for "FET Supply Chain Biodiversity Commitment"
<https://corporate.fetnet.net/content/corp/tw/CSR/EnvironmentalSustainability/BiodiversityCommitment.html>

[2] For more information, please refer to the press release:
<https://www.cna.com.tw/postwrite/chi/364255>

 VOICE RECORD


5-0 MUTUAL EMPOWERMENT — EMPLOYEE AND SUPPLIER ESG PROGRAM

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5-1 VIEWPOINT – FETS PARTNER, INTERVIEWS WITH FETS SUPPLIER



"During FET carbon inventory training, I realized the impact of our engineering operations on carbon emissions."

Hong Lon Construction Co., Ltd

General Manager **Wen-Cheng Hsu** Year Established **2004**

Primary Services

Base station construction and maintenance services

- Core Spirit of Promoting Sustainable Development: Inspired by a professor's statement, "ESG should not be seen as a pressure but rather as a competitive edge for corporate transformation!"
- Participation in FET Sustainability Activities: Sustainability Vanguard Team, carbon inventory, and ESG self-assessment questionnaire.
- Feedback on Participation: We deeply appreciate FET dedication and determination to lead the supply chain in achieving sustainable development goals through real actions. Their willingness to share knowledge and bear the costs to ensure all subcontractors and suppliers joining in and growing together is truly admirable.

FET Procurement's Sharing on Supplier Collaboration: Hong Lon Construction has been FET contractor for Engineering and Communication construction in the southern region for nearly two decades. They have consistently provided timely and efficient maintenance and repair services, playing a crucial role in meeting FET operational needs.

With the growing emphasis on ESG, FET is committed to being a pioneer in the telecom industry, which inevitably requires the support and cooperation of subcontractors and suppliers. FET has engaged ESG professional consultants to conduct training courses for suppliers, empowering them to contribute to sustainability efforts.

Hong Lon Construction's employees have shown commendable dedication, traveling early in the morning to attend the training session. Their relentless pursuit of knowledge is truly inspiring. After the training, FET held a follow-up consultation meeting, allowing suppliers to ask questions. Hong Lon Construction raised their concerns and FET staff and consultants addressed their issues to help them better understand ESG. Additionally, FET conducted satisfaction surveys post-meeting, valuing supplier feedback to continually improve.

This long-standing partnership between Hong Lon Construction and FET, built on mutual support and growth over the past twenty years, sets a strong foundation for another two decades of collaboration. Let's continue to move forward together!

"Our company deeply understands that ESG and the Sustainable Development Goals (SDGs) are global trends. As a member of the global village, we cannot afford to be absent. Therefore, we have joined the RBA and established a dedicated sustainability unit to demonstrate our commitment to sustainable development goals. Under FET initiative, we actively participate in the supply chain's sustainability actions."

High Performance Information Co., Ltd.

Chairman **Shih-Yin Lin** Year Established **1999**

Primary Services

Sales of information products, professional maintenance services for FET various locations and stores

- Participation in FET Sustainability Activities: Sustainability Vanguard Team, carbon inventory, and ESG self-assessment questionnaire.
- Feedback on Participation: Through FET sustainability initiatives, our company has been further motivated to actively pursue ESG goals. We hope that FET will implement more substantial reward mechanisms for suppliers who positively

and actively respond to sustainability actions. This would encourage suppliers to diligently support FET sustainability goals while also receiving incentives and support.

- FET Procurement's Sharing on Supplier Collaboration: High Performance Information has faced challenges on the path to net-zero, with the primary obstacle being how to conduct carbon inventory. Fortunately, through close collaboration and FET proactive efforts to empower suppliers in carbon inventory practices, High Performance Information has overcome numerous difficulties through multiple communication and training sessions. We believe High Performance Information is not only a supplier to FET but also an important & necessary partner in FET journey towards the net-zero goal by 2048.



5-2 Awareness – Sustainable Culture and Awareness

Vivian Lee, Senior Vice President of Legal, Regulatory and Procurement, said "Sustainability culture and awareness require top-down commitment and bottom-up execution and feedback. It involves internal efforts to lead the way for smaller companies and external exchanges to inspire and stimulate progress".

Therefore, Far EasTone Telecommunications plans to launch the first Digital Sustainability Elite Development Program in 2024 to cultivate a pool of sustainability professionals. Additionally, FET plans to conduct the

first Supplier Sustainability Governance Workshop for FET small and medium supply chains in 2024 to enhance suppliers' sustainability management performance. Distinguishing itself from conventional internal and external education training, FET has adopted a precise and refined small-group format for both educational initiatives launched this year, channeling resources into training for employees across various departments and supporting suppliers in nurturing sustainability knowledge.

Digital Sustainability Elite Development Program

The first "Digital Sustainability Elite Development Program" will be launched between the third and fourth quarters of 2024 under the support of the Chairman and President. This three-year program will conduct 36-hour intensive training sessions each year throughout the year, with the Procurement Department at its core, the course content will include ESG questionnaire analysis, review techniques training, and practical exercises. Participants must pass an exam to complete the training. FET hopes that through this program, the seeds of sustainability awareness will be deeply planted within each department. By nurturing employees' sensitivity to sustainability, these principles can be infused into operational practices, enabling FET to organically grow and implement ESG actions from within.



Supplier Sustainability Governance Workshop

FET has held its first "Supplier Sustainability Governance Workshop" in the second quarter of 2024 for small and medium supply chains. This workshop will assist them in establishing their own corporate governance systems and management objectives. The workshop is designed to complement the Supplier Conference, creating a synergistic effect. External consultants were invited to conduct sustainability governance courses and provide guidance on policy development. The workshop has helped suppliers to understand important sustainability issues and guide them in establishing fundamental sustainability governance policies, qualitative/quantitative KPIs, and performance tracking methods, ultimately improving their sustainability governance performance.



FET 360 Sustainability Circular Engagement



- Signing the Supplier Code of Conduct
- Signing the Integrity Management Agreement
- Supply Chain GHG Management Guidelines
- Supplier Sustainability Due Diligence
- Supply Chain Sustainability Risk Assessment
- Annual Supplier Conference
- High-Risk Supplier Engagement
- Supplier Satisfaction Surveys
- Supplier Social Engagement Programs
- Supply Chain ESG Summary Communication and Disclosure
- Sustainability Themed Course Sharing
- Supplier E-Learning Courses
- Supplier Sustainability Workshops

5-3 Empowering – Sustainable Empowerment

Vivian Lee, Senior Vice President of Legal, Regulatory and Procurement, stated, "On the path to sustainability, we are all students. I deeply appreciate the endless efforts of FET Procurement Team. They not only actively engage in advanced sustainability learning but also generously share their knowledge with all FET colleagues and supplier partners. We believe that ongoing two-way communication and exchange are essential for fostering internal personnel growth and driving our external partners forward together."

FET Procurement Staff Sustainability Training

FET Procurement Department provides comprehensive and in-depth sustainability training to employees who interact with the supply chain. Key points of this training program include:

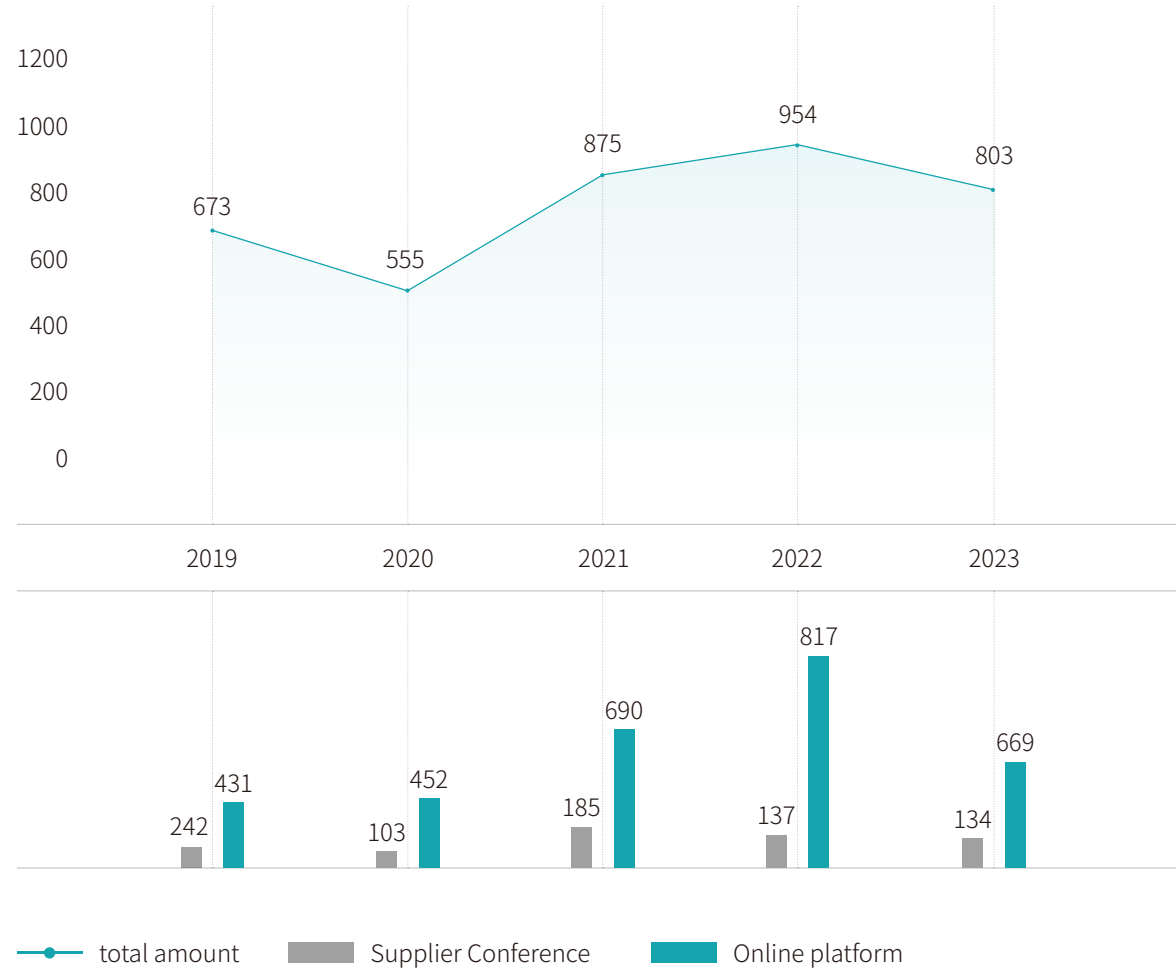
- Inviting third-party consultants to conduct training on sustainability practices.
- Communicating sustainability procurement policies, strategies, and actions during regular procurement department meetings.
- Promoting sustainability topics through supplier stakeholder engagement, such as supplier conferences and workshops, with full employee participation.
- Conducting on-site supplier audit, allowing procurement staff to internalize the connection between sustainability issues and the supply chain during the review process.
- Encouraging employees to attend external forums and sustainability courses, with subsidies provided.
- Organizing the "Sustainability Vanguard Team", a charity activity that combines suppliers core competencies to make contributions to society, enabling employees to learn how to implement SDGs in the community.

Far EasTone Telecommunications' Procurement Department places emphasis on employees' capabilities in sustainability issues. Through daily operational activities such as organizational culture, performance management, and process management, they continually implement sustainability education and training. This knowledge extension also extends to their supply chain partners.

Procurement Internal Training Courses in the Past Three Years

No	Course Title	Year	Date	Course Hours (HRS)	Number of Participants	Total Training Hours
1	ISO 20400 Implementation and Stakeholder Identification Training	2021	Dec. 29	2	5	10
2	SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory	2022	May. 24	3	3	9
3	Sustainability Manager Training	2022	10 weeks	80	1	80
4	TCFD Training	2022	Jul. 25	1.5	1	1.5
5	1 st Circular Economy Workshop	2022	Aug. 5	9	4	36
6	Annual Supplier Conference	2022	Oct. 31	15	3	45
7	Telecom Industry Biodiversity Seminar	2023	Mar 22	5	8	40
8	SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory Audit Training	2023	May. 16	16	15	240
9	Supply Chain Carbon Inventory Training	2023	Aug. 25	1.5	5	7.5
10	2 nd Circular Economy Workshop	2023	Aug. 18	8	37	296
11	Annual Supplier Conference	2023	Nov. 9	3	15	45
12	FET Subsidiary GHG Protocol EEIO Tool Calculation Training	2024	Jan. 9	5	14	70
13	Supply Chain Carbon Inventory Operation Training	2024	Feb. 27 and Mar. 5	6	25	150
Total Training Hours						1,030

Supplier Training



2023 Coverage and progress of suppliers in capacity building programs

Capacity building programs	FY 2023	Target for FY 2023
Total number of suppliers in capacity building programs	⁽²⁾ 651	100% of significant
% of unique significant suppliers in capacity building programs	100%	

Note 2: Non-duplicated suppliers' number

Supplier Sustainability Training Participants from 2022 to 2024

Course Title	Year	Number of Participants
1st Circular Economy Workshop: Partnering with Suppliers to Initiate the Innovative Value Chain of the Circular Economy Workshop	2022	45
Seminar on the Impact of Telecom Industry Economic Activities on Biodiversity	2023	136
SME Supply Chain Sustainability Management Briefing (E-learning)	2023	257
Annual Supplier Conference	2023	134
ISO 20400 Sustainable Procurement Supply Chain Promotion (E-learning)	2023	412
FET 2024 Supply Chain Carbon Inventory Course	2024	87
Total Participants of Supplier Sustainability Training from 2022 to 2024		1,071

FET Annual Supplier Conference

FET holds the supplier conference annually, where the President recognizes suppliers with outstanding ESG performance. The theme of the "2023 Supplier Conference" was "Creating a Sustainable Future Together". FET conducted the conference through a hybrid online and offline approach. The event was with a total of 134 suppliers enthusiastically participating in 2023, reflecting the strong cohesion between FET and its suppliers.

FET Supplier e-Learning Platform

FET is based on the ISO 20400 Sustainable Procurement Guidance, continuously strengthening supply chain management to enhance performance indicators including QCDSS (Quality, Cost, Delivery, Service, and ESG performance). The target is to achieve a completion rate of over

On-Site Carbon Inventory Guidance for Suppliers

To achieve the Science-Based Targets initiative (SBTi) goal of limiting global warming to 1.5C and attaining net-zero emissions by 2048, FET has organized several supply chain carbon inventory courses since 2023. These courses feature professional consultants who guide suppliers in calculating their annual carbon emissions using various scientific methods. To encourage active participation, FET offers incentive mechanisms. Suppliers who provide complete data will receive favorable annual payment terms, fostering collaboration towards the net-zero goal.



During the conference, the President, Ms. Chee Ching, awarded 28 ESG prize to 25 companies for their exceptional sustainability performance. The awards include: "Sustainability Vanguard Team - Education Improvement Contribution Award", "Annual Supplier Evaluation - Excellence Award", "Annual Supplier Evaluation - Improvement Award", "Net Zero Carbon Emission Role Model Award", "Circular Economy Pioneer Award", "Biodiversity Vanguard Award", "Occupational Safety Excellence Award", "Sustainability Management Role Model Award", and "Social Responsibility Role Model Award".

80% for the top 300 suppliers, whose cumulative procurement exceeds 95%. Additionally, all suppliers must pass the exam to ensure the training achieves the desired effect.

Sustainability Vanguard Team

In 2020, we founded the FET Sustainability Vanguard Team to contribute to the Taiwanese community by addressing disparities in educational resources and digital skills, and the needs of underprivileged groups. Over the past four years, we have assisted three rural schools in improving outdated educational facilities and enhancing digital teaching capabilities and supported food bank provisions for disadvantaged groups in Hualien.

In 2023, we extended our efforts to an after-school tutoring classroom in Luye, Taitung, located in eastern Taiwan. The classroom's dilapidated state, including dirty and leaking restrooms that often emitted foul odors, was distressing. The Sustainability Vanguard Team transformed this space into a bright, new learning environment and enriched the library's collection. These contributions reflect the core mission of the Sustainability Vanguard Team, and FET, along with our supply chain partners, takes immense pride in these achievements.



[1] For more details, please refer to the video link - 2020 Taitung Binmao Junior High School Basketball Court and School Building Renovation: <https://www.youtube.com/watch?v=Wn1Ou-4d8Kg>

[2] 2023 Luye: <https://www.youtube.com/watch?v=M1qKGFzLuSE>

5-4 Supplier Engagement Feedback And Reflection

The path of engaging with supplier partners is filled with challenges. However, this process keeps us in a constant state of learning, growth, and humility. To make continuous improvement, FET distributes satisfaction surveys during the annual supplier engagement activities. The feedback and suggestions gathered from these surveys serve as a driving force for our next phase of growth.

2023 Procurement Department Satisfaction

Anonymous, a total of	Satisfaction rate	Future improvement focus
181 responses	95%	Enhance the functionality of the electronic procurement system

Supplier Conference Satisfaction

Anonymous, a total of	Scores 7 and above out of 10	Future improvement focus
85 responses	98%	Improve the quality of live-streaming cameras and provide materials post-conference

Carbon Inventory Operations Satisfaction

Anonymous, a total of	The satisfaction of supplier carbon inventory operational procedures(100-point scale)	Supplier carbon inventory engagement level on a 10-point scale	Future improvement focus
23 responses	85 points	10 suppliers gave full marks 7 suppliers rated 9	Re-enforce training content and align outcomes with SBTi carbon reduction goals

SME Supplier Sustainability Management Briefing Satisfaction

Anonymous, a total of	Teaching material satisfaction	Satisfaction on practicality of teaching material	Future improvement focus
178 responses	95.8%	94.8%	Arrange on-site training for practical sustainability implementation

Supplier Digital Sustainability Platform Usage Satisfaction

A total of	Overall satisfaction on a 5-point scale	Future improvement focus
158 responses	4.4 points	Continue optimizing platform system operations

6-1 RELEVANT POLICIES AND DOCUMENTS

Supply Chain Management Policy	
Supplier Code of Conduct	
Supply Chain Biodiversity Commitment	https://corporate.fetnet.net/content/corp/en/CSR/ValueSharing/SupplyChainManagementStrategy.html
GHG Management Guidance	
FET Supply Chain ESG Sustainable Operation Self Declaration	
Integrity Management Agreement	
FET Sustainability Report	Report Download-FETnet



2024 SUPPLY CHAIN ESG SUMMARY

7-1 ASSURANCE STATEMENT



青山永續聯合會計師事務所

台北：台北市中正區忠孝東路一段45號4樓之7
高雄：高雄市左營區重華路51號4樓
屏東：屏東市公和街202號1樓

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 2024 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 2024 SUPPLY CHAIN ESG SUMMARY, as set out in the Appendix A: Summary of Assurance Subject Matters.

The standard is based on the 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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

23 August 2024



青山永續聯合會計師事務所
台北：台北市中正區忠孝東路一段45號4樓2
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Appendix A: Summary of Assurance Subject Matters

No.	Subject Matters	Pages	Selected standards												
1	<p>Summary table of the proportion of Tier 1 suppliers and significant suppliers in 2023</p> <table border="1"> <thead> <tr> <th>Supplier Screening</th> <th>FY 2023</th> </tr> </thead> <tbody> <tr> <td>1.1 Total number of Tier-1 suppliers</td> <td>1,142</td> </tr> <tr> <td>1.2 Total number of significant suppliers in Tier-1</td> <td>98</td> </tr> <tr> <td>1.3 % of total expenditure on significant in Tier-1</td> <td>88.34%</td> </tr> <tr> <td>1.4 Total number of significant suppliers in non Tier-1</td> <td>47</td> </tr> <tr> <td>1.5 Total number of significant suppliers (Tier-1 and non Tier-1)</td> <td>145</td> </tr> </tbody> </table>	Supplier Screening	FY 2023	1.1 Total number of Tier-1 suppliers	1,142	1.2 Total number of significant suppliers in Tier-1	98	1.3 % of total expenditure on significant in Tier-1	88.34%	1.4 Total number of significant suppliers in non Tier-1	47	1.5 Total number of significant suppliers (Tier-1 and non Tier-1)	145	15	<p>The quantity of Tier 1 suppliers is based on the suppliers which have traded with Far EasTone in 2022 and 2023.</p> <p>The quantity of significant suppliers in Tier-1 is based on the significant supplier selected standard, ESG and the high-risk action standard of Far EasTone.</p> <p>% of total expenditure on significant in Tier-1 equals to Procurement amount on Tier-1 significant suppliers divided by Procurement amount on Tier-1 suppliers.</p> <p>The quantity of non Tier-1 significant suppliers is calculated based on the internal questionnaire filled by Tier-1 significant suppliers.</p> <p>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.</p>
Supplier Screening	FY 2023														
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No.	Subject Matters	Pages	Selected standards																		
2	<p>2023 Tier 1 supplier and significant supplier assessment and corrective action plan data:</p> <table border="1"> <thead> <tr> <th>Supplier assessment</th> <th>FY 2023</th> <th>Target for FY 2023</th> </tr> </thead> <tbody> <tr> <td>Total number of suppliers assessed via desk assessments/ on-site assessments</td> <td>370</td> <td>100% of significant</td> </tr> <tr> <td>% of unique significant suppliers assessed</td> <td>100%</td> <td></td> </tr> <tr> <td>Number of suppliers assessed with substantial actual/ potential negative impacts</td> <td>16</td> <td></td> </tr> <tr> <td>% of suppliers with substantial actual/ potential negative impacts with agreed corrective action/ improvement plan</td> <td>100%</td> <td></td> </tr> <tr> <td>Number of suppliers with substantial actual/ potential negative impacts that were terminated</td> <td>0</td> <td></td> </tr> </tbody> </table> <p>Note: Those suppliers failed to conduct assessment have been suspended.</p>	Supplier assessment	FY 2023	Target for FY 2023	Total number of suppliers assessed via desk assessments/ on-site assessments	370	100% of significant	% of unique significant suppliers assessed	100%		Number of suppliers assessed with substantial actual/ potential negative impacts	16		% of suppliers with substantial actual/ potential negative impacts with agreed corrective action/ improvement plan	100%		Number of suppliers with substantial actual/ potential negative impacts that were terminated	0		18	<p>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.</p> <p>% of unique significant suppliers assessed equals to the number of Tier-1 suppliers assessed divided by the number of Tier-1 suppliers in 2022.</p> <p>The number of suppliers with substantial actual/ potential negative impacts is calculated based on the number of suppliers with high risks in governance, social and environmental aspects based on responses to the supplier assessment.</p> <p>% 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 actual/ potential negative</p>
Supplier assessment	FY 2023	Target for FY 2023																			
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			<p>impacts.</p> <p>Number of suppliers with substantial actual/ potential negative impacts that were terminated is calculated based on the suspension list in the internal procurement system.</p>		
3	<p>Scope 3 Cat 1&2 (Emission ton)</p> <table border="1"> <thead> <tr> <th>2023 (With APT) hybrid method</th> <th>146,892.62</th> </tr> </thead> </table>	2023 (With APT) hybrid method	146,892.62	28	<p>The carbon emission using a hybrid method calculation based on the environmental input-output and average data methods of the GHG Protocol accounting standard.</p> <p>Environmental Input-Output is converted into USD for the internal procurement amount in 2023 and operates the database to calculate emissions. The average data method is applied to calculate the carbon emission, which uses actual procurement weight divided by quantity and multiplied by the emission factor.</p>
2023 (With APT) hybrid method	146,892.62				
4	<p>In December 2023, FET achieved the top ranking globally in the telecommunications industry and was selected for the fifth consecutive year in the DJSI World Index (Dow Jones Sustainability Indices). Additionally, FET ranked second in the DJSI World Index's Telecommunications Industry category for supply chain management.</p>	7	<p>The FET ranking of DJSI telecommunications industry is based on the information revealed on DJSI official website.</p>		



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屏東：屏東市公福街202號1樓

No.	Subject Matters	Pages	Selected standards																												
5	Proportion of signatories to the Biodiversity Commitment of the Top 100 suppliers in the supply chain: 83 %	14	Proportion of signatories to the Biodiversity Commitment of the Top 100 suppliers in the supply chain equals to the quantity of suppliers signing the Commitment divided by the number of top 100 suppliers.																												
6	Procurement Internal Training Courses in the Past Three Years	34	The number of participants in the Procurement Internal Training Courses is based on the participants who signed on the paper sign-in form.																												
	<table border="1"> <thead> <tr> <th>No</th> <th>Course Title</th> <th>Year</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>Telecom Industry Biodiversity Seminar</td> <td>2023</td> <td>Mar. 22</td> </tr> <tr> <td>8</td> <td>SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory Audit Training</td> <td>2023</td> <td>May. 16</td> </tr> <tr> <td>9</td> <td>Supply Chain Carbon Inventory Training</td> <td>2023</td> <td>Aug. 25</td> </tr> <tr> <td>10</td> <td>2-d Circular Economy Works shop</td> <td>2023</td> <td>Aug. 18</td> </tr> <tr> <td>11</td> <td>Annual Supplier Conference</td> <td>2023</td> <td>Nov. 9</td> </tr> <tr> <td>12</td> <td>FET Subsidiary GHG Protocol EEIO Tool Calculation Training</td> <td>2024</td> <td>Jan. 9</td> </tr> </tbody> </table>			No	Course Title	Year	Date	7	Telecom Industry Biodiversity Seminar	2023	Mar. 22	8	SBTi Science-Based Carbon Reduction and Scope 3 Supply Chain Carbon Inventory Audit Training	2023	May. 16	9	Supply Chain Carbon Inventory Training	2023	Aug. 25	10	2-d Circular Economy Works shop	2023	Aug. 18	11	Annual Supplier Conference	2023	Nov. 9	12	FET Subsidiary GHG Protocol EEIO Tool Calculation Training	2024	Jan. 9
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7	FET Green Procurement Amount 2023 \$41,208,219 Note: FX rate are based on the annual average exchange rates of the New Taiwan Dollar against the US Dollar against the US Dollar as provided by the Central Bank of Taiwan.	27	The FET Green Procurement Amount is evaluated based on procurement amount with the international and domestic Green Mark. The evaluation period is from January 1 st , 2023 to December 31 st , 2023. FX rate of NTD to USD is calculated based on the average FX rate of the New Taiwan Dollar to the US Dollar as announced by the government for 2023.																																
8	BUSINESS SIGNIFICANT SUPPLIERS 79	20	Business significant suppliers is selected based on the FET business significant supplier selection standard.																																

No.	Subject Matters	Pages	Selected standards						
9	In 2023, a total of 298 new suppliers were under ESG quantitative assessment.	22	The calculation period for new suppliers is from August 1, 2022 to July 31, 2023, covering a total of 12 months. The number of new suppliers who completed the ESG form is also calculated.						
10	28 suppliers that had not improved have been suspended and cannot trade until they improve.	22	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.						
11	Performance assessment results of FET suppliers over the past three years	22	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.						
	<table border="1"> <thead> <tr> <th>Evaluation Result</th> <th>Number of suppliers in 2023</th> <th>Measures adopted</th> </tr> </thead> <tbody> <tr> <td>Outstanding suppliers (90-100 points)</td> <td>4</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>179</td> <td>These suppliers are encouraged to further improve their performance.</td> </tr> </tbody> </table>			Evaluation Result	Number of suppliers in 2023	Measures adopted	Outstanding suppliers (90-100 points)	4	These suppliers are considered top performers and may be prioritized for price negotiations or adopting price and technology weighted bids.
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Qualified suppliers (70-89 points)	179	These suppliers are encouraged to further improve their performance.							



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 台北：台北市中正區忠孝東路一段45號4樓之7
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 屏東：屏東市公福街202號1樓

No.	Subject Matters		Pages	Selected standards
	Suppliers in need of improvements (60-69 points)	7		
	Unqualified suppliers (59 points or less)	4		
	Suspended suppliers (less than 50 points)	1		
	Total	195		

No.	Subject Matters			Pages	Selected standards
12	Supplier Sustainability Training Participants from 2022 to 2024			35	The number of participants of the Supplier Sustainability Training is calculated based on the number of suppliers marked as "Completed" on the Supply Chain e-Learning Platform.
	Course Title	Year	Number of Participants		
	ISO 20400 Sustainable Procurement Supply Chain Promotion (E-learning)	2023	412		

2024 SUPPLY CHAIN
ESG SUMMARY



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

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