Far EasTone Telecommunications
Greenhouse Gas Management Guidance for the Supply Chain
（2024.02.29　Version 3）

Contents

Chapter 1: About this Guidance

1.1 Importance of Greenhouse Gas Management in the Supply Chain

As a leading sustainable player in Taiwan's telecommunications industry, Far EasTone Telecommunications responds to international initiatives by actively investing resources towards achieving net-zero goals. Additionally, it collaborates with the government's policy of "leading by example" to jointly work with its supply chain towards carbon reduction pathways. According to data from international initiatives such as SBTi and CDP, reducing emissions along the GHG Protocol Scope 3 value chain is an essential pathway to achieving net-zero emissions. SBTi specifically emphasizes that for many companies, emissions associated with the supply chain are their largest and most challenging emission source, averaging 11.4 times greater than direct operational emissions (note 1) . One of the most critical and effective pathways to achieving net-zero globally is through large-scale de-carbonization efforts within the supply chain.
Far EasTone Telecommunications recognizes its unequivocal responsibility and must take on the duty of carbon reduction, guiding its supply chain to allocate resources for emission reduction and fulfilling its obligation as a responsible global citizen.

Note 1 : SBTi- Engaging Supply Chains on The De-Carbonization Journey

-

1.2 Explanation of GHG Management Guidance

This guidance will be based on Far EasTone Telecommunications' SBTi carbon reduction commitments. Depending on the significance of different emission sources within the enterprise, corporate-level emission reduction targets will be decomposed down to

the value chain. The largest emission source within the value chain comes from the supply chain. The greatest potential for emission reduction also lies within the supply chain. Whether the supply chain can synchronously achieve the emission reduction targets planned by Far EasTone Telecommunications is a key factor affecting Far EasTone's achievement of net-zero emissions. This guidance will explain the greenhouse gas management policies and requirements for the supply chain, as well as the implementation methods. It is expected that we collaborate with suppliers to face the risks and opportunities of climate change together.

Chapter 2: Supplier Selection

2.1 Supplier Screening

Supplier Screening Indicators:

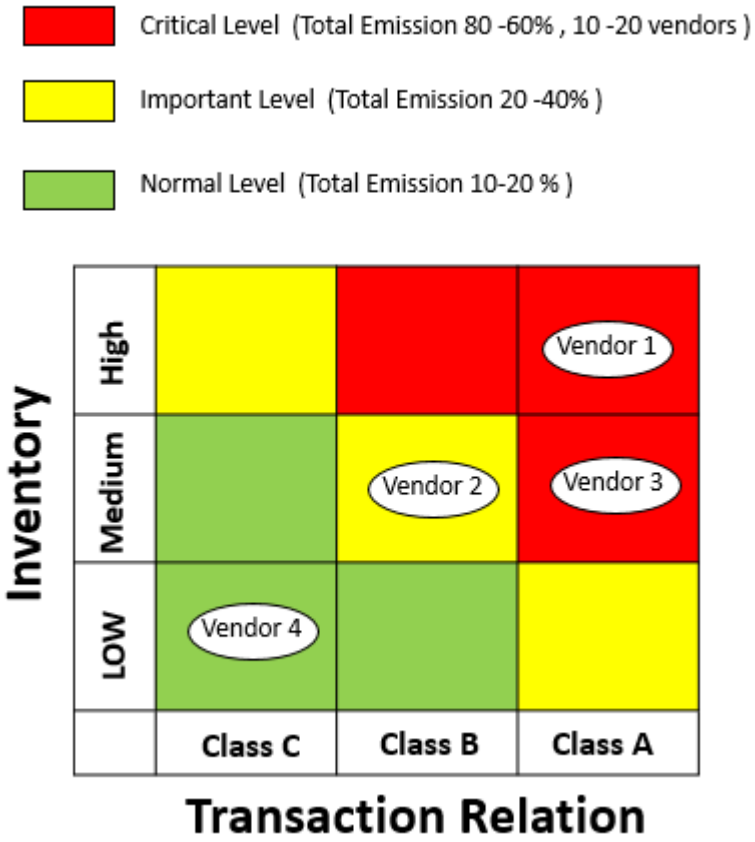
- Region
- Annual Transaction Amount
- Annual Transaction Frequency
- Carbon Emission Contribution
- Supplier Specificity
- Product/Service Classification

Far EasTone Telecommunications will use the above indicators to select suppliers for emission reduction. Selected suppliers will be obligated and responsible for conducting greenhouse gas inventories according to these management guidance. Far EasTone will also provide necessary guidance and assistance to ensure that the supply chain is committed to emission reduction efforts.

2.2 Supplier Classification

After screening suppliers through 2.1, Far EasTone will classify them based on significance into three levels: Critical Level, Important Level, and Normal Level. Each level will be assigned different carbon reduction targets

and greenhouse gas inventory regulations.



In addition, suppliers will be categorized based on the complexity of the products they provide and their supply chains:

- Simple Goods Category: Includes raw materials (chemicals, plastics, glass, ceramics, etc.) and products primarily made from raw materials (packaging containers, hardware products, batteries, wiring racks, wires, cables, etc.). Characteristics include relatively stable suppliers in the supply chain with less complexity. Bill of Materials (BOM) composition is simple and changes are minimal. High percentages of primary data share can be obtained relatively quickly in the supply chain, making it suitable for calculating Scope 3 Category 1 emissions using the Life Cycle Assessment

(LCA) method.

- Complex Goods Category: Non above category goods. Characteristics include higher variability of supplier changes and also in a complex supply chain. Product specifications change rapidly, and BOM composition is complex and subject to significant variation. High percentages of primary data share cannot be obtained in the supply chain in the short term. The Hybrid method is more practical for calculating Scope 3 Category 1 emissions (software suppliers are included in the complex goods category).

- Service or Engineering Category: Managed based on the complexity of their supply chains, categorized as either "Simple Service Category" or "Complex Service Category."

2.3 Strengthening Supplier Sustainability Qualification Management Evaluation

Supplier carbon inventories and carbon reduction effectiveness will also be included in Far EasTone's sustainability qualification management evaluation process. If a supplier is determined to be non-compliant, they will not be qualified as a supplier or their transaction will be restricted according to requirements.

Chapter 3: Setting Carbon Reduction Targets

Suppliers have the option to comply with requirements through three approaches:

- Participation in the Science Based Target Initiative (SBTi) approach.
- Submission of Annual Product Carbon Footprint (CFP)

approach.

- Submission of Annual Product Carbon Emissions based on the Hybrid Method approach.

2.1 Participation in the Science Based Target Initiative (SBTi) Approach

Specific requirements for suppliers participating in the SBTi approach (for both simple and complex goods):

- Pass the SBTi target validation by 2025.
- Continuously achieve SBTi-approved annual emission reduction targets.
- Suppliers must calculate greenhouse gas emissions according to the GHG Protocol Initiative, as specified by the World Resources Institute (WRI).
- Submit emissions information disclosed according to the GHG Protocol Scope 3 Accounting and Reporting Standard and SBTi criteria by the end of March each year.
- Choose to submit data according to the requirements of sections 3.2 or 3.3, or have Far EasTone Telecommunications estimate their emissions based on their disclosed emissions information using the method outlined in section 3.3.
- Implement Chapter 4 of this guidance, the Supplier Data Quality Improvement Plan.

2.2 Submission of Annual Product Life Cycle Assessment Carbon Footprint (CFP) Approach , Supplier Specific Requirements (Simple Goods)

- Suppliers must account for the annual product carbon footprint (CFP) provided to Far EasTone

Telecommunications using ISO 14067, PAS 2050, or WRI GHG Protocol Product Standard.

- The functional unit for the product carbon footprint (CFP) is kilograms of CO2e per kilogram of product.
- The carbon footprint (CFP) is calculated using the cradle-to-gate life cycle assessment method.
- The data collection time frame should be based on a 12-month natural calendar year.
- The total Cut-Off quantity must not exceed 5% of the cradle-to-gate life cycle emissions and 2% of the input weight of the product system boundary.
- Supplier CFP reduction targets should not be less than 7% per year.
- The data quality target is to increase the proportion of primary data usage by 15% annually.
- Submit carbon footprint (CFP) data according to Appendix 1 by the end of March each year.
- Maintain greenhouse gas activity data, emission data, scenario assumptions, reference materials, reduction plans, and execution evidence for a minimum of five years.
- Implement Chapter 4 of this guidance, the Supplier Data Quality Improvement Plan.

2.1 Submission of Annual Product Emissions based on the Hybrid Method Approach Supplier Specific Requirements (Complex Goods and Services)

If suppliers currently are lack of the capability to provide lifecycle CFP data based on ISO 14067, PAS 2050, or WRI GHG Protocol Product Standard analysis, the supplier should calculate emissions based on GHG Protocol organizational emissions. Then, estimate Scope 3 Category 1 emissions (Hybrid Method, Category 1: Purchased Goods and Services of GHG Protocol Technical Guidance for Calculating Scope 3 Emissions) using the following method:

- Calculate organizational greenhouse gas emissions for Scopes 1, 2, and 3 (as defined by the accounting level, referring to Table 7.7 Corporate Scope 3 Accounting and Reporting Standard).
- Calculate the total weight of products sold to Far EasTone Telecommunications, the total weight of products produced annually by the factory or company.
- Deduct emissions from emission sources unrelated to production processes from Scopes 1, 2, and Category 1, 5, 9 emissions, then calculate the total emissions after deducting emission sources unrelated to production processes as the annual product emissions.
- Based on the principle of proportional allocation by product weight, allocate the annual product emissions to products sold to Far EasTone, completing the estimation of Scope 3 Category 1 emissions.
- Divide the annual Scope 3 Category 1 emissions by Far EasTone's annual sales amount to calculate the annual carbon emissions intensity: kilograms of CO2e per kilogram of product or economic intensity: kilograms of CO2e per million sales (prioritize physical intensity).
- Supplier annual carbon emissions intensity reduction targets should not be less than 7% per year.
- Submit annual product emission data by the end of March each year according to Appendix 2.
- Implement Chapter 4 of this guidance, the Supplier Data Quality Improvement Plan.

Chapter 4: Supplier Data Quality Improvement Plan

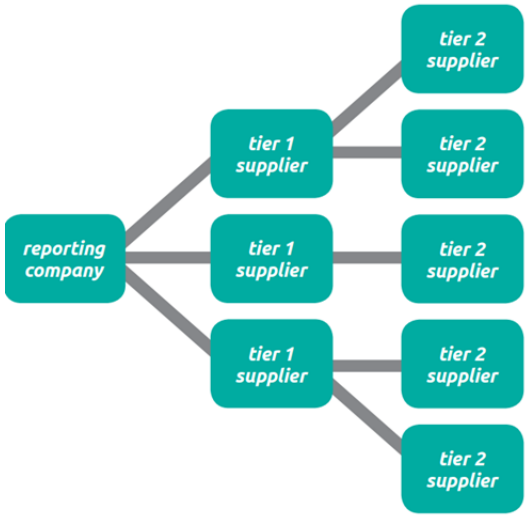
4.1 Guidance for Data Quality Improvement

Starting in 2025, disclosure of Primary Data Share (PDS) and Data Quality Ratings (DQRs) will be based on the "Pathfinder Framework Guidance for The Accounting and

Exchange of Product Life Cycle Emissions." Primary Data Share (PDS) refers to the percentage of primary data used in calculations. It shall be increased by 15% annually.

2.1 Data Collection within the Supply Chain

Starting in 2025, according to the requirements of this guidance, Tier 1 suppliers (second-tier suppliers to Far EasTone Telecommunications) will be required to collect primary data.

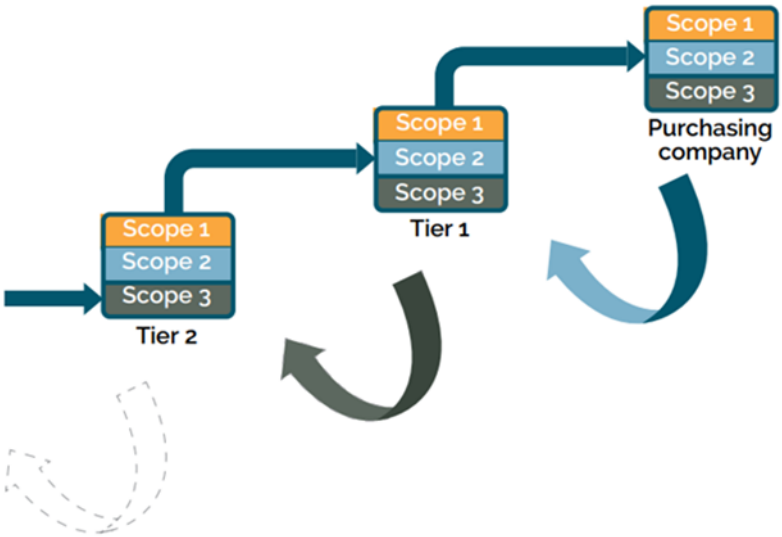


The collection of primary data extends throughout the supply chain to the third tier and beyond, contributing to the ongoing process of data quality improvement.

Chapter 5: Supplier Empowerment

Far EasTone Telecommunications will implement supply

chain empowerment operations with the following objectives: under the guidance of Far EasTone Telecommunications, suppliers are expected to develop carbon inventory capabilities, provide data that complies with GHG Protocol inventory principles, and establish pathways for carbon reduction.



5.1 Establishment of Inventory Team
5.2 Empowerment of Inventory Methodology
5.3 Establishment of Self-Check Capability for Inventory Data
5.4 Guidance on Emission Reduction Strategies
5.5 Implementation of PDCA Improvement for Carbon Inventory Plans

The detail of each section will be implemented in actual execution plan as confidential domain knowledge under different characteristic of each supplier.

Chapter 6: Audit and Target Reporting

6.1 Audit Guidance

Suppliers are required to cooperate with Far EasTone Telecommunications for annual audit operations. The audit operations will be conducted based on the five principles of

the GHG Protocol:

1. Relevance
2. Completeness
3. Consistency
4. Accuracy
5. Transparency

Far EasTone Telecommunications reserves the right to restrict the annual procurement quota for suppliers who fail to meet these requirements.

6.2 Reporting Guidance

Suppliers are required to submit comprehensive inventory data by the end of April each year in accordance with these guidance, to facilitate Far EasTone Telecommunications' annual audit.

6.3 Carbon Pricing

Suppliers should be aware that failure to comply with these guidance regarding carbon inventory and carbon reduction activities may result in potential impacts from internal or external carbon pricing, leading to possible adjustments in purchase orders or quotations.

Chapter 7: Conclusion

Far EasTone Telecommunications has already submitted its commitment to SBTi in 2022, pledging to achieve a 42% absolute reduction in Scope 1 & 2 emissions and a 42% reduction in Scope 3 emissions by 2030. It further commits to reaching net-zero carbon emissions by 2048. Given that Scope 3 emissions cover a wide range of value chain inventory and require systematic management of data collection and carbon reduction, Far EasTone Telecommunications has specifically established these guidance. It pledges to manage the supply chain with ESG sustainability goals and provide guidance to the supply

chain in a digitalized, customized, and normalized manner to adapt to international emission reduction demands and evolving carbon management rules. This demonstrates Far EasTone Telecommunications' determination towards its net-zero commitment. We look forward to suppliers’ joining efforts to address the risks and opportunities of climate change, turning the path to net-zero into the second curve of growth for Far EasTone Telecommunications and its supply chain.