

# 2022 TCFD Report

Climate-related Financial Disclosure Report



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## Foreword



No one is an outsider when it comes to climate issues. Anyone can go “From Zero to Hero” as long as one is willing to do one's part to save the planet and revert the crisis.

Climate change has been attracting a lot of attention in recent years. The impacts of climate change and uncertainties about the future are growing and already a force upon the global economy and environment. In order to keep rising temperature under control and achieve the targets in the Paris Agreement, countries need to complete the transition to low carbon emissions. Net zero has become the global consensus. In 2022, Taiwan government announced the Taiwan Roadmap to Net Zero by 2050 as well as the Green Finance Action Plan 3.0 to show Taiwan's commitment to international. Regarding climate change issues, Taishin FHC is also taking action and looks forward to accelerated accomplishment of the commitment on climate issues driven by global trends, industry changes, and legislative amendments. We also hope to increase the resilience against climate risks and take advantage of related opportunities.

Taishin just celebrated its 30th anniversary this year by declaring “Diligence and Sustainability” as the core values. In the meantime, this report shows our achievements in climate-related risks and opportunities. Taishin is also bringing together our business partners to support sustainability and bring green living to life. As a financial institution, the company plays an important role in influencing the industry and expects to urge more value chain partners to join the sustainability efforts and welcome the day of net zero.

# About This Report





As a close attention of global trends, Taishin started implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2018 and became officially a TCFD supporter in 2019. Taishin FHC has been making disclosures according to the TCFD framework every year since 2018. This report is Taishin FHC's first standalone TCFD report while previous disclosures can be found in the Taishin FHC CSR/Sustainability Report from 2018 to 2021 as a chapter.

**Scope:** The scope covers Taishin FHC and its banking, securities, life insurance, investment trust, and venture capital subsidiaries, and mainly focus on Taishin Bank, Taishin Securities, and Taishin Life.

**Period:** The disclosure focuses on Taishin's TCFD efforts and results in 2022 and includes climate actions over the years.

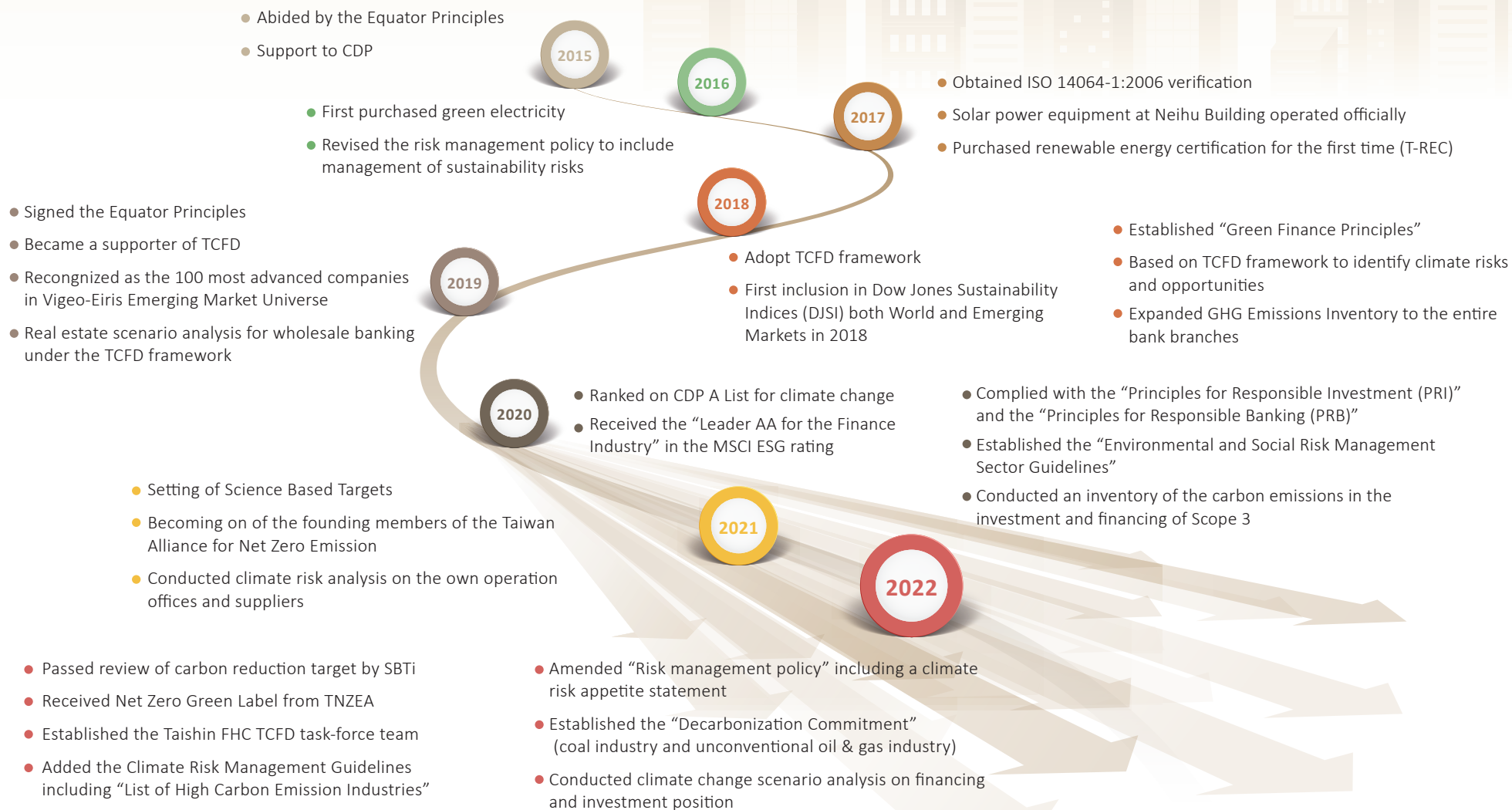
## TCFD Disclosure Recommendations Index

The four TCFD recommendations released by the Financial Stability Board (FSB) and the corresponding sections in this report are shown as follows.

Elements	Disclosure Items Recommended by TCFD	Corresponding Chapter/Section in this Report
 <b>Governance</b>	Describe the board's oversight of climate-related risks and opportunities	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of Board of Directors and Management Team
	Describe the management's role in assessing and managing climate-related risks and opportunities	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of Board of Directors and Management Team
 <b>Strategy</b>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	2.1 Climate-Related Risks and Opportunities
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	2.3 Climate Change Scenario Analysis and Resilience Assessment
 <b>Risk Management</b>	Describe the organization's processes for identifying and assessing climate-related risks	2.1 Climate-Related Risks and Opportunities 3.2 Climate Risk Management
	Describe the organization's processes for managing climate-related risk	3.2 Climate Risk Management
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	3.1 Climate Risk Management Framework 3.2 Climate Risk Management
 <b>Metrics and Targets</b>	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	4.1 Science-Based Targets (SBT) and Achievements 4.2 Environmental Data from Business Operations 4.3 Net Zero Emissions Data from Financial Business
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	4.2 Environmental Data from Business Operations 4.3 Net Zero Emissions Data from Financial Business
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	4.1 Science-Based Targets (SBT) and Achievements 4.2 Environmental Data from Business Operations

## Taishin FHC History of Climate Actions

Taishin continues to pay attention to and promote climate-related issues, and the group's important actions over the years:





# Governance

## 1.1 Climate Governance Framework

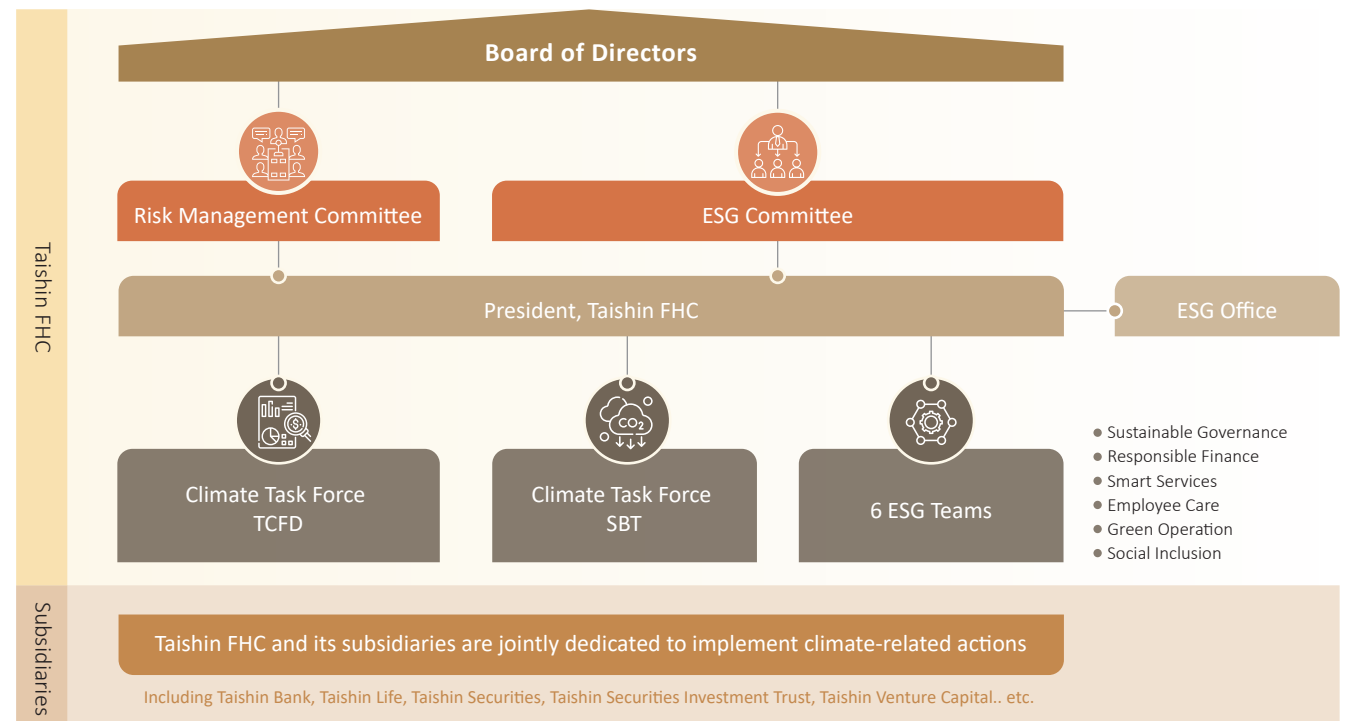
### 1.2 Roles and Responsibilities of Board of the Directors and Management Team

### 1.3 Climate Capacity Building

The Board of Directors of Taishin FHC is the highest governance unit for climate issues. In the meantime, the Risk Management Committee, the Corporate Sustainability Committee (ESG Committee) and 6 ESG Teams and Climate Task-force Teams led by senior executives in accelerating the implementation on climate-related risk and opportunity management.

## 1.1 Climate Governance Framework

Taishin actively deploys climate mechanism and strategies and develops a complete climate issue management system in response to global climate trends and the demand for disclosure from the competent authority, investors, or other stakeholders. Governance of climate-related risks and opportunities is overseen by the Board of Directors, the Risk Management Committee, and the ESG Committee. Besides, Taishin FHC established a strategic meeting on climate-related agenda under the President and is responsible for the group's climate-related strategic planning and major decisions in a cross-subsiary and departmental unit.





## 1.2 Roles and Responsibilities of the Board of Directors and Management Team

The Board of Directors of Taishin FHC is the highest unit on climate and sustainability-related issues. The functional committees, the Risk Management Committee and the ESG Committee, under the Board of Directors are responsible for overseeing and managing climate and ESG issues.

The Risk Management Committee shall consist of no less than three members, more than half of which must be independent directors. The committee shall convene at least twice a year to assist the Board of Directors in inspecting climate-related risk and other risk issues. TCFD inspection was added to the scope of authority in February 2023.

### Risk Management Committee

- Review of risk management policy
- Inspection of regular integrated risk management reports
- Review of TCFD report
- Review or discussion of other material risk management issues identified by the Company or the competent authority

For the purpose of implementing a more effective corporate sustainability practice within the group, the ESG Committee was elevated from under the President of Taishin FHC to under the Board of Directors in 2022. The Committee shall be composed of at least three members, at least one of whom is an independent director of the Company. The Committee shall convene for two meetings a year. It is the core unit overseeing the sustainability practice within the group as a whole.

### ESG Committee

- Review of sustainable development policies and standards.
- Review of the strategic direction and annual plans for sustainable development.
- Discussion of other major topics requiring approval.

Taishin actively initiated the cross-departmental and cross-subsidiary unit for climate issues to motivate for actions to manage climate issues. The Company has integrated the resources by the climate Task-force and six ESG teams under the President of Taishin FHC in order to managing the sustainability strategies more effectively. The subsidiaries help its parent company to promote the strategies and execute them according to their business activities. The Corporate Sustainability Office (ESG Office) was established in 2022 and was led by our Chief Economist. The ESG office assists the ESG Committee in handling proceedings and related affairs, and the President in managing the results of the holding company and subsidiaries in implementing the sustainability strategies. The Office also carry out groupwide ESG operation planning and project distribution within the group.

### TCFD Task Force Team

1. In following the FSB's TCFD recommendations, Taishin pledged its support to TCFD in 2019 and created the Taishin FHC TCFD task-force in 2022. The Chief Risk Officer of Taishin FHC, serves as the convener of the TCFD task-force, is responsible for supervising each subsidiaries to manage climate-related risk issues and impacts and implementing the projects related to climate-related risk. Furthermore, the task-force is divided into four mission teams, including responsible investing, responsible financing, responsible finance, and green operations, with members coming from the holding companies and its subsidiaries. The teams are dedicated to promoting climate-related risk and opportunity management in all business activities.
2. The TCFD task-force continues the FHC's TCFD process and coordinates climate-related risk and opportunity results of the ESG Office, ESG teams, as well as SBT task-force. The TCFD task-force reports regularly to the Taishin FHC monthly risk management meetings, the Risk Management Committee, and the Board of Directors. It also publishes TCFD report annually.
3. In addition, the banking, life insurance, and securities subsidiaries work with the ESG teams and climate task force of the holding company. Based on the nature of each organization, reports are delivered regularly to risk management meetings at the respective subsidiary, the Risk Management Committee, and the Board of Directors in order to create an effective governance framework.

### ► SBT Task-Force Team

1. In response to the need for climate risk management in the future, Taishin takes real action to handle environmental sustainability of its own business operation and Net Zero in banking. In 2021, Taishin launched a science-based target (SBT) project for carbon reduction and took carbon inventory of Scopes 1, 2, and 3 emissions from the important investment and financing assets. The SBT Targets were reviewed and approved by the SBTi in July 2022.
2. In 2022, Taishin took one step further and established the SBT task-force team which focuses on monitoring execution and progress of carbon inventory and carbon reduction target as well as formulating response strategies. The team is required to report results periodically to the ESG Committee or the Board of Directors and present action plans for approval.

### ► Six ESG teams

In response to execute different ESG topics, the six ESG teams, which are sustainable governance, responsible finance, smart services, employee care, green operations, and social inclusion. The “Green Operations” team assesses and manages climate risks and opportunities in the group's own operation. The “Smart Services” team and the “Responsible Finance” team manage climate risks and opportunities in investing and financing activities and promote green financial products and services.

It requires to report to the ESG office and the President on a quarterly basis. Other important issues are regularly reported to the Board of Directors or the ESG Committee.

### Performance and Compensation Dimensions for the President and Managers

The United Nations' Sustainable Development Goals (SDGs) are incorporated into the business strategies (e.g., internal and external audits, compliance, energy conservation and carbon reduction, and other corporate governance and environmental initiatives) and taken into account when the Company conducts performance evaluations and gives remuneration packages. For instance, the KPI of the President and the Chief Risk Officer of Taishin FHC have included climate-related issues. For more information please see Chapter 2.1.3 of Taishin FHC Sustainability Report 2022.

## 1.3 Climate Capacity Building

Taishin monitors closely climate-related agendas around the world. Taishin also organizes forums and seminars and invites external consultants to provide training programs to raise climate risk awareness among the Board of Directors and senior executives.

### ► Taishin FHC provides different levels of training for different audiences in order to improve climate capabilities in the workforce.

1. Regarding the TCFD contacts of each unit, the risk management unit has held meetings in October and December 2022 to provide information on identification, measurement, and management of climate-related risk and opportunity. The contents covered physical risks and transition risks, as well as their impact on the banking sector. In addition, it also explains the TCFD framework and Taishin's operating mechanism to ensure that each business units has climate-related risk and opportunity and TCFD-related knowledge.
2. In order to implement climate-related management in daily business, Taishin also publicizes climate-related risks and opportunities as well as TCFD documents to all colleagues, and is expected to implement "risk management e-learning required course" in 2023 by sharing the concept of risk management, so as to enhance the awareness and capacity building of all colleagues in risk management. The future plan is to conduct it regularly every year, and to update the course content in the latest regulations, new developments from local to global.
3. For executives, Taishin invite experts from outside to Taishin FHC to speak on the opportunities and challenges of net zero in order to help the executives within the group understand environmental and climate issues. We also host the Taishin Net Zero Forum. Designed to increase knowledge of global trends on climate issues and facilitate practice, the forum is attended by Taishin executives as well as outside experts, competent authorities, and business leaders.
4. In the meantime, Taishin also invites consultants to provide training courses on climate trends in banking and sustainability for directors and executives of Taishin FHC and its subsidiaries. These courses cover the global net zero initiative, risk management trends in the banking sector, climate risk regulations, and discussion on adoption of international standards.



# Strategy

## 2.1 Climate-Related Risks and Opportunities

## 2.2 Climate Strategy and Actions

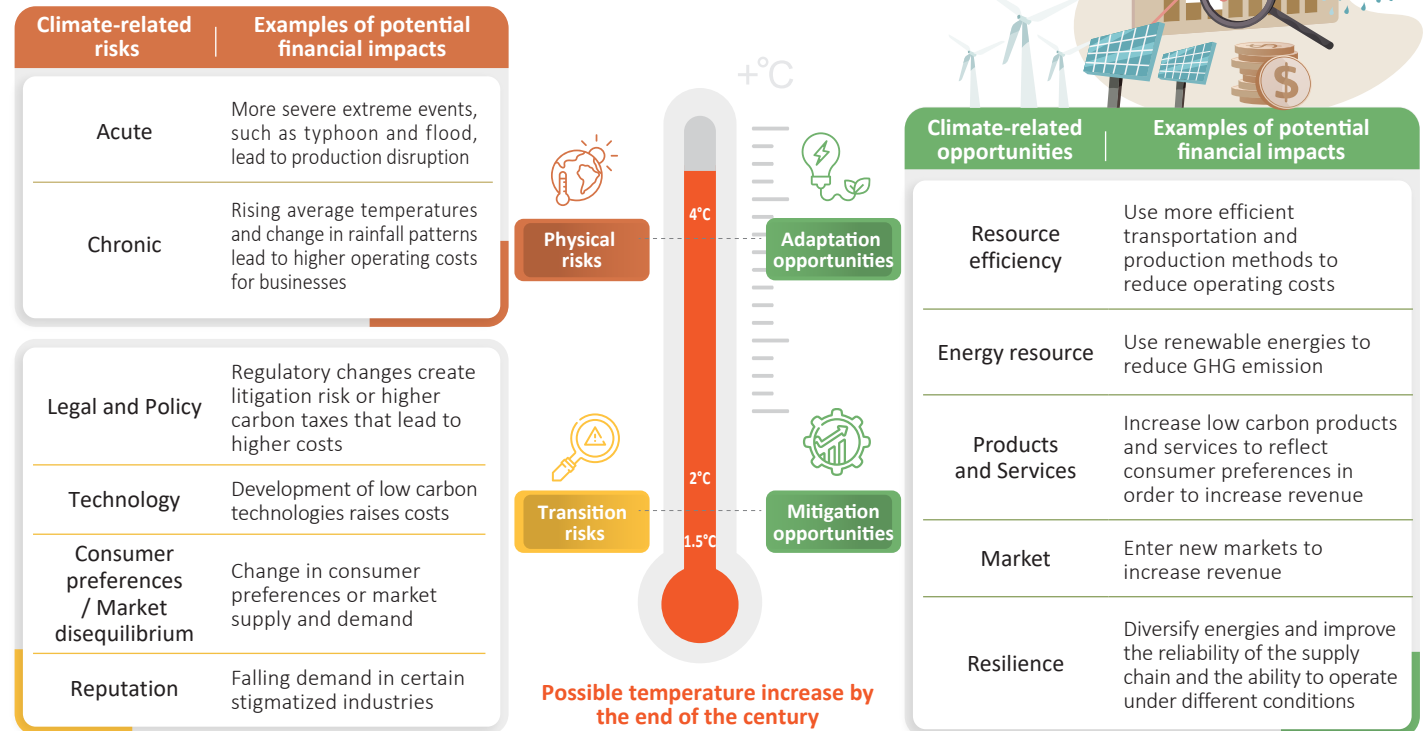
## 2.3 Climate Change Scenario Analysis and Resilience Assessment

Taishin celebrated the 30th anniversary in 2022. As part of its commitment to sustainability, the company responds actively to climate change risks and opportunities and supports the government's green finance policy. It has publicly promised to achieve net zero in the offices by 2030 and net zero groupwide by 2050.

Starting with environmental sustainability for operation and net zero for financial services, Taishin made action plans in response to major climate risks and opportunities identified in internal assessments. The company also measures climate impacts and resilience by forward looking climate risk quantitative methods in order to strengthen the risk management system.

## 2.1 Climate-related Risks and Opportunities

According to TCFD's recommendations, it divides climate-related risks into two categories: "physical risks" related to climate changes and "transition risks" related to low-carbon economy. Meanwhile, climate opportunities will arise from the effort to mitigate or adapt to impacts of climate change.

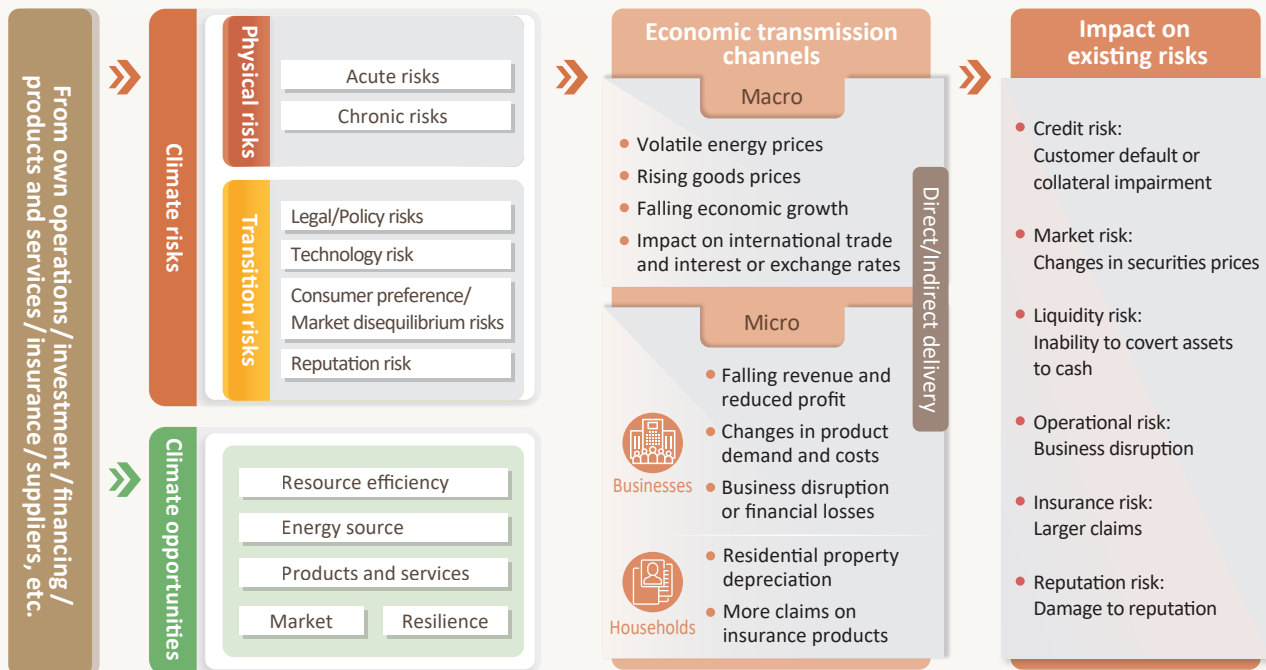
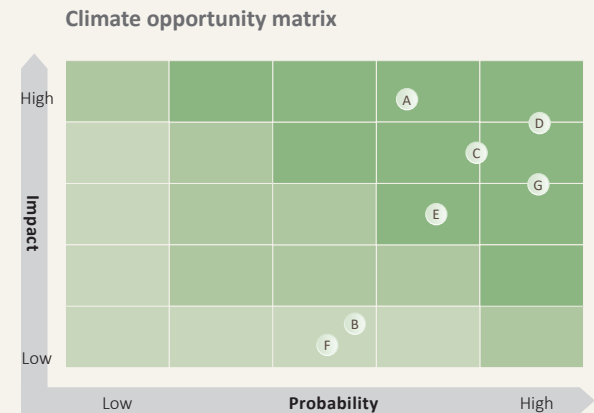
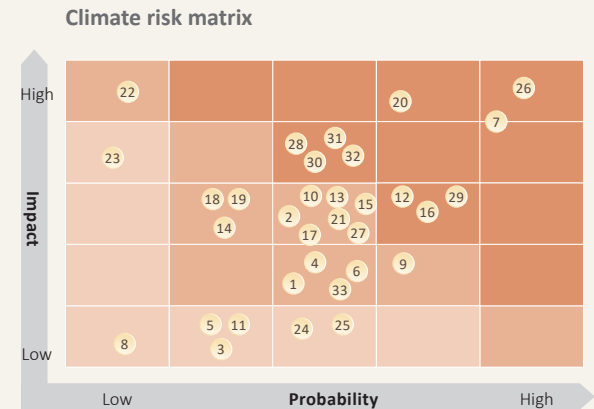


## 2.1.1 Identification of climate risks and opportunities and result of identification

Climate risk is not a standalone risk. It affects directly or indirectly existing credits such as credit risk, market risk, liquidity risk, and operational risk through its impact on microeconomics and macroeconomics. To understand the effects of climate change on the company, Taishin FHC and its key subsidiaries have conducted internal investigation process to identify short- (<=2023), medium- (>2023 and <=2030) and long-term (>2030) climate risks in each company's own business operation, investment, financing, products and services, insurance and suppliers. For example, excessively frequent storms or floods may cause damage to the company's office equipment and increase operational costs. Another example is the issue of carbon taxes to be imposed on bank loan borrowers. The taxes will push up the cost of production and lead to higher credit risk to the banks. In addition to climate risk identification, the business units have identified opportunities arising from the climate change crisis.

In addition, potential risks and opportunities currently faced by Taishin are explored through identification of different climate risks and opportunities. A total of 33 risks and 7 opportunities were identified as shown in the climate matrix on the right. Then the climate matrix following the "materiality process" is used to rank identified climate risks and opportunities by "probability of incidence" and "degree of impact" in order to find climate issues more important to Taishin. The process finds their potential financial impact and the duration of impact and facilitates formulation of response plans and management mechanisms.

Climate Matrix





## Material climate risk issues

The climate risk matrix finds climate risk issues with a higher "probability of incidence" or "degree of impact" among the climate risks identified by Taishin FHC and its banking, life insurance, and securities subsidiaries and ranks them by effect on existing risks as follows:

	Risks	Potential impact on finance	Duration of impact	Corresponding existing risk
26	<b>Additional carbon taxes</b>	The GHG emissions or climate change related taxes imposed by governments have an impact on return on investment and lead to lower value of the bonds.	Medium- term	Market risk
30	<b>Legal and policy amendments</b>	Energy transition policies will cause asset value to fall for businesses on the oil and gas supply chain and lead to accelerated depreciation or stranded assets, which will be reflected on revenue and securities prices. Meanwhile, the impact on business operation may extend to solvency and cause a higher probability of default.	Medium- and (long-) term	Credit risks Market risk
31	<b>Technology innovation</b>	Technology innovation leads to reduced cost of renewable energy, which cuts the market share and pricing power of high carbon emission industries and increases market risk for these industries. Meanwhile, the impact on business operation may extend to solvency and cause a higher probability of default.	Medium- and (long-) term	Credit risks Market risk
32	<b>Market supply/ demand shifts</b>	Market trends are pointing to a growing demand for green energy while the demand for fossil fuels falls every year. Carbon taxes and similar measures expected to be implemented will increase costs. Higher costs will create uncertainties in terms of revenue and profit and loss for the oil industry and affect securities prices in related industries.	Medium- and (long-) term	Credit risks Market risk
7	<b>Increasingly strict GHG emission regulations</b>	Increasingly strict GHG emission regulations are driving the cost of GHG emissions up and, therefore, also driving the operating costs up.	Short-, medium-, and long-term	Operational risk
12	<b>Extreme temperatures</b>	As extremely heat becomes more frequent, a dramatic increase in electricity consumption is causing a higher chance of power outage and leading to disruption to business at the offices and reduced revenue.	Medium- and long- term	Operational risk
16	<b>Typhoon induced disasters</b>	Typhoon induced flooding and business suspension are rising in frequency and leading to business disruption or damaged equipment at the offices and reduced revenue or increased operating costs.	Medium- and long- term	Operational risk
20	<b>Heavy rainfall induced disasters</b>	Heavy rainfall induced flooding and landslide are rising in frequency and leading to business disruption or damaged equipment at the offices and reduced revenue or increased operating costs.	Short- and medium- term	Operational risk
28	<b>Changes in consumer preferences</b>	Considering the factors in climate change issues, any energy intensive or high carbon emission products and services currently on the shelf will become obsolete as they do not align with market demand.	Medium-term	Reputation risk
29	<b>Received with negative feedback</b>	As sustainable thinking and environmental awareness grow globally or regionally, stakeholders give more negative feedback and messages on certain products or services.	Long-term	Reputation risk

## Material climate opportunity issues

In addition to monitoring risks, Taishin FHC and its banking, life insurance, securities, investment trust, and venture capital subsidiaries have identified climate opportunities and found four climate-related opportunity issues with a higher "probability of incidence" and "degree of impact".

	Opportunities	Potential impact on finance	Duration of impact
A	<b>Support for green energy and sustainable lending</b>	Support the government and work on climate change and sustainability issues, promote the renewable energy supply and green energy industry policies, and help borrowers complete sustainability transition in order to increase return on green financing	Short-term
C	<b>Provide financial products and services</b>	Respond to environmental and climate issues, provide digital banking products more efficient in energy saving and carbon reduction, promote ESG bond issuance and related services, and reduce paper or manpower consumed in the efficiency improvement process	Short-, medium-, and (long-) term
D	<b>Low carbon transition of investment / underwriting business</b>	Actively seek investment/underwriting targets (including green bonds and sustainability bonds) with future potential during transition to a low carbon economy and achieve stable returns	Short-, medium-, and (long-) term
G	<b>Fintech trends</b>	Increase the use of digital technology to reduce the cost of resources consumed during paper reduction	Short- and medium- term

\*Period of impact: short-term (<=2023); medium-term (>2023 and <=2030); and long-term (>2030)

## 2.2 Climate Strategy and Actions

Having identified the climate impacts to be faced by the Taishin group as a whole, the company and its subsidiaries followed the core target “Net Zero by 2050” and constructed climate strategies and action plans to achieve environmental sustainability in our own operations and net zero in financial services. Besides strengthening due diligence and caution in assessment of the high climate risk parties, Taishin evaluates potential opportunities arising from climate change and proceeds to formulate mitigation and adaptation plans.

Strategy		Corresponding material risks	Corresponding material Opportunities	Action plans
Own Operations "Environmental sustainability"	Devise and implement environmental sustainability and achieve net zero at 100% of the offices by 2030	7 12	C	1. Promote energy saving and carbon reduction operations on an ongoing basis to reduce impacts of business operations on the natural environment.
		16 20	G	2. Implement Air Conditioning Energy Management System and install solar panels to use renewable energies and make energy transition. 3. Apply for green building labels for own office buildings. 4. Encourage employees to develop habits to save energy and expenses in their daily lives.
Financial services "Net zero"	Support and promote net zero and follow the Net Zero by 2050 target	26 28	A C	1. Continue to participate in international climate initiatives and organize forums to extend the reach of financial influence. 2. Invest and finance to carbon management businesses and support transition to a low carbon economy. a. Follow the SBTs and take steps to achieve transition to lower carbon investment/financing portfolios. b. No new financing coal mining and no new project finance for coal-fired power plants and then setting threshold, escalation schedule and phase-out for the entire coal business and unconventional oil & gas to implement the decarbonization strategy. c. Create a list of high carbon emission industries and monitor regularly the risk of investment/financing transition.
		30 29 31 32	D G	3. Increase ESG and green investment/financing to inject capital into development of green energy industries. 4. Develop ESG and green products and services and promote capital oriented low carbon products in order to work with customers to achieve a sustainable economy. 5. Implement digital technologies to provide e-policy documents and remote services.

## 2.2.1 Devise and implement environmental sustainability and achieve net zero at 100% of the offices by 2030

2.2.1.1 In 2021, Taishin was one of the founding members to join “Taiwan Net Zero Emissions Association (TNZEA)” and followed the other members in declaring the 2030 carbon reduction target. Taishin has been continuously promoting various energy conservation operations, carbon reduction operations, and the enhancement of energy efficiency to lower the impacts of corporate operations to the natural environment.

- ISO 14064-1: 2018 GHG inventory standards, ISO 14001 environmental management system certification, and ISO 50001 energy management system certification are performed every year to effectively monitor GHG emissions.

### Progress of Taishin's environment management

ISO standards	Scope of 2022 inventory	Future plans
ISO 14064-1:2018 GHG inventory	Taishin FHC (including subsidiaries)	Indirect subsidiaries of Taishin FHC to be included by 2025
ISO 14001 environmental management system	Taishin FHC (including subsidiaries)	Continuously execution
ISO 50001 energy management system	Taishin FHC and Taishin Bank	Entire Taishin FHC (including all subsidiaries) to be included by 2025

- Received Net Zero Green Label from TNZEA in June 2022
- Passed review of carbon reduction target by SBTi in July 2022. Taishin will continue to reduce Scope 1 and Scope 2 carbon emissions as planned.

### Short-term results

#### Green Building Labels for own buildings

Taishin has been applying for green building labels for its own office buildings since 2020. 3 green building labels have been received as of the end of 2022.

#### Installation of solar panels

Check rooftop space on top of branch property in order to install solar panels. There are currently 9 branches installation in total.

#### Use of renewable energies

To reduce Scope 2 emissions significantly and advance toward net zero in offices, Taishin started purchased renewable energy certificates (T-REC) in 2017 and started entering into Corporate Power Purchase Agreement (CPPA) with renewable energy suppliers in 2022.

#### Implementation of Air Conditioning Energy Management System

Air Conditioning Energy Management System will be implemented in 2023 to monitor and manage power consumption for HVAC.

#### Ongoing replacement of HVAC / office lighting

#### Support lights out initiatives to save energy

Taishin started participating in WWF Earth Hour in 2021. In 2022, Taishin FHC, 101 bank branches, and the securities and life insurance subsidiaries joined in turning off marquee and neon signs and other energy consuming light fixtures.

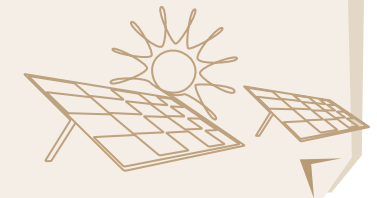
Taishin promised to **stop purchasing new pure fossil fuel vehicles** for company vehicles in 2022 and to purchase hybrid and electric vehicles instead to reduce fuel consumption.

#### Installation of EV charging stations

In 2021, Taishin installed 3 EV charging stations in Taishin Tower to encourage employees and visitors to use electric vehicles.

Employees and their spouses and first-degree relatives are subsidized for **replacement of old motorcycles by Gogoro motorcycles**.

A feasibility analysis was performed to evaluate installation of Gogoro charging stations, YouBike stations, and EV charging stations at 104 offices to **reduce carbon emissions by employees during commute**.



### Medium- and long-term actions

- ✦ Make different plans to purchase renewable energies and carbon credits to reduce Scope 1 and Scope 2 emissions on an ongoing basis.
- ✦ Install Gogoro charging stations, YouBike stations, and EV charging stations on an ongoing basis to encourage members of the public and employees to travel by lower carbon emission means.
- ✦ Work with suppliers who pay attention to the environment, energy efficiency, waste reduction, and health on a long term basis.
- ✦ Engage in long-term tree planting programs.
- ✦ Continue to support lights off initiatives and organize energy efficiency competitions in the company to change employees' power consumption patterns and increase energy efficiency.

### 2.2.1.2 Internal Carbon Pricing

To cope with the impact of climate change and respond to the Paris Agreement, Taishin became an institution supporting TCFD in 2019, and expects to effectively achieve the science-based target (SBT) of carbon reduction approved by SBTi in 2022. By introducing the internal carbon pricing mechanism, the pricing of carbon-related external costs is included in the management measures of internal low-carbon transition, so as to guide low-carbon capital investment by improving energy efficiency and reducing carbon emissions, so that low-carbon operations can be implemented in all units of the organization.

Taishin's internal carbon pricing adopts the shadow price method, which is applied to the evaluation of scopes 1 and 2 reduction actions. Carbon pricing is considered together with equipment specifications and input costs, so that carbon price factors can be simultaneously reflected in the planning of energy-saving actions. At present, the price of 1 ton/CO<sub>2</sub>e is set at NTD 2,400, which is mainly measured through internal carbon reduction cost analysis, external carbon price research, general situation of various carbon trading markets and the industry, etc.; We look forward to responding to climate change-related laws and regulations, changing internal actions, guiding energy efficiency and low-carbon investment, and responding to stakeholders through the implementation of internal carbon pricing. Relevant pricing is expected to be reviewed and adjusted annually based on actual operations or trends.



## 2.2.2 Respond to and promote net zero emissions and respond to the 2050 net zero carbon emissions target

### 2.2.2.1 Continue to actively respond to major international climate-related action initiatives and evaluations:

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

Selected in the Dow Jones Sustainability Indices (DJSI) both World and Emerging Markets for **five** consecutive years

**vigeo** **eiris**

Recognized as the 100 most advanced companies in Vigeo-Eiris Emerging Market Universe for **three** consecutive years

**MSCI**  
ESG RATINGS **AA**  
CCC B BB BBB A AA AAA

Received the **“Leader AA for the Finance Industry”** in the MSCI ESG rating for **three** consecutive years

**CDP**  
DRIVING SUSTAINABLE ECONOMIES

Ranked on CDP the **“leadership level A-”** for climate change in 2022

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signed up to become a TCFD supporting organization in 2019

**EQUATOR PRINCIPLES**

Signed the Equator Principles in 2019

**TANZE** **TANZE**  
台灣淨零排放協會 台灣淨零行動聯盟

Becoming one of the founding members of the Taiwan Alliance for Net Zero Emission in 2021

**SCIENCE BASED TARGETS**  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Passed review of carbon reduction target by SBTi in 2022

### 2.2.2.2 Extending the influence of finance

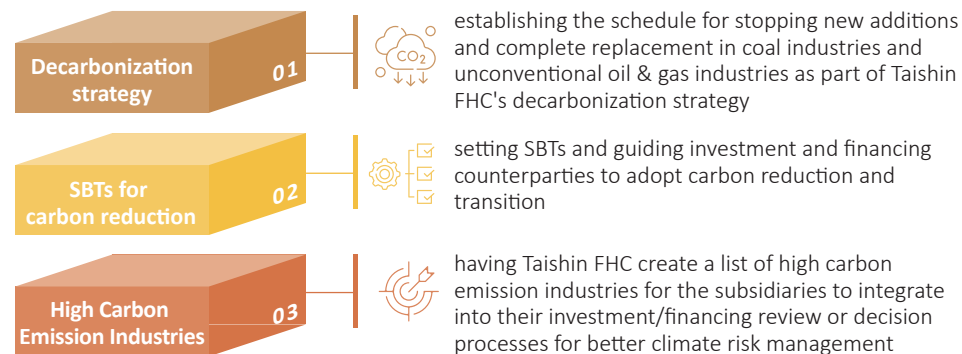
Taishin FHC celebrated its 30th anniversary in 2022. As the world accelerates towards sustainable net zero, Taishin leverages its role as a trend setting financial institution and hosted the Taishin 30 Sustainable Net Zero Summit on April 22. The summit advocated net zero emissions and gathered more than 1,800 experts and academics, government representatives, business leaders, and sustainability experts from around the world to discuss latest trends, policy directions, and practical approaches in different parts of the world. The event was part of Taishin's effort to draw attention to sustainability and net zero and call on more business partners to join the sustainability campaign and support a future of net zero. There are plans to hold sustainability and net zero summits every year in the future and continue to follow climate issues through different discussions.

### 2.2.2.3 Promoting the low-carbon economy

Taishin takes an active approach to climate issues. For low carbon transition in investment and loans, Taishin implements carbon management for financial assets and support the development of green products and green industries. The goal is to move along with global benchmarks in investment and loan transition and be able to work with borrowers to find a balance between net zero transition and capital acquisition.

#### ► Carbon management for financial assets

To demonstrate its commitment to net zero, Taishin FHC and its subsidiaries implement carbon management for financial assets on various levels. The effort keeps the impact of climate risks on the group as a whole effectively under control and enables the group to gradually achieve low carbon transition. More details will be provided in the chapter on risk management.



#### ► Promoting development of green products and supporting green industries

Taishin is an active advocate for net zero and sustainability. Actions taken by different departments within the group are described as follows:

##### 1. Wholesale banking business

- Leverage on a financial institution's role in guiding capital flows and be first in the industry to launch preferred loans for buildings with energy efficiency labels. Support the Ministry of Interior's new net zero building policy and introduce preferred loans for buildings with "energy efficient building labels". New borrowers will be eligible for preferred interest rates if the real estate purchased or collateral provided has received a high energy efficiency certificate with an energy efficient building score of 3 or lower from the Ministry of Interior.
- Promote sustainable infrastructure loans to provide financing for environmentally or socially friendly infrastructure industries, such as public transport, wastewater/waste treatment, health care, and urban development, in response to sustainability trends.
- Promote sustainability-linked loans to help businesses obtain funding needed for green and sustainability lending in order to support development of low carbon transport, circular economies, and renewable energies.
- Support the government in promoting green energy and sustainability related loans. Continue to follow government policies and green energy developments, and help businesses in environmental, social and economic transition to obtain funding.
- Support renewable energy industries, and implement the "Guidelines for Solar Power Plants Financing" in response to the government's renewable energy policy. Encourage applications and refinance for building and purchasing solar power plant related financing.
- Connect and combine systems inside and outside the bank through "Taishin SME eco ECO Digital Financial Service Platform", which is the first banking platform in the country to cover customer acquisition, application, submission, credit check, rating, and review. Assist SMEs in green digital transition and achieving ESG in an easy and friendly way, which has received positive feedback from SME customers. Taishin Bank's innovative Taishin SME eco ECO Digital Financial Service Platform offers financial services that deliver quality, accessibility and usability. The platform is a winner of 2022 National Quality Award for Best Product and Silver Award in the Economic Development Category of Taiwan Sustainability Action Award.

## 2. Retail banking business

- To step the campaign for green banking services, Taishin has expanded the range of Richart digital banking services by adding access to securities settlement accounts. Consumers will be able to manage their securities settlement accounts, ESG fund portfolios, and ESG investments separately. We are also working with partners to promote net zero and CSR by building a green lifestyle ecosystem through Richart Life.
- Regarding credit card services, Taishin Bank is a long term supporter for environmental friendliness and makes digital versions of product or service design and documents available to customers. Subscription to e-statements has risen from 20% to 65%, and most marketing communications are conducted via e-flyers or SMS messages to cut back on printed materials and achieve a higher reach rate with 750,000 to 900,000 more customers reading these materials on mobile devices. Promotional gifts are replaced with Taishin Points to cut down distribution of physical items, which reduces carbon emissions and environmental impacts significantly and contributes to success of the net zero strategy. Taishin also works with businesses specialized in green energy and environmental conservation. In 2018, Taishin teamed up with B Corp DOMI Earth to encourage credit card holders to switch to e-statements. A total of 1.35 million cardholders have made the switch and the percentage of e-statement users more than quadrupled. The improvement eliminates 43 million paper statements and helps close to 510 energy disadvantaged households switch to energy efficient appliances. In 2022, Taishin teamed up with DOMI Earth again and took a step further to launch a credit card campaign for tree planting and carbon reduction. The campaign planted 1,000 trees on woodland in New Taipei City for Taishin credit card holders. The combination of e-statements and the tree planting program can reduce carbon emissions by a total of 800 tons, which is the equivalent of more than 2 Daan Forest Parks.
- Taishin Bank has launched the energy saving and carbon reduction auto loan program to offer preferred interest rates to consumers who purchase electric cars or hybrid cars. Taishin Bank also offers green building mortgage and energy efficient household mortgage as well as green loans for purchases of electronic products with energy or water saving labels.
- To promote green products, Taishin offers merchants the pay+ service that is a more friendly and helps merchants combine mobile payment services and build merchant wallets and acts as a bridge between customers and merchants. pay+ is a digital product that reduces carbon emissions. It is being used by than 40 merchants and has handled more than 50 million transactions. It effectively reduces cash transactions and printed receipts and help merchants achieve digital transition and carbon reduction. Furthermore, Taishin expects to partner with Gogoro in October 2023 and launch Gogoro Wallet. It will encourage Taishin Bank credit card holders to purchase electric vehicles to reduce air pollution and carbon emissions. A marketing campaign will be launched at the same time to attract 500,000 Gogoro members to use Gogoro Wallet to pay for charging their electric vehicles and increase penetration of carbon reduction financial services.
- For investing and financial planning, the online insurance enrollment platform, e-Insure, accepts insurance applications over the internet. The paperless service saves on paper and promotes electronic policy documents to achieve low carbon and sustainability. In response to trends of sustainability and climate change investing, green financial product review is added to the review process for financial planning products in order to ensure funds do not violate ESG requirements. The lineup of environmental sustainability funds (e.g. energy transition market) is expanded to provide a way for bank customers to invest directly in ESG industries. The addition can be expected to increase income from ESG fund sales. Products proposed by insurance companies that include ESG themed quasi-discretionary accounts will be given priority in evaluation.
- Taishin Securities Investment Trust(TSIT) is committed to promoting the development of sustainable investment products. TSIT issued two ESG funds in 2021, namely, Taishin ESG Global Environmental Growth Equity Fund and the Taishin ESG EM Bond Fund. Furthermore, to meet with socially responsible investing (SRI), TSIT operates a discretionary account under a government fund, has included outstanding enterprises that meet ESG conditions into the Main list(stock pool), and then prioritizes good ESG performance companies from the stock pool as the investment targets. TSIT has incorporated ESG screening into its fund portfolio to strengthen the impact of investing, thus enabling citizens to invest their wealth while supporting global climate actions and ESG conforming companies.

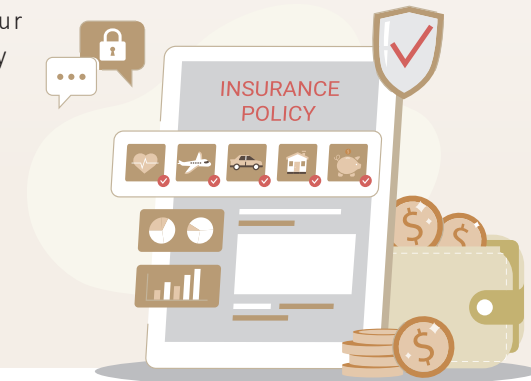
### 3. Capital market

- When investing, the Bank will evaluate the underlying industries and whether each business is consistent with the Bank's net zero and sustainability strategies. ESG is always a factor to be considered prior to investing. For equity investment, strong corporate governance and healthy operation will be the criteria for selecting from ESG stocks. For bond investment, Bloomberg ESG scores will be considered to select issuers with a certain level of ESG scores or higher. For bond underwriting, an active effort will be made to find ESG issuers and investors in different industries while exploring opportunities in sustainability linked bonds (SLB).
- Taishin is first to offer sustainability bond services that help businesses to raise funds by issuing sustainability/green bonds and achieve net zero and sustainability in the process. Taishin Bank plans to combine sustainable development consulting and the needs of wholesale banking customers. The one-stop ESG bond service covers evaluation, information gathering, certification, issuance, filing and listing, and followup shortens the issuance process and improves efficiency. It allows corporate clients who are not yet involved in ESG investing or financing to make a quick start and raises the incentive for those already involved in ESG investing and financing to be more active in raising funds by issuing ESG bonds.
- Taishin Venture Capital invested in renewable energies and solar power companies in 2020. It supports green energies and environmental sustainability and invests in groups with experience in development, design, installation, and maintenance of solar power facilities in the country. It also entered joint ventures to develop more mature investment projects such as rooftop and ground mounted solar power facilities. Moreover, Taishin Venture Capital will keep watching fields such as renewable energies, smart grids, green power trading in order to seek investment opportunities and support business development in related areas.
- When investing, Taishin Life Insurance will evaluate whether the industries and individual companies are aligned with its net zero and sustainability strategies and always include ESG in the decision making process. For bond investment, it will consider Bloomberg ESG scores and sustainability risk scores and focus on investing in issuers with good ESG scores and lower sustainability risk in the industry. In addition, following the global shift toward sustainable finance, Taishin Life Insurance implements responsible investing. Apart from participating in solar power plant investment projects, Taishin Life Insurance invested a total of NT\$800 million in two green bonds in 2022.

- Taishin Securities works actively to increase the number of ESG related underwriting projects. It is expected to be the lead underwriter of Acer Gadget IPO in 2023 Q2. The company is in the business of developing computer peripherals (e.g. multitasking extensions, gaming peripherals), smart mobile products, and innovative accessories (wearable payment collection, ESG friendly collection) and related services. It relies on the advantage of an extensive product line and raw material suppliers' strengths in environmentally friendly materials to use environmentally friendly and recycled materials in production of computer peripherals (keyboards and mice) and wearable products. For example, packaged products will use ECONYL regenerated nylon, recycled PET yarns, and regenerated yarns. This company produces and develops sustainable and environmentally friendly products that are also competitive and attract environmentally conscious consumers. There is also enhancement of corporate image.

### 4. Life insurance

Taishin Life has developed the digital transformation roadmap for the future to enhance customer enablement, aiming to improve customer experience and service efficiency. We will enrich premium collection service by introducing different digital payment services. We also plans to build a comprehensive customer communication platform where customer can receive and access all kinds of correspondence letters, notices quickly and easily in one integrated platform. In addition, we will implement remote conferencing service to facilitate new business application processes, policy change processes, and/or claim application processes. Through the new digital enablement solution, we are able to complete the transactions even when customer's physical presence and signature not feasible. We will continue to encourage our customers to adopt E-policy package/statement instead of traditional paper-print service for environment friendliness.



## 2.3 Climate Change Scenario Analysis and Resilience Assessment

### 2.3.1 Bank investment and financing position

To quantify the potential impacts of climate-related risks on Taishin and assess the effectiveness of climate strategies implemented by Taishin, Taishin Bank, a main subsidiary of Taishin FHC, carries out climate risk impact assessments using the methodology of the “Operation Plan for Domestic Banks’ Handling of Climate Change Scenario Analysis (hereinafter “Taiwan bankers association’s guideline”)” issued by the Bankers Association of Taiwan. The methodology covers climate scenario assessment reports and reference scenarios that are widely cited internationally, selects three different climate change paths to evaluate the impacts on the Company’s positions under physical risks and transition risks through climate scenario analysis.

Taishin Bank further adopts materiality methodology to identify industries and customers with high climate risks for scenario analysis and resilience verification. These results are used to assess the resilience of the Group’s climate strategies.

#### ► Climate Scenario of End-of-Century Warming Assumption Pathway

End of century scenario	NGFS scenario	IPCC-AR5
Temperature at the end of the century was <1.5°C	Net Zero 2050	
	Divergent Net Zero	
Temperature at the end of the century was <2°C	Below 2°C	RCP2.6
	Delayed Transition	
Temperature at the end of the century was <3°C	NDCs	RCP4.5
Temperature at the end of the century was <4°C		RCP6.0
Temperature at the end of the century was >4°C	Current policies	RCP8.5

Climate scenario setting and description	
<p>► 2050 Orderly Transition Scenarios</p>	<p>To achieve the net-zero goal by 2050, countries around the world has gradually strengthened the implementation of carbon pricing and the promotion of relevant policies by the public sector since 2021. The demand for transition will result in costs for traditional industries, such as fossil fuel extraction and production and the energy sector, to phase out. However, it also gives opportunities for relevant industries like renewable energy source to emerge.</p>
<p>► Disorderly Transition Scenarios</p>	<p>Governments of various countries was inactive towards reducing carbon before 2030. As a result, significant enhancements in the implementation of relevant policies were made after 2031. Each industry experienced more severe impacts of transition during the period from 2031 to 2050.</p>
<p>► Hot House World Scenarios</p>	<p>In addition to the existing policies implemented, governments of various countries have not promoted any new carbon reduction policies. In this scenario, the global temperature rise at the end of this century is projected to exceed 4°C. The world will face the highest level of physical risks.</p>

#### ► Summary Table of Credit Risks from the Climate Change Scenario Analysis Calculation Results

Credit risk Climate Change Scenario Analysis	Baseline Scenarios	Orderly Transition Scenarios		Disorderly Transition Scenarios		Hot House World Scenarios	
		2030	2050	2030	2050	2030	2050
The ratio of the expected loss to the income before tax in the base year	41.1%	60.3%	68.6%	59.2%	77.7%	54.4%	57.2%
The ratio of the expected loss to the net value	3.6%	5.3%	6.0%	5.2%	6.8%	4.8%	5.0%
Transition Risk Positions <sup>(Note 1)</sup>	2.6%	4.1%	4.7%	3.6%	5.7%	3.6%	3.5%
Physical Risk Positions <sup>(Note 1)</sup>	1.1%	1.2%	1.3%	1.6%	1.1%	1.2%	1.5%

Note 1: “Transition risks” include wholesale banking and investment positions are more affected by transition risks, while “physical risks” include personal finance positions.

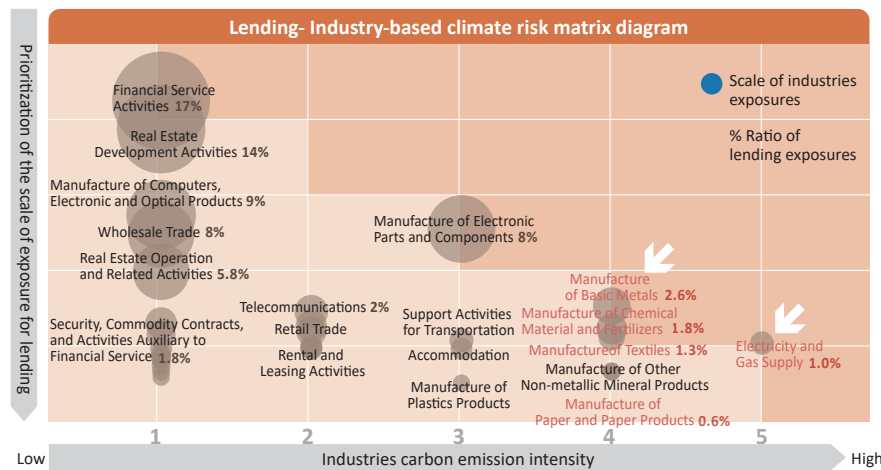
Note 2: Period of impact referred by the Taiwan bankers association’s guideline: the benchmark scenario is short-term (<=2023); 2030 is mid-term (>2023, <=2030); 2050 is long-term (>2030).

The scope of assessment includes Taishin Bank’s domestic and international lending, domestic and international banking book bonds, bills and equities investments. The impact is presented by the ratio of expected loss to the bank’s consolidated net worth. The value of loss in 2050 is higher than in 2030 observed in the three risk scenarios. Both the orderly transition scenarios and disorderly transition scenarios with transition measures are compared. Carbon reduction and transitions are implemented gradually each year for orderly transitions, while carbon reduction and transitions are not implemented until after 2030 for disorderly transitions. Consequently, the transition costs of the orderly transitions are generated earlier than those of the disorderly transitions, resulting in higher loss ratio by 2030. On the other hand, the later the transitions are implemented, the higher the transition costs will be incurred. As a result, banks will face a greater potential loss by 2050. Furthermore, in a hot house world scenario without any transition measures, assuming no carbon tax was imposed, the overall industrial environment in Taiwan is more susceptible to transition risk factors than physical risk factors, resulting in a lower overall ratio of loss. However, due to severe global warming in this scenario, several intangible environmental costs may be generated. Overall, in the hot house world scenario, the losses caused by the expansion of climate disasters may be transferred to industries with more physical assets, such as the life insurance sector.

► Materiality Identification of Industry Climate Risk

To gain a comprehensive understanding of the extent to which various products of Taishin Bank are affected by climate risks, first, a two-dimensional comparison of the industry carbon emission intensity and exposure concentration shall be conducted to identify the significance of climate risk for credit exposures and banking book investment exposures. It was found that the majority of exposures are concentrated in the low-carbon emission industries. Among the industries with a carbon emission intensity of 4 and 5 in the bank’s credit transactions, five industries with high climate risks are identified as industries of concern, which are the “electricity and gas supply industry,” “manufacture of basic metals industry,” “manufacture of textiles industry,” “manufacture of chemical material and fertilizers industry” and “manufacture of paper, and paper products industry.” For the bank’s investment positions, the “electricity and gas supply industry” and “manufacture of paper, and paper products industry” is selected for further scenario analysis and resilience assessment.

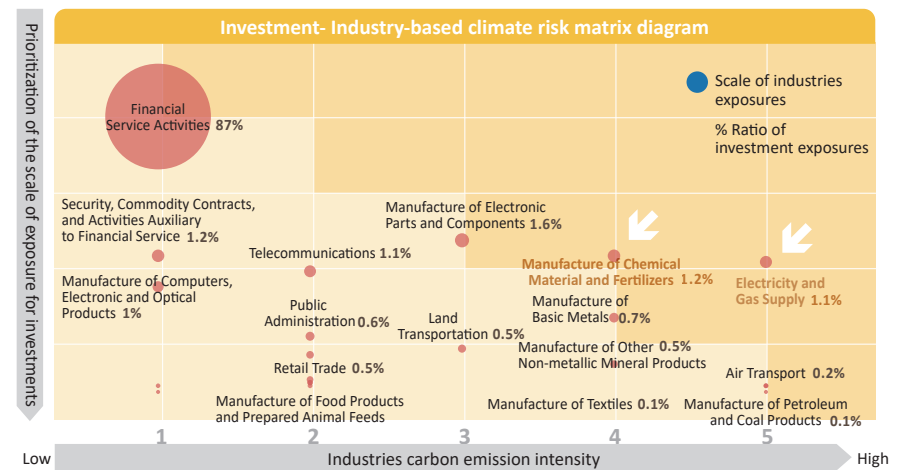
- Lending- carbon emission intensity of industries and identification of exposure concentration



Description:

- 1.The scope of assessment includes all lending exposures of Taishin Bank. The matrix diagram displays industries with an exposure ratio of 0.5% or higher for individual industry.
- 2.The industries carbon emission intensity is classified into 1 to 5 categories based on the classification method from the Taiwan bankers association’s guideline.
- 3.The scale of exposure is based on the credit balance of various industries of Taishin Bank as of the end of December 2022.

- Investment- carbon emission intensity of industries and identification of exposure concentration



Description:

- 1.The scope of assessment includes all bonds and bills and equity investment of Taishin Bank. Industries with an exposure ratio of 0.1% or higher for individual industry is displayed.
- 2.The industries carbon emission intensity is classified into 1 to 5 categories based on the classification method from the Taiwan bankers association’s guideline.
- 3.The scale of exposure is based on the investment balance of various industries of Taishin Bank as of the end of December 2022.

► Overview of Taishin Bank analysis of transition risk and physical risk scenarios for specific projects

Risk Type	Emerging Risk	Targets/ industry for analysis	Evaluation scope	Climate scenario	Timeframe
Transition Risks	Changes in consumer preferences	“Electricity and gas supply industry,” “Manufacture of chemical material and fertilizers industry”	Banking book bonds and bills and equity securities positions	<ul style="list-style-type: none"> <li>• 2050 Orderly Transition Scenarios (Temperature rise at the end of century is below 2°C)</li> <li>• Disorderly Transition Scenarios (RCP4.5 RCP6.0)</li> <li>• Hot House World Scenarios (RCP8.5)</li> </ul>	2030/2050
	Legal and policy amendments	“Electricity and gas supply industry,” “Manufacture of basic metals industry,” “Manufacture of textiles industry,” “Manufacture of chemical material and fertilizers industry,” “Manufacture of paper and paper products industry”	Corporate credit position		2030/2050
Physical Risks	Acute, Chronic	Extreme climate impacts resulting in collaterals losing their values	Mortgage loan position		2030/2050

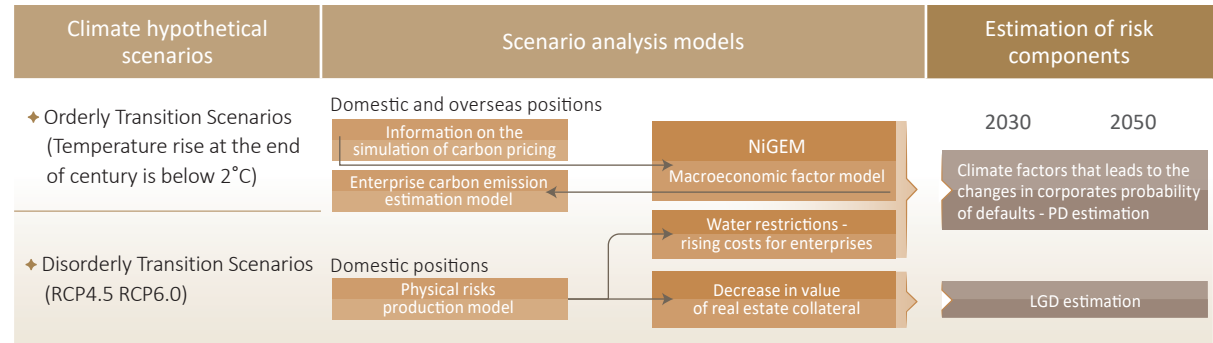
### 2.3.1.1 Transition Risks- “Bank credit position”

#### ► Evaluation objects and purposes

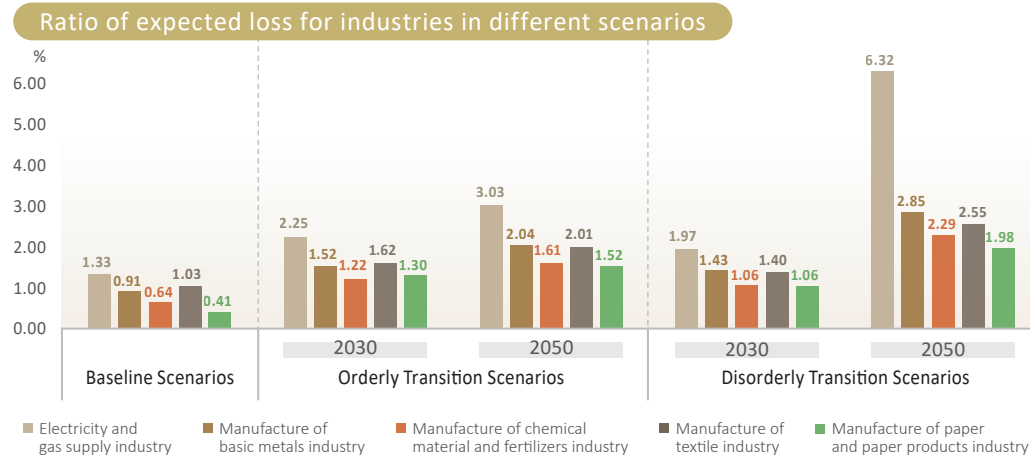
Considering that governments and relevant supervisory authorities around the world are striving to reduce carbon, they will successively implement policies and measures aim at encouraging more low carbon transitions for various industries. These efforts will influence the production and operations of enterprises, particularly putting significant pressure on high carbon emitting and energy consuming enterprises. For example, the implementation of carbon allowance systems and the establishment of carbon emission trading mechanisms will increase the costs for high carbon emission enterprises. Then, this lead to reduced profits and losses as well as financial risks. First, the Company is going to conduct transition risk assessments for five industries with high climate risk, after which materiality identification has been conducted in the Taishin Bank’s credit positions.

#### ► Assessment method

Following the Taiwan bankers association’s guideline to conduct trial calculations on two different climate change paths of transition risks.



#### ► Assessment result



The results indicate that in a scenario where the government effectively controls global warming and facilitates an orderly transition, the ratio of expected loss for industries with high climate risk, such as “electricity and gas supply industry,” “manufacture of basic metals industry,” “manufacture of textiles industry,” “manufacture of chemical material and fertilizers industry,” “manufacture of paper and paper product industry,” show a sustained but slowed increase in 2030 and 2050. In a scenario of disorderly transition, “electricity and gas supply industry” with a carbon emission intensity level of 5 will experience a significant increase in ratio of loss by 2050.

#### ► Resilience assessment analysis

Although the electricity and gas supply industry has the highest level of carbon emission intensity, the majority of Taishin Bank’s current relevant exposures are renewable energy power plants (over 80%), with a relatively low percentage of coal-fired power plants. Furthermore, Taishin decarbonization policy has clearly stipulated that no new financing will be provided for coal-fired power plants after 2025, and the existing positions are gradually phasing out. The actual impact of transition risks is expected to be reduced.

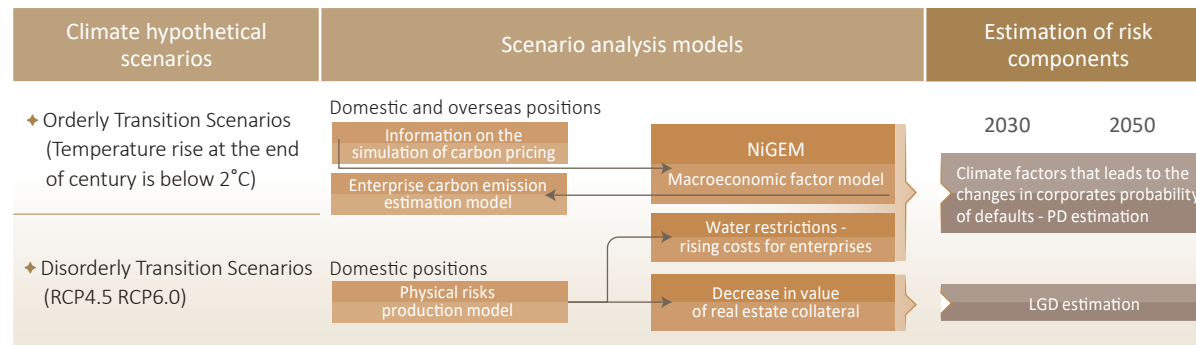
Taishin Bank has passed the review of SBT after submission in 2022, with 2019 as the baseline year. Taishin has announced various SBT reduction goals and established an SBT task force. The task force plans the progress required to achieve the goals annually and conducts regular reviews and reports on the achievement status. Simultaneously, Taishin Bank has also internally released “decarbonization policies for wholesale banking.” For positions with specific industries, Taishin sets phase-out goals and schedules, and formulates the “Regulations Governing the Sustainability-linked Loan for wholesale Banking” to encourage and assist enterprises in carrying out sustainability transitions. The set up of relevant climate goals and implementation of management mechanisms are aimed at reducing the impact of climate change risks.

### 2.3.1.2 Transition risks- “Bank bonds and bills and equity positions”

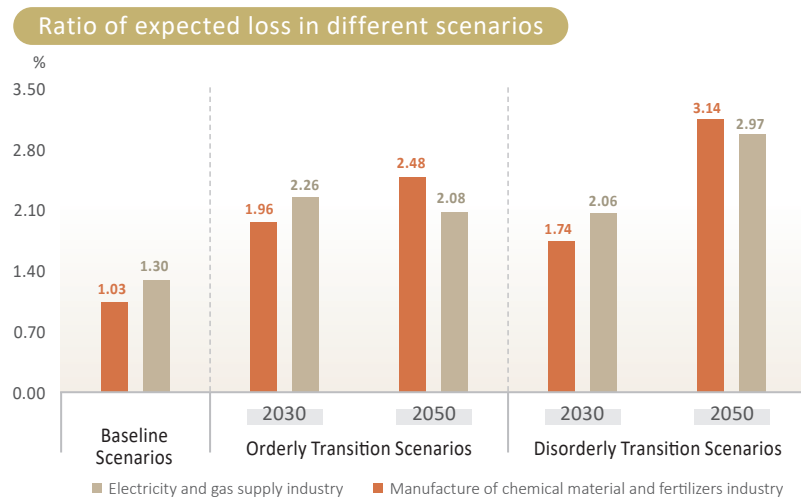
#### ► Evaluation objects and purposes

Taking into account the trend of global low carbon transitions, it is possible that market preferences will shift. Investors will much favor low carbon assets while divesting carbon intensive assets, such as petrochemical. This will lead to price fluctuations in the assets of related industries and upstream and downstream supply chain companies. Through scenario analysis of transition risks, it is estimated that Taishin Bank’s bond and bills and equity investment positions may suffer financial impacts in the context of global decarbonization trends.

#### ► Assessment method



#### ► Assessment result



The results indicate that in the scenario of effective government control over global warming and orderly transitions, the ratio of expected loss for industries with high climate risks will increase significantly in 2030 but will be controlled in 2050. In the scenario of a disorderly transition, the increase in 2030 is relatively low, but a significant increase in the ratio of loss is expected to occur in 2050.

#### ► Resilience assessment analysis

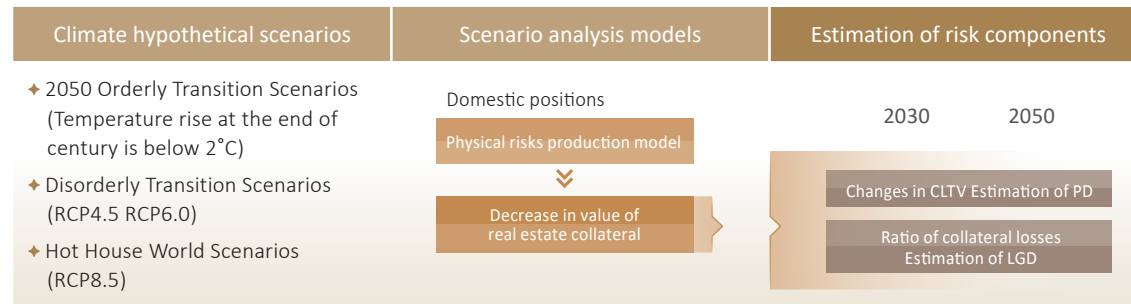
Taishin Bank has revised the “Pre-Investment Assessment and Post-Investment Management Regulations for Taishin Bank’s Equity” and “Pre-Investment Assessment and Post-Investment Management Regulations for Taishin Bank’s Bonds.” Also, the Company has incorporated decarbonization strategies of the financial holdings coal industry and unconventional oil & gas industries into the pre-investment assessment and post-investment management. Additionally, Taishin follows the “Climate Risk Management Guidelines” issued by the financial holdings to monitor high carbon emission industries. As a result, the investment position of relevant industries with high climate risks to the overall exposure ratio is controlled below a certain ratio. The climate risk impact assessment can be controlled.

### 2.3.1.3 Physical risks- “Mortgage loan positions”

#### ► Evaluation objects and purposes

Taiwan has a maritime climate in a middle and low latitude. It experiences a rainy season during spring and is prone to typhoons in summer. In autumn and winter, strong northeast monsoons prevail, and occasionally there are accompanied effects. Therefore, heavy rainfall that can lead to disasters are inevitable. For Taishin Bank, the greatest physical risk comes from the decrease in the value of real estate, which is the mortgage collaterals of retail banking, due to heavy rain and flooding. When individuals suffer financial losses, they may not be able to repay their bank loans, as a result, financial institutions have to bear the losses or expenses. Therefore, by referring to the methodology in the “Taiwan bankers association’s guideline,” Taishin Bank utilizes the Water Resources Agency’s inundation potential maps overlaid with simulated data on heavy rainfall to categorize several physical risk classes according to the bank’s collaterals located in the counties, cities, townships, and districts and conduct relevant scenario analysis.

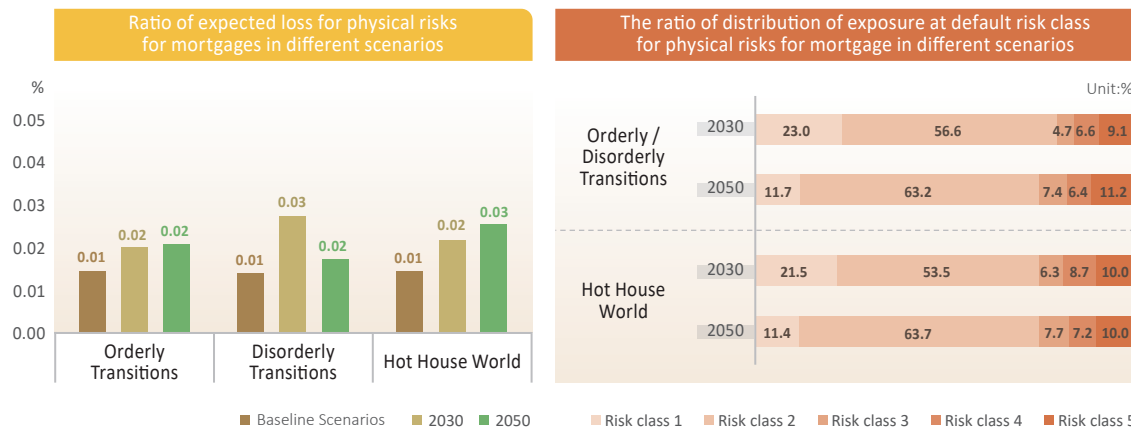
► Assessment method



► Assessment result

The location of the mortgage collaterals are divided into five classes according to the operation plan. The expected loss assessment is conducted by referring to ratio of loss of the collateral value in the “Comparison Table on the Decrease in Collateral Value due to Physical Risks.” Risk class 1 represents the region with the lowest ratio of loss, while risk class 5 represents the region with the highest ratio of loss.

The calculation results is based on whether the relevant transition policies are implemented immediately or not. The ratio of expected loss for “disorderly transitions” fluctuates significantly, while the “hot house world” scenario shows a gradual increase in ratio of expected losses over time. In terms of the distribution ratio of risk classes for exposure at default for each scenario, the majority fall into risk class 2, followed by risk class 1. There are no significant deviations in the ratio of exposure at default for risk class 5 in each scenario, with each accounting for approximately 10%.



► Resilience assessment analysis

Taishin Bank currently divides retail banking- mortgage collateral into three classes which are A, B, and C, corresponding to city centers, suburbs, and coastal townships or slope lands, respectively. For some medium and large residential communities located on slope land around Taiwan, special notes are made to the retail banking home appraisal system when considering the debris flow or landslide previously occurred caused by torrential rain, and the latest security inspection record form will be required during credit review, which all includes climate change risk management. However, the bank continues to improve on areas that can be improved.

After several seminars and suggestions from external PwC consulting firms, Taishin Bank has prioritized the major items related to physical risks and hazards in Taiwan, including extreme rainfall, flooding, and drought according to the exposure areas of physical risks and data availability. Taishin refers to the utilization of Water Resources Agency's inundation potential maps overlaid with simulated data on heavy rainfall, “Taiwan bankers association’s guideline,” and expects to categorize several physical risk classes according to the collaterals located in the counties, cities, townships, and districts.

In addition to conducting regular stress tests and monitoring, the physical risk class of the scenario analysis is integrated into the retail banking home appraisal system. This integration will be reviewed with the existing “Metropolitan and township appraisal area division table” for retail banking’s mortgage collateral. There will be further plans to revise the credit guidelines for housing-related loans. High climate risk areas, such as the metropolitan and township C area of Taishin Bank, which also have higher levels of physical risks, will be classified as collateral requiring careful evaluation. All such collaterals will be subjected to prior review by appraisers from dedicated appraisal units. Simultaneously, discussions will be held on implementing risk management measures such as raising approval levels, reducing loan-to-value ratios, and requiring additional insurance coverage for typhoon and flood.



### ► Physical risk analysis results and countermeasures for own operation offices

1. Regardless of the scenario or period, most of the own operation offices are at low risk levels, and the moderate risks are mainly flooding disasters caused by extreme rainfall. No business offices are classified as high risk.

#### Taishin FHC's and its subsidiaries' own operation offices Physical risk distribution

Physical risks of own operation offices																	
Scenario	Risk value range (Points)	Bank				Life				Securities				Other subsidiaries			
		Short-term	Medium-term	Medium-and long-term	Long-term	Short-term	Medium-term	Medium-and long-term	Long-term	Short-term	Medium-term	Medium-and long-term	Long-term	Short-term	Medium-term	Medium-and long-term	Long-term
RCP2.6	Low	19	19	20	19	11	11	11	11	2	2	2	2	1	1	1	1
	Moderate	5	5	4	5	-	-	-	-	3	3	3	3	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP4.5	Low	19	20	19	20	11	11	11	11	2	2	2	2	1	1	1	1
	Moderate	5	4	5	4	-	-	-	-	3	3	3	3	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP6.0	Low	20	21	20	19	11	11	11	11	2	2	2	2	1	1	1	1
	Moderate	4	3	4	5	-	-	-	-	3	3	3	3	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP8.5	Low	19	20	19	15	11	11	11	8	2	2	2	2	1	1	1	1
	Moderate	5	4	5	9	-	-	-	3	3	3	3	3	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		24				11				5				1			

Note 1: The short-term, medium-term, medium-to-long-term, and long-term represent 2021-2040, 2041-2060, 2061-2080, and 2081-2100, respectively.

Note 2: The scope of the statistics is own operation offices of the entire Taishin FHC

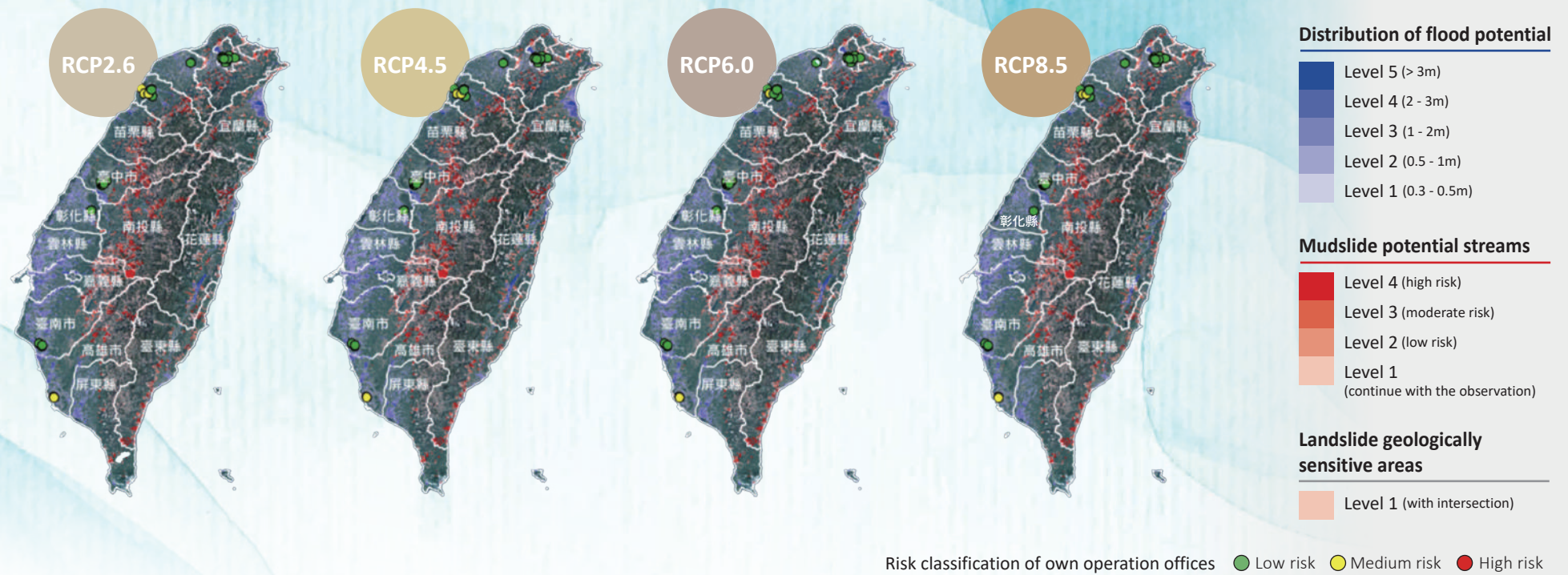
Note 3: The above analysis uses four scenarios (RCP2.6, RCP4.5, RCP6.0, RCP8.5) and multiple climate models. No business offices are classified as high risk in all scenarios. The key analysis of different scenarios is as follows:

- (1) RCP 8.5 scenario: note that moderate risk will have long-term effect on 9 bank business offices and 3 life insurance and securities business offices, mainly due to the probability of high-intensity rainfall in some areas.
- (2) RCP2.6, RCP4.5 and 6.0 scenarios: most of the business offices are at low risk level.
- (3) In the short, medium, medium-to-long, and long timelines, except for the moderate-risk scenarios described in RCP8.5, where the impact is more significant, the number of business offices affected is between 1 and 5 for moderate risks in all scenarios, mainly distributed in Taipei / New Taipei City, Hsinchu County / Hsinchu City, and Kaohsiung City, where flooding disasters caused by extreme rainfall occur.

2. Relevant response measures are formulated for the calculation results of the scenario analysis:

Risk value range (points)	Countermeasures for existing own operation offices	Countermeasures for newly established own operation offices
Low risk 1~4	● Maintain service points	Business offices can be established
Moderate risk 5~10	● Maintain service points and put more focus on the development of disasters.	Business offices can only be established when necessary
High risk 11~15	● Business offices can only be established when necessary, and the business offices in operation shall be moved to a location below moderate risk	Business offices may not be established

Short-term physical risk classification distribution of Taishin FHC's and its subsidiaries' own operation offices under three types of vulnerability and four RCP scenarios





### ► Physical risk analysis results and countermeasures for suppliers

1. Regardless of the scenario or period, most of the suppliers' bases are at low risk levels, and the moderate risks are mainly flooding disasters caused by extreme rainfall. No bases are classified as high risk.

#### Suppliers' bases of Taishin FHC's subsidiaries Physical risk distribution

Physical risks of suppliers' bases													
Scenario	Risk value range (Points)	Bank				Life				Securities			
		Short-term	Medium-term	Medium-and long-term	Long-term	Short-term	Medium-term	Medium-and long-term	Long-term	Short-term	Medium-term	Medium-and long-term	Long-term
RCP2.6	Low	89	77	89	91	20	19	20	20	23	21	23	23
	Moderate	3	15	3	1	1	2	1	1	-	2	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
RCP4.5	Low	90	89	76	88	20	20	19	20	23	23	21	23
	Moderate	2	3	16	4	1	1	2	1	-	-	2	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
RCP6.0	Low	90	91	87	88	20	21	20	20	23	23	22	23
	Moderate	2	1	5	4	1	-	1	1	-	-	1	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
RCP8.5	Low	90	90	85	86	20	20	20	20	23	23	23	23
	Moderate	2	2	7	6	1	1	1	1	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
Total		92				21				23			

Note 1: The short-term, medium-term, medium-to-long-term, and long-term represent 2021-2040, 2041-2060, 2061-2080, and 2081-2100, respectively.

Note 2: The statistical scope covers banking, life insurance and securities, and does not cover the supplier bases of other subsidiaries.

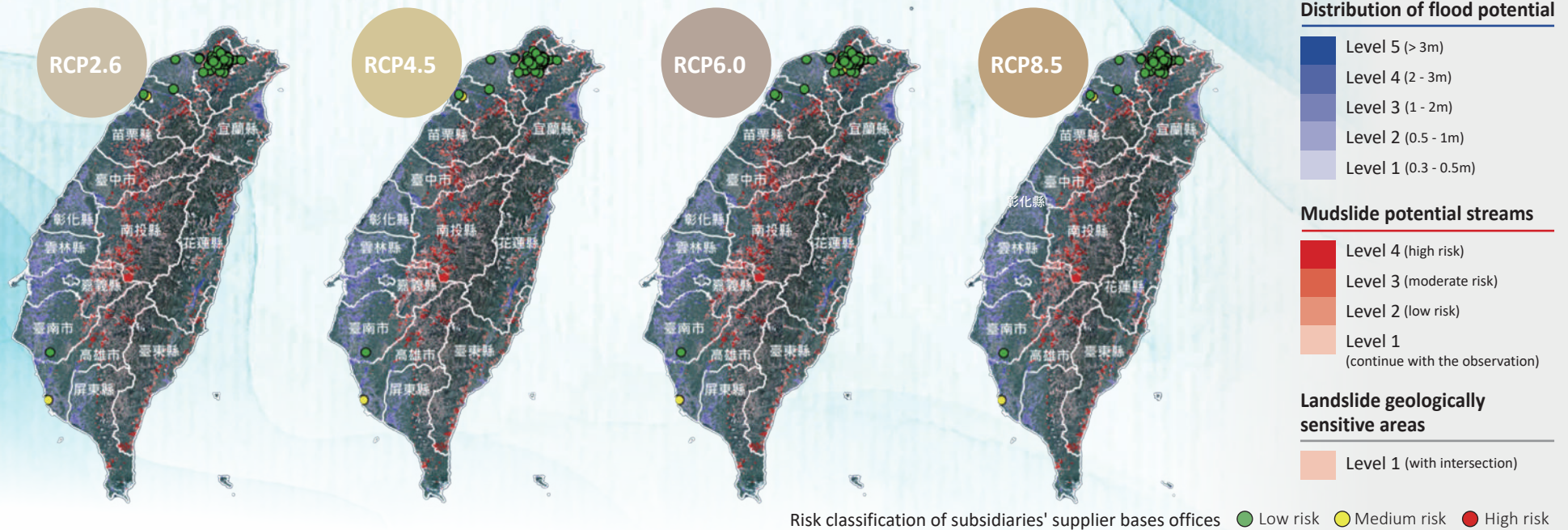
Note 3: The above analysis uses four scenarios (RCP2.6, RCP4.5, RCP6.0, RCP8.5) and adopts multiple climate models. No bases are classified as high risk in all scenarios. The key analysis of different scenarios is as follows:

- (1) RCP2.6 scenario: note that moderate risk will have mid-term effect on 15 bank branch offices, especially in some areas of Taipei City and New Taipei City, there is a high probability of high-intensity rainfall.
- (2) RCP4.5 scenario: note that moderate risk will have medium-to-long-term effect on 16 bank branch offices, in some areas of Taipei City and New Taipei City, there is also a high probability of high-intensity rainfall.
- (3) RCP6.0 and RCP8.5 scenarios: most of the branch offices are at low risk level.
- (4) In the short, medium, medium-to-long, and long timelines, except for the moderate-risk scenarios described in RCP2.6 and RCP4.5, where the impact is more significant, the number of branch offices affected is between 1 and 7 for moderate risks in all scenarios, mainly distributed in Taipei / New Taipei City, Hsinchu County / Hsinchu City, and Kaohsiung City, where flooding disasters caused by extreme rainfall occur.

2. Relevant response measures are formulated for the calculation results of the scenario analysis:

Risk value range (points)	Countermeasure
Low risk 1~4	Normal Co-op
Moderate risk 5~10	Normal co-op, putting more focus on the potential for disasters and the development of hazardous levels.
High risk 11~15	Putting complementary measures of risks and disasters and clauses for breach of agreement in contracts according to the nature of the industries; prohibit long-term project cooperation.

Short-term physical risk classification distribution of Taishin FHC's subsidiaries' supplier bases under three types of vulnerability and four RCP scenarios



2.3.2.2 Transition risk - "supplier"

Analysis result description:

	Number of high-carbon emission manufacturers	Procurement spending proportion (%)	Expected Carbon Tax (NTD)	Transfer assessment of transformation risks under the NDC scenario
Major suppliers (Tier-1 and Tier-2)	1	0.09%	3,830,500,000	<ul style="list-style-type: none"> <li>◆ The Company's various procurements are carried out in accordance with the "Taishin Financial Holding Co., Ltd. Procurement Management Regulations" through bidding, price comparison or negotiation. According to the industrial characteristics of the financial industry, our main suppliers mostly supply products for administrative operations or financial services, such as information system development, telecommunications networks, funds, insurance, investment consultation, multimedia newsletters and financial data supply, advertising media, card commissioning, printing and office supplies, so most of them are not large carbon emitters. After assessment, it is considered that the impact on procurement costs is not high.</li> </ul>
Tier-2 or lower tier suppliers	0		0	<ul style="list-style-type: none"> <li>◆ Taishin inspects suppliers' carbon reduction progress and shares sustainable topics every year through supplier evaluation and supplier conferences. In 2022, through the theme of net zero carbon emissions, we explained to suppliers the energy-saving methods that can be implemented to achieve net zero, hoping to motivate suppliers to reduce carbon emissions by themselves through education and training to reduce the impact of carbon tax.</li> </ul>

Note 1: The carbon tax cost refers to the Climate Change Response Act, and is calculated based on the upper limit of Taiwan's estimated future carbon fee starting price of NT\$500/ton.

Note 2: According to Taishin's "Supplier Maintenance & Management Guidelines", every year, according to the nature of procurement and the total procurement amount, the suppliers of the year are inventoried for classification and management. If the annual procurement amount from it is more than 2.5 million, it is considered a major supplier. According to the amount, suppliers are then divided into Tier-1 and Tier-2.



# Risk Management

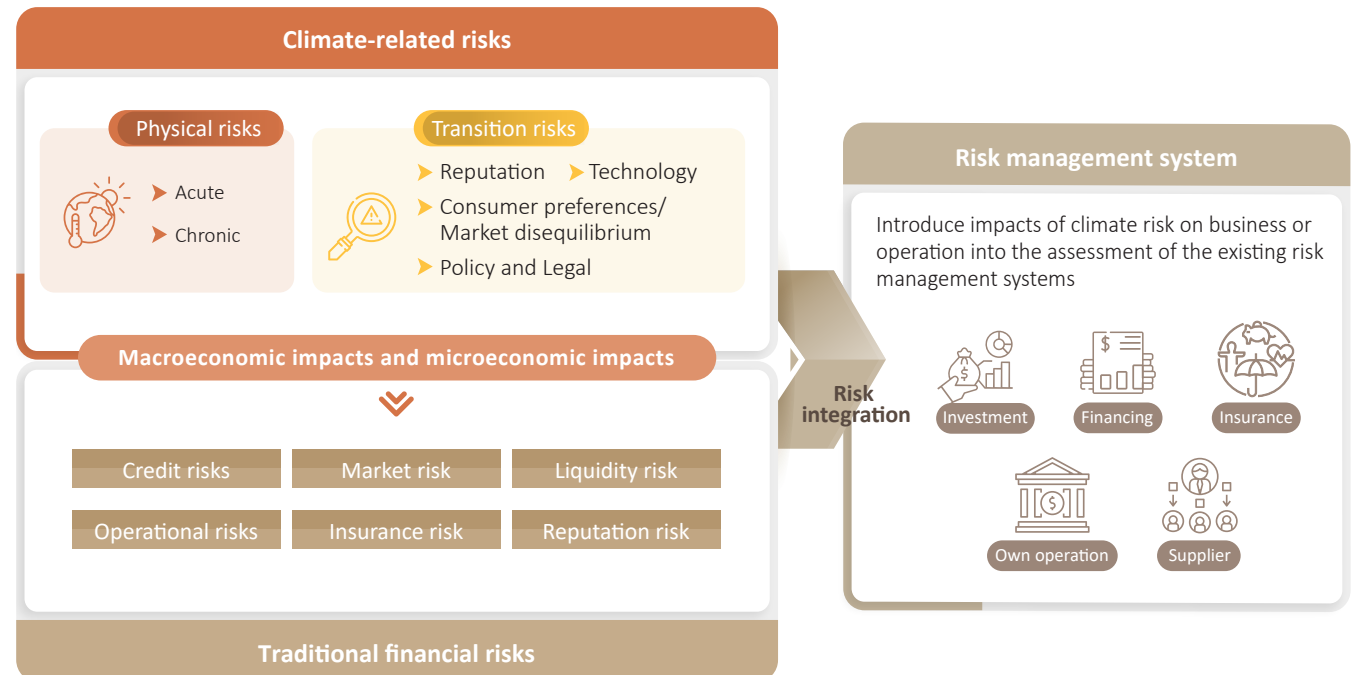
## 3.1 Climate Risk Management Framework

## 3.2 Climate Risk Management

To complete the existing risk management framework, Taishin has added climate risk to the existing risk management system and follows the three lines of defense for risk management.

### 3.1 Climate Risk Management and Framework

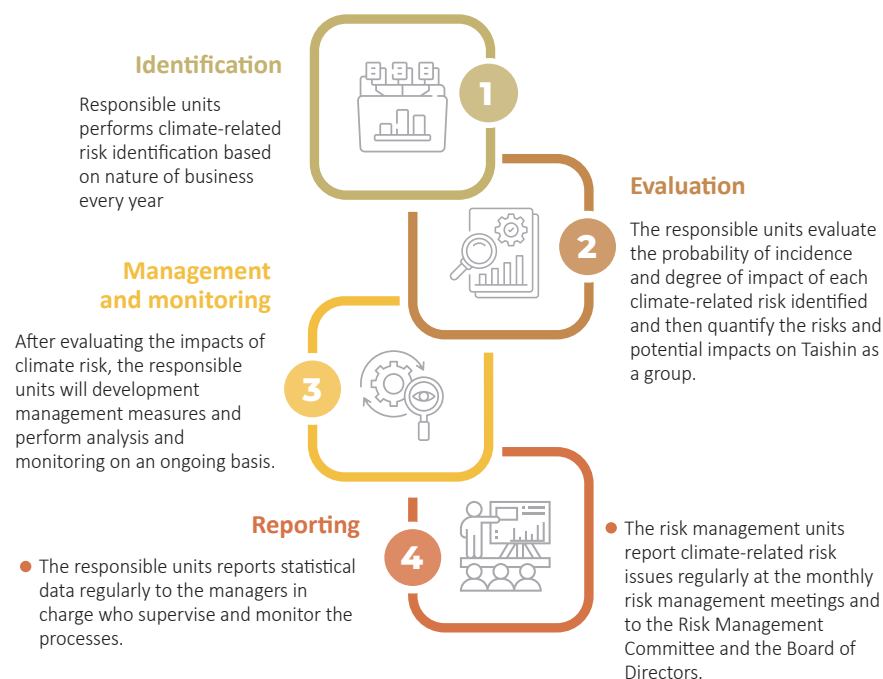
Taishin FHC and its banking, life insurance, and securities subsidiaries have added climate risk to their existing risk management systems in response to the impacts of climate change on the banking sector. Climate risk has been integrated with traditional risks in the systems to create integrated risk management mechanisms. In addition, Taishin FHC has set the climate risk appetite and created a list of high carbon emission industries in the group. The responsible departments at each subsidiary will develop climate risk management mechanisms for the review or decision making process based on the nature of their respective business.





## ► Climate risk management procedure

Taishin's risk management procedure includes steps such as identification, measurement, management and monitoring, and reporting. Taishin has incorporated climate issues in the procedure to ensure climate-related risk is covered in the overall risk management system. First, every year the responsible units at each subsidiary perform climate risk identification based on the nature of their businesses and assess the probability of incidence and degree of impact of each climate risk identified. Then these responsible units at each subsidiary must proceed to quantify risks as needed and measure potential impacts. These departments also have to development management measures and monitor execution of these measures and trends on an ongoing basis before making adjustment as needed. Finally, these responsible units will report statistical data regularly to the managers in charge who supervise and monitor the processes. The risk management units of Taishin FHC and its banking, life insurance, and securities subsidiaries also report climate-related risk issues regularly at the monthly risk management meetings and to the Risk Management Committee and the Board of Directors.



## ► Climate-related Policies

Taishin has established policies and guidelines that create a complete risk management system in order to oversee the effectiveness of climate risk management systems of Taishin FHC's subsidiaries.

### 1. Green Finance Principles and Environmental and Social Risk Management Sector Guidelines

In 2018, the Taishin FHC Green Finance Principles were implemented with a scope encompassing all subsidiaries and business activities within Taishin FHC to guide our financing principles and risk management, such as selectively funding by the categories of ESG performing enterprises, transaction review and post-transaction management. The Principles also emphasize that risk management should be a part of transaction review and post-transaction management. In 2020, the Environmental and Social Risk Management Sector Guidelines were implemented as an extension of the Green Finance Principles. The Guidelines provide a summary of Taishin FHC's expectations and requirements regarding protection of human rights and climate change. The Guidelines also provide industry risks and best practice considerations based on industry characteristics.

### Taishin FHC climate-related risk appetite

- aishin has implemented the Task Force on Climate-Related Financial Disclosures (TCFD) framework to actively manage climate-related risks through governance, strategy, risk management, and metrics and targets.
- High climate risk industries or companies should be assessed with more caution and monitored more closely in order to reduce the effects of climate risks. In addition, Taishin supports low carbon transition and complies with the Net Zero by 2050 initiative by setting SBTs and high carbon emission industries.





## 2. "Risk management policy"

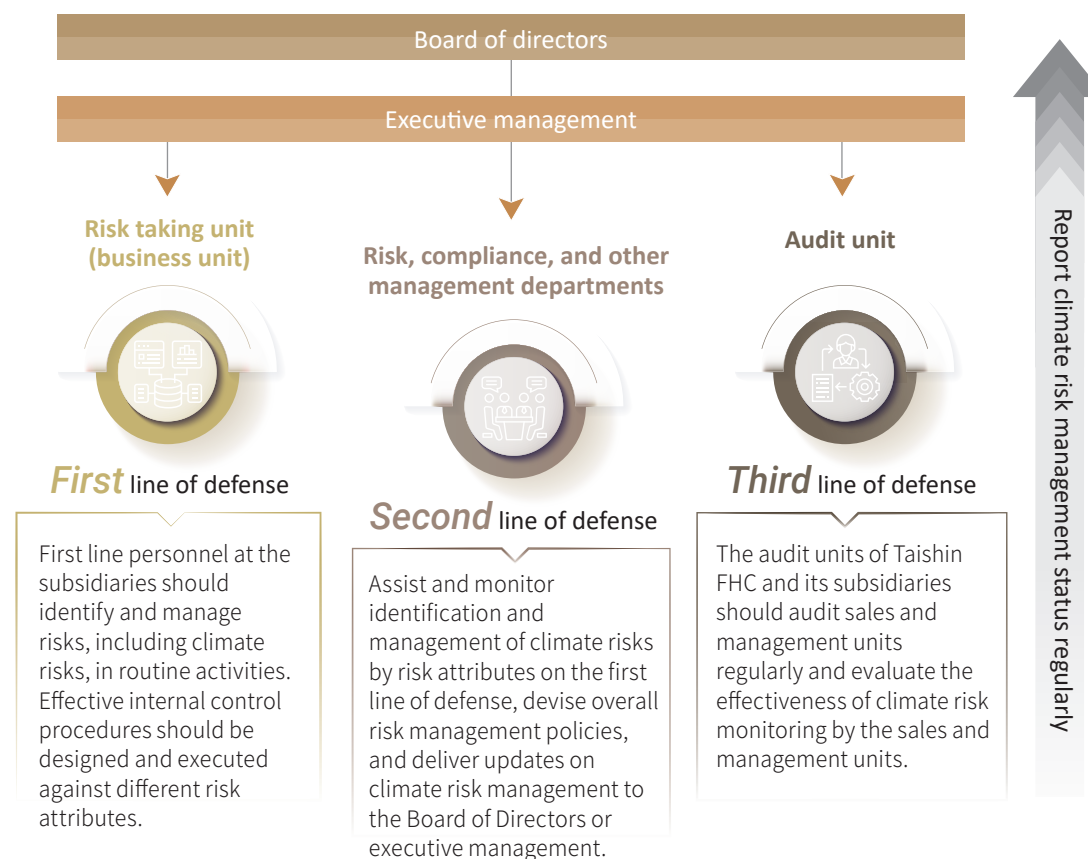
As climate change risk turns into an escalated crisis, the Taishin FHC Risk Management Policy has been amended several times since 2016. The Policy requires that when conducting business activities, the subsidiaries consider climate risks in their risk management procedures. The Policy was amended again in 2022. It not only added a climate risk appetite statement, but also states that each subsidiary needs to identify the relationship between climate risks and existing risks based on their own businesses and develop climate risk management guidelines. Each subsidiary also needs to update the existing risk management framework and policy to include climate risks and strengthen the link between climate risk and traditional risk management. The banking, life insurance, and securities subsidiaries have amended their risk management policies to adopt the Taishin FHC principles by including climate risk in their risk management policies and developing their own climate risk management measures.

## 3. "Climate Risk Management Guidelines"

To facilitate an effective risk impact assessment on climate change for Taishin FHC and to urge the group to develop adequate climate risk mitigation and adaptation measures, the Taishin FHC Chief Risk Office added the Climate Risk Management Guidelines in 2022 to promote an effective climate risk management system for Taishin FHC's subsidiaries as a whole. The scope covers climate risk identification, monitoring of high carbon emission industries, climate scenario analysis, risk management by the three internal lines of defense, and planning of reporting and disclosure mechanisms. The responsible departments should include climate risk factors in their business decision making process and incorporate the factors into the management procedures. Monitoring projects and target thresholds are also created to strengthen Taishin's overall climate risk management system.

## ► Three Lines of Defense

Taishin follows the three lines of defense to maintain an adequate and effective internal control system. Each line of defense is defined by specific role and functions. The first line of defense consists of the risk taking units who perform business activities and take risks. These units should also consider climate-related risk when performing business activities. The second line of defense is independent of the first line of defense and consists of the risk management and compliance units. These units should monitor the performance of the first line of defense in managing climate risk and other business risks. The third line of defense consists of the internal audit units who make up the internal audit system. To ensure the internal control system continues to work effectively, these units audit and assess the validity of internal control and risk management systems designed and executed by the first two lines of defense.



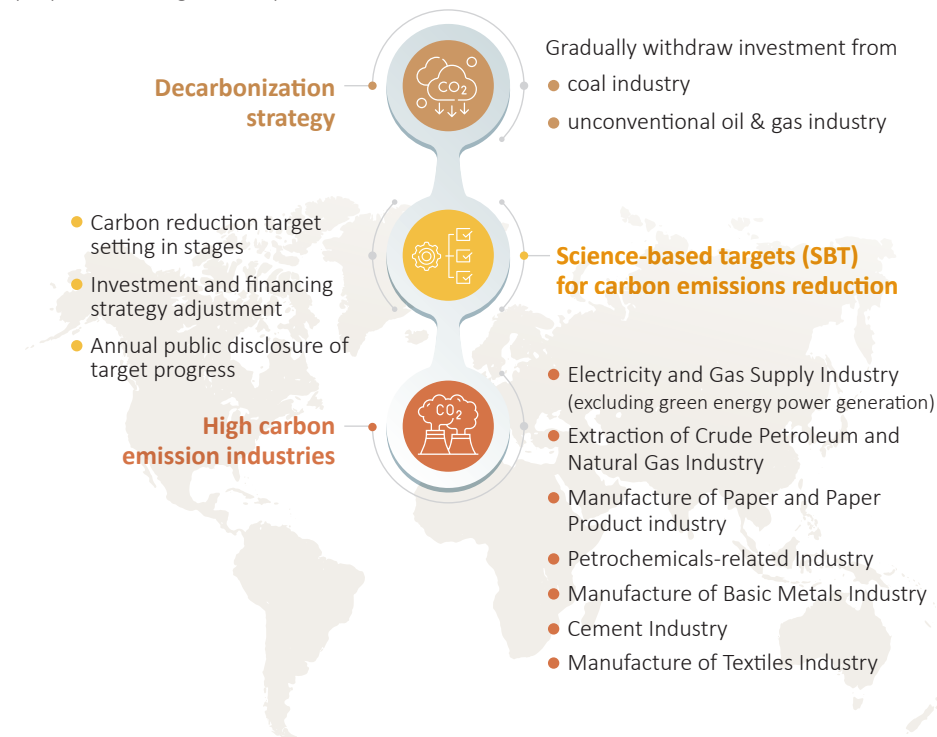
## 3.2 Climate Risk Management

Taishin has incorporated climate-related risks into the existing risk management framework. Each responsible unit will gradually assess the impact of ESG and climate-related risks in the review process or decision-making management mechanism based on its respective responsibilities, formulate relevant measures to adjust or mitigate the risks borne by the Company, and regularly review the degree of impact from climate-related risks on various positions to strengthen climate-related risk management.

### 3.2.1 Investing and lending risk management

#### 3.2.1.1 Mitigation of transition risks – carbon management of financial assets

Taishin follows the group's core climate strategy of "net zero carbon emissions" from financial business and launches relevant specific actions. Adjust relevant management measures by regular inventory of carbon emissions from investment and financing and the proportion of high-risk exposure.



Taishin FHC, together with its subsidiaries, conducts carbon management of financial assets at various levels to manage the transition risks faced by Taishin:

#### 1. Decarbonization strategy

Through consultation with external experts and the opinions of Taishin FHC's internal industry economic experts, in addition to the strategies in 2022 that there will be no new financing for coal mines and no new project financing for coal-fired power plants, Taishin further researches and plans to set no new addition schedule and phase-out period for the entire coal industry and unconventional oil & gas industry to implement the decarbonization strategy of Taishin FHC and respond to global divestment actions. For more information please see Chapter 3.1.1 of Taishin FHC Sustainability Report 2022.

#### Decarbonization strategy regarding investment and financing positions

##### ► Coal industry

From 2022 to 2025, there will gradually be no new financing/investment, and complete phase out will be done by 2030 (except for green energy power generation related uses)

- Coal mining
- Coal power
- Coal infrastructure

##### ► Unconventional oil & gas industry

From 2023 to 2030, there will gradually be no new financing/investment, and complete phase out will be done the latest by 2040

- Tar sands
- Shale oil & gas
- Liquefied natural gas (LNG)
- Arctic oil & gas
- Ultra deep water oil & gas

#### 2. Science-based targets (SBT) for carbon emissions reduction

Since the launch of the Science-based target (SBT) of carbon reduction in 2021, Taishin has carried out an inventory of carbon emissions of important asset categories for investment and financing in scope 1, scope 2 and scope 3 of our own operations. We also completed the commitment and submission of targets for review in 2022 and the targets were approved by the Science Based Targets Initiative (SBTi) in July of the same year. Financial holdings, bank, life insurance, securities and other subsidiaries will review and disclose the achievement status of investment and financing reduction goals year by year according to the targets, hoping to lead investment and financing targets to jointly reduce carbon and transform. For the detailed targets of each important asset and the latest target achievement status, please refer to section 4.1 "Science Based Targets (SBT) and Achievements."

### 3. High carbon emission industries

Under the trend of global net zero emissions, industries with high carbon emissions will be the main targets of carbon fees or carbon taxes at home and abroad in the future. In order to manage industries with high transition risks, Taishin FHC's Chief Risk Office and major subsidiaries further jointly formulated Taishin FHC's "high carbon emission industry list". By referring to the industry code of the Directorate General of Budget, Accounting and Statistics, the overall industry classification of the financial holding group is unified and the industries that are more sensitive to transition risks are identified, which include "Electricity and Gas Supply Industry (excluding green energy power generation)", "Extraction of Crude Petroleum and Natural Gas Industry", "Petrochemicals-related Industry", "Manufacture of Paper and Paper Product industry", "Manufacture of Basic Metals Industry", "Manufacture of Textiles Industry", and "Cement Industry", allowing all subsidiaries to apply in the investment and financing process management to strengthen climate risk management.

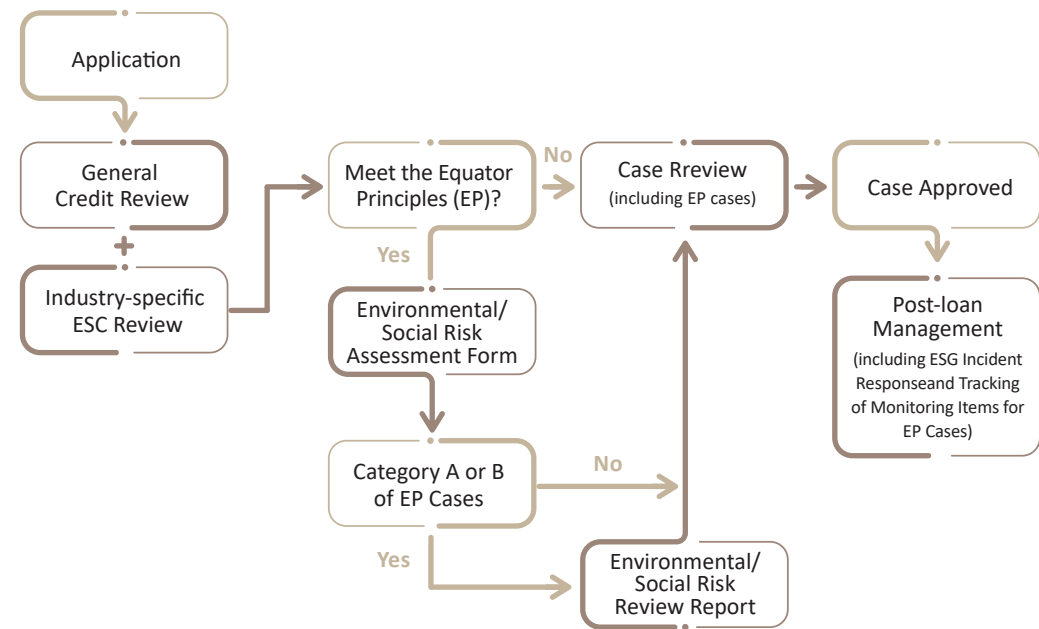
All business responsible units of the subsidiaries shall prudently assess the climate risks of investment and financing targets, use the "high carbon emission industry list" as one of the risk assessment factors for their business dealings and transaction decision making, and integrate it into the review process or decision-making management mechanism; meanwhile, they shall regularly report the statistical data of high carbon emission industries' risk exposure to the responsible supervisors for relevant supervision and control. From 2023, risk management of Taishin FHC also regularly reports the status of positions in high carbon emission industries in the monthly risk management meeting to accelerate the implementation of carbon reduction targets.

#### ► Risk management of financing position

In the financing evaluation and review process of corporate finance, ESG and climate-related factors have been incorporated. Corporate finance has signed the Equator Principles (EPs), stipulated the "Directions for Financing Cases Under Equator Principles", and used the "Environmental and Social Risk Assessment Form" to evaluate project financing cases, including environmental sensitivity, ecology, environmental pollution, community, labor, regulations and management mechanism and other risk scores for hierarchical management.

Furthermore, in addition to the established SBT goals, for certain positions of high carbon emitting enterprises, negotiations will be carried out gradually every year to guide enterprises to carry out reduction transformation, and for positions with decarbonization strategies, we will set phase-out goals and timetables, implement control over risk exposure reduction progressively and strengthen management of transition risks.

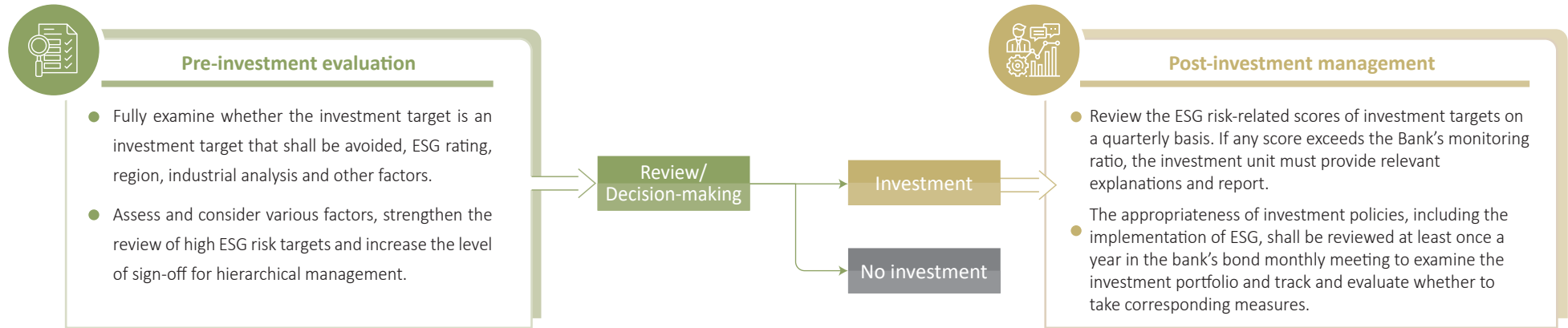
#### Process of Wholesale Banking Loan



#### ► Risk management of investment position

1. In order to implement the spirit of corporate sustainable management and control climate-related risks, investment units of bank, life insurance, and securities subsidiaries have successively added management measures for ESG and decarbonization strategies in relevant regulations, including requirement to review the ESG risk-related score or CSR report of the investment target in pre-investment evaluation, and to regularly review the proportion of high ESG risk positions in investment positions after investment for differentiated management. For the targets in industries with decarbonization strategy, in addition to confirmation before investment, regular inspections are also required after investment to formulate follow-up handling plans. As for the high carbon emission industries, in addition to regular reports at Taishin FHC's monthly risk management meeting, from 2023, the responsible units of bank, life insurance, and securities subsidiaries will further plan management measures or reporting mechanisms related to high carbon emission industries to continue to manage transition risks.
2. In order to ensure that the discretionary management agency incorporates ESG assessment into the investment process, Taishin Life Insurance includes relevant clauses in the discretionary service contract, and also incorporates ESG practices into one of the evaluation items when selecting the management agency.

Pre- and post-investment management process for non-trading purposes of the bank



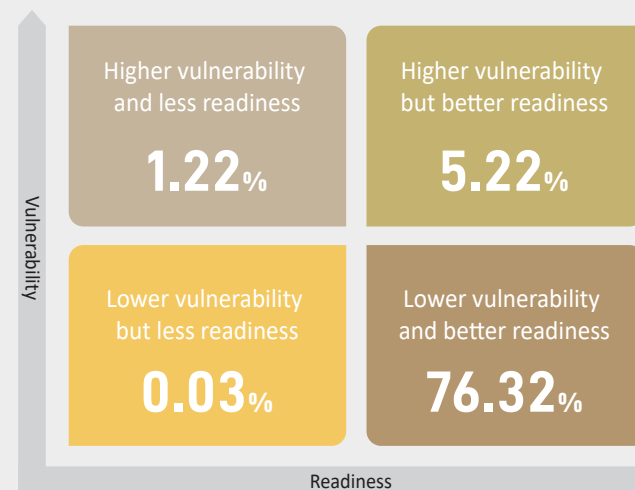
In terms of assisting the issuing company to raise funds, Taishin Securities does not undertake cases related to coal-fired power plants, coal-fired petrochemicals, etc. in principle, however, this shall not apply when the purpose of the client's fundraising plan is to work towards carbon neutrality, becoming a SBT member, or achieving ESG goals.

### 3.2.1.2 Physical risk adaptation

➤ Overseas investment and financing positions are affected by climate risks

Taishin refers to the credit rating issued by the credit rating agency and the country's political and economic development level to classify the country risk and set the country's risk limit. In 2022, aiming at the impact of climate risk on the country, the ND-GAIN Country Index<sup>(Note 1)</sup> published by the University of Notre Dame is used to evaluate the risk exposure of the entire group's investment and financing positions in countries with high climate risks. Looking at the overseas investment and financing positions at the end of December 2022, if divided by the four quadrants of the ND-GAIN Matrix<sup>(Note 2)</sup>, countries with higher vulnerability and less preparedness in the upper left quadrant account for about 1.22%, an increase of 0.2% compared to that in the end of December 2021. The climate risk is still controllable, and we will continue reviewing the changes in the risk exposure of countries with high climate risks; meanwhile, when looking at the investment situation of sovereign bonds, they are all distributed in countries with low climate risk (lower right quadrant).

ND-GAIN matrix and proportion distribution of overseas investment and financing positions



Note: The remaining 17.21% have no ND-GAIN information

Note 1:

The ND-GAIN Country Index published by the University of Notre Dame measures the impact of global climate change phenomena on countries around the world (mainly physical risks) with two dimensions of vulnerability and readiness. Vulnerability assesses the country's exposure, sensitivity and adaptive capacity to the impacts of climate change, including six assessment indicators of food, water, health, ecosystem services, human habitat and infrastructure; readiness assesses the capacity of governments to respond to climate change, including economic, governance and social readiness.

Note 2:

The ND-GAIN Matrix is divided into four quadrants based on the median vulnerability and readiness scores of all countries in all years. The countries located in the upper left quadrant are more affected by climate change, have less readiness, and have relatively high climate risks; countries in the lower right quadrant are less vulnerable to climate change, have a better state of preparedness, and have relatively low climate risk.

## ► Risk management of financing position

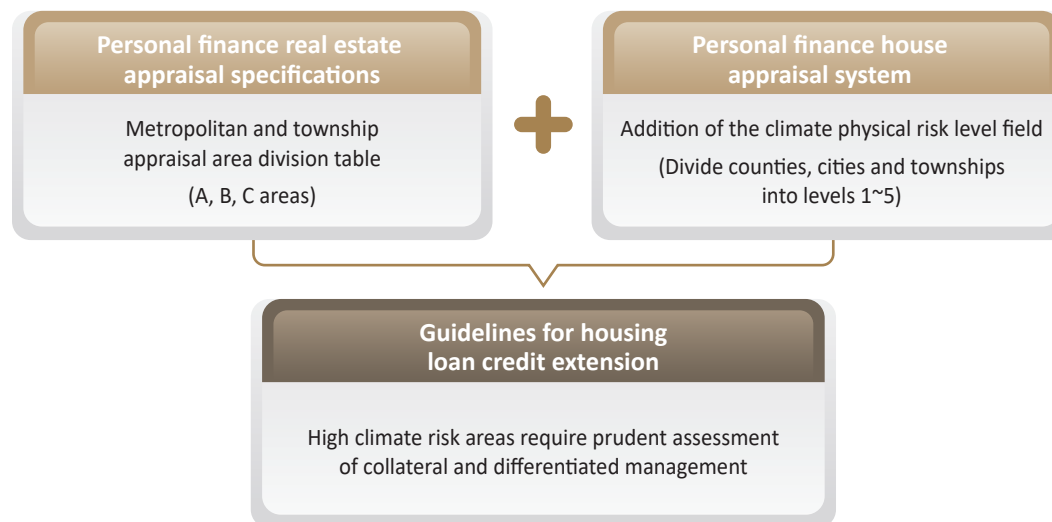
### 1. Credit risk management of personal finance housing loans

With the intensification of extreme weather, climate risk has become more difficult to assess. The most notable example is that the number of times Taiwan has been directly hit by typhoons in recent years is record-breaking low, but sometimes certain areas are flooded unexpectedly due to sudden heavy rainfall. In fact, some high climate risk areas can be improved through construction projects. For example, in recent years, the government has reviewed and adjusted funds within the original budget for flood control, giving priority to improving bottleneck sections in counties and cities in central and southern Taiwan that are severely flooded. In addition, the newly established detention basins and pumping stations in various places can also perform their functions when heavy rains come. In addition to the government's active formulation of flooding loss strategies based on scientific data, Taishin is expected to make improvements in the following two directions:

- (1) Make good use of various maps: In the next few years, we will research to effectively introduce various maps such as flood potential maps and mudslide potential maps into the credit extension process of personal finance housing loans, in order to more accurately and quickly assess the potential climate change risks of the locations where the loan collateral is located.
- (2) Dynamic management: The responsible appraisal unit will keep an eye on the impact of floods and landslides in different scales on the real estate market in small areas through news, current events and actual real estate price registration. In the short term, for example, in October 2022, Typhoon Nesat caused a landslide disaster in a large hillside residential community in Xizhi District, New Taipei City; the bank immediately suspended the application submission of business units for the most severely affected roads and streets, and checked whether any collaterals of the bank were located there; in the mid-to-long term, if the frequency of flooding or landslides in a specific community is higher than normal, it will be directly classified as not undertaking collateral or differentiated pricing will be implemented. Through this dynamic management, we shall be able to effectively reduce the possible losses of Bank's personal finance housing loans caused by climate disasters.

### Incorporation of climate physical risk considerations into personal finance housing

#### loan credit extension process



Note: Appraisal system adjustment and credit extension guidelines revision are expected to be completed before Q2 2023

### 2. Corporate finance collateral risk management

For the collaterals received in the corporate finance credit extension business, the price impact factors of various regions have been taken into account in the appraisal process. Generally, real estate is less likely to be damaged or lost due to natural disasters caused by abnormal weather. For forestry land or mudslide areas that are prone to the above-mentioned conditions, it has been stipulated in the Bank's "Real Estate Collateral Appraisal Measures of the Wholesale Banking Group" that they shall not be taken as collateral. In addition, for real estate collateral in flood-prone areas, we will carefully consider or reduce the loan ratio on a case-by-case basis to mitigate the potential losses of the company caused by physical risks.

Taishin will pay attention to changes in the financial and business conditions of the borrower at all times and regularly review the financial statements of the enterprise to grasp its operating trends as early as possible and reflect it in the credit rating of the borrower; as for post-lending control, we will also pay attention to its major negative information at all times and regularly review the financial statements of the enterprise. If the guarantee rate is insufficient due to subsequent changes in the collateral price, the borrower will be required to provide other collateral to make up for the guarantee rate, or the creditor's rights will be recovered earlier, to strengthen physical risk management.



## 3.2.2 Insurance risk management

Under the circumstances of intensified climate change, the severity of disasters caused by extreme weather such as typhoons and floods may increase, resulting in increased insurance risks. In addition to diversifying claims risks through reinsurance arrangements for various commodities, Taishin Life Insurance also arranges catastrophe reinsurance to transfer catastrophe risks. Furthermore, we will pay attention to social trends, market trends and industry trends, and adjust product strategies and structures at any time for customers to choose.

## 3.2.3 Own operational Risk Management

### ► Operational risk management

In order to ensure the sustainable operation of the group, Taishin reduces the impact of extreme weather, pandemic and other risk types on corporate operations, strengthens risk response capabilities and operational resilience, and develops business continuity management (BCM) strategies to strengthen emergency response capabilities in the face of major events such as sudden natural disasters, major pandemics, information incidents, and man-made risks to ensure that key operation items continue to be provided without interruption under acceptable minimum operating standards to protect customers and shareholders' rights and interests.

Taishin FHC has formulated the "Business Continuity Management Policy" to standardize the group's management system. Currently, establishment of operational procedures such as pre-event risk assessment, operational impact analysis and planning, incident response, internal and external notification mechanism, business continuity of key businesses, and post-event review have been completed. If we encounter an emergency, such as a natural disaster, we will carry out emergency response procedures and business recovery operations based on the severity of the event and reporting level. In addition, regular on-site drills are held every year to confirm that in the event of sudden natural disasters and force majeure factors, the group's important and key businesses will not be interrupted and to ensure the effectiveness of relevant backup mechanisms.

### Description of physical risk adaptation plan

Continuously	<ul style="list-style-type: none"> <li>► When a disaster occurs in any branch office of Taishin FHC, the emergency notification mechanism will be activated immediately, and the emergency notification form will be used to report the state of the emergency, financial damage, personnel injuries, etc., to minimize the impact of the disaster</li> <li>► Establish a BCM mechanism to maintain important operational items in response to emergency situations such as natural disasters, emergency fund dispatch, information system disasters, or man-made accidents in branch offices, and to resume normal operations as soon as possible to reduce business interruption time</li> <li>► Install water gates, pumps and other disaster prevention measures</li> </ul>
Periodically	<ul style="list-style-type: none"> <li>► In order to prevent the flooding disasters that may be caused by the rainy season and typhoon, the drainage ditch dredging operation is carried out for self-owned buildings with moderate risks in April and July every year</li> <li>► Carry out the maintenance and testing of electromechanical devices and machine rooms scheduled by each self-owned building</li> </ul>
Annually	<ul style="list-style-type: none"> <li>► Re-examine the disaster potential of 100% self-owned buildings' locations or new locations every year to ensure the accuracy of risk assessment</li> </ul>

The 2030 carbon emission SBT of reduction by 46% compared with 2019 from own operations in scope 1 and scope 2 has been newly established to reduce the impact of climate-related risks on the Group's operating environment. For the latest SBT achievement status, please refer to section 4.1 "Science-based Targets of Carbon Reduction and Achievement Status".



# Metrics and Targets

## 4.1 Science-Based Targets (SBT) and Achievements

## 4.2 Environmental Data from Business Operations

## 4.3 Net Zero Emissions Data from Financial Business

In support of the commitment to achieve net zero in the offices by 2030 and net zero groupwide by 2050, Taishin sets indicators and targets in terms of environmental sustainability for its own operations and net zero for financial services. Taishin also discloses GHG emissions and related data.

## 4.1 Science Based Targets (SBT) and Achievement

Taishin's SBT target for key assets and the latest status updates are as follows. Taishin will disclose the progress on SBTs every year and review the applicability of the targets every five years.

Base Year: 2019		SBT	Methodology	Latest SBT achievement status
Scopes 1 & 2	Own operations	■ Total emission reduction by 2030 <b>46%</b>	Absolute reduction	Reduction of 3%
Scope 3	Financing	■ Commercial real estate loan emission intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) and target reduction by 2030 <b>59%</b>	SDA	Reduction of 42%
		■ Electricity generation related loan <sup>(Note 4)</sup> emission intensity (ton CO <sub>2</sub> e/MWh) and target reduction by 2030 <b>50%</b>	SDA	Increase of 14%
		■ Percentage of positions of fossil fuel sector long term loans <sup>(Note 5)</sup> with setting SBTi validated targets by 2027 <b>38%</b>	Engagement	0% of the position
		■ Service-Buildings sector long term loan <sup>(Note 5, Note 6)</sup> emission intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) and target reduction by 2030 <b>58%</b>	SDA	Reduction of 24%
		■ Iron and steel sector long term loan <sup>(Note 5)</sup> emission intensity (ton CO <sub>2</sub> e/ton) and target reduction by 2030 <b>45%</b>	SDA	Reduction of 43%
			■ Percentage of positions of long term loans to “computers, electronic and optical products manufacturing”, “other electronic parts and components manufacturing”, “bare printed circuit boards manufacturing” and “semiconductor” sector long term loans <sup>(Note 5)</sup> with setting SBTi validated targets by 2027 <b>42%</b>	Engagement
	Investment	■ Percentage of positions in long term investment portfolio <sup>(Note 7)</sup> with setting SBTi validated targets by 2027 <b>38%</b>	Engagement	30% of the position



Note 1: Except for Scope 1 and Scope 2 SBT progress, which is updated as of December 2022, the other SBT progress and carbon emissions are based on data as of December 2021. The carbon emission amount of Scope 3 investment and financing is inventoried within the scope defined by SBT.

Note 2: The methodology "SDA" is the abbreviation of Sector Decarbonization Approach

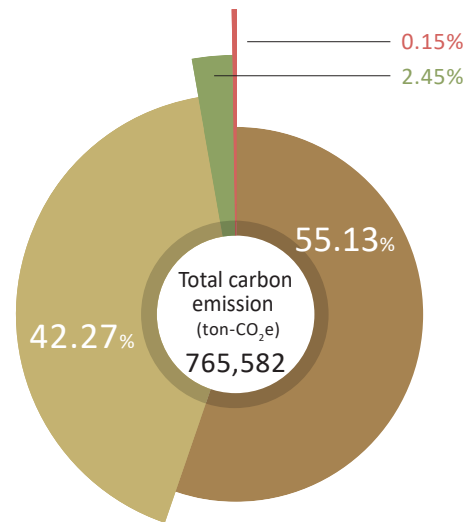
Note 3: Taishin Life Insurance was merged into Taishin FHC on June 30, 2021 and became a 100% subsidiary. However, because it had been merged into Taishin FHC for less than one year, it was not included in the data of 2021.

Note 4: Taishin has no project financing related to electricity generation.

Note 5: Long-term loans do not include small and medium-sized enterprise loans or corporate loans under one year.

Note 6: Service-Buildings sector loans exclude wholesale and retail industries.

Note 7: Only the required setting items of SBT are included, and the calculation range is: Stocks (ordinary shares and preferred shares) and corporate bonds of Exchange-listed and OTC-listed companies. Sovereign bonds, green bonds, private equity, and derivatives are not included.



2021	Carbon Emission (ton-CO <sub>2</sub> e)	Percentage (%)
● Scope 1	1,136.45	0.15%
● Scope 2	18,752.97	2.45%
● Scope 3 – Investment	422,069.53	55.13%
● Scope 3 – Financing	323,623.08	42.27%
<b>Total carbon emission (ton-CO<sub>2</sub>e)</b>	<b>765,582.03</b>	<b>100%</b>

## 4.2 Environmental Data from Business Operations

Taishin has planned and implemented various action plans to promote environmental sustainability, including initiatives for energy efficiency and carbon reduction, with the aim of achieving zero emissions in Taishin FHC's own operations by 2030. The relevant indicators and target data are as follows.

### ► Results of energy conservation and carbon reduction actions

Taishin began to control GHG emissions through energy conservation, creation, and purchase measures starting in 2016. As of 2022, the cumulative carbon reduction amount reached 982.7 tons, which was equivalent to the annual carbon absorption of 2.5 Daan Forest Parks.

Carbon Reduction Methods	Action plans	Accumulated amount as of the end of 2022	2022 Electricity savings (kWh)	2022 Carbon reduction (tCO <sub>2</sub> e)	Accumulated Saved Electricity (kWh)	Accumulated Reduced Carbon (tCO <sub>2</sub> e)
Energy Conservation	Replacement of old air conditioners	46 locations in total	20,000	10.2	571,804	291
	Replacement of energy efficient lights	1 location in total	171,072	87.08	171,072	87.1
	Green Building	3 buildings in total	31,188	15.9	117,521	59.8
	Building cooling tower construction	2 buildings in total	71,552	36.4	143,104	72.8
Energy Production	Solar power plant	9 locations in total	13,300	6.8	16,300	8.3
Energy Purchasing	Renewable energy certificates	231,000 kWh in total	-	32.1	-	117.6
	Renewable energy	680,000 kWh in total	-	346.1	-	346.1

Note 1: Electricity savings and carbon reduction each year are estimates; the electricity carbon emission factor of 0.509 kgCO<sub>2</sub>e/kWh in 2022 is used for calculation.

Note 2: Electricity generated by solar panels at the Neihu Building are sold to Taiwan Power Company in wholesale. Solar power generation at the remaining 8 sites are for self-use. Hence, the Neihu Building is excluded from solar power electricity savings and carbon reduction in the table.



## ► Energy use

Taishin's energy use is mainly purchased electricity, followed by gasoline used by official vehicles.

Boundaries	Energy	Unit	2019	2020	2021	2022	
Within the organization	Renewable energy	Self-generated power generation	kWh	-	1,000	3,000	16,300
		Purchased renewable energy electricity	kWh	-	-	-	680,000
		Purchased renewable energy certificates	kWh	5,000	25,000	123,000	63,000
		<b>Subtotal</b>	<b>kWh</b>	<b>5,000</b>	<b>26,000</b>	<b>126,000</b>	<b>759,300</b>
	Non-renewable energy	Gasoline	L	166,530	134,332	113,631	153,127
			kWh	1,510,388	1,218,360	1,030,607	1,388,826
		Diesel fuel	L	4,856	5,002	8,948	11,698
			kWh	47,431	48,857	87,399	114,260
		Purchased electricity	kWh	35,495,288	37,757,066	37,554,325	39,502,951
		<b>Subtotal</b>	<b>kWh</b>	<b>37,053,107</b>	<b>39,024,283</b>	<b>38,672,331</b>	<b>41,006,037</b>
	Renewable energy + Non-renewable energy	<b>Total</b>	<b>kWh</b>	<b>37,058,107</b>	<b>39,050,283</b>	<b>38,798,331</b>	<b>41,765,337</b>
	Electricity consumption intensity	kWh/per person	3,591.19	3,760.39	3,375.94	3,559.03	
		kWh/NTD million	813.35	855.32	882.54	605.02	
Outside the organization (ATM)	power consumption	kWh	6,378,569	4,539,406	6,636,782	7,114,639	

Note 1: The Energy Heat Value Chart of the Bureau of Energy, Ministry of Economic Affairs is used for converting the heat value of energy, in which electricity (consumer) (860kcal/kWh), gasoline (7,800kcal/L), diesel fuel (8,400kcal/L); Using the conversion factor from joule to calorie (4.186 kJ/ kcal),

Note 2: The self-generated power generation is the estimated value after excluding the Neihu Building

Note 3: The number of people with electricity intensity was the sum of the full-time and non-full-time employees of Taishin FHC and its subsidiaries

Note 4: From 2022, the figure covers Taishin Life

Note 5: Electricity consumption intensity calculation includes renewable energy and non-renewable energy. Revenue (NT\$) per kWh of electricity consumption was NT\$1,653 in 2022, an increase of 46% compared with the previous year.



## ► GHG emission

Taishin is in the financial industry, so it does not have any ODS, NOx, and SOx emissions.

### 1. Scope 1 + 2

Scope	Unit	2019	2020	2021	2022
I		1,052	1,033	1,136	1,418
II (location-based approach)		19,186	19,181	18,815	20,409
II (market-based approach)	tCO <sub>2</sub> e	19,183	19,168	18,753	20,031
I+II (location-based approach)		20,238	20,214	19,951	21,827
I+II (market-based approach)		20,235	20,201	19,889	21,449
Carbon emission intensity (market-based approach)	tCO <sub>2</sub> e/per person	2.05	2.01	1.79	1.90
	tCO <sub>2</sub> e/NTD million	0.46	0.46	0.47	0.32

Note 1: The 2019 inventory was compiled according to ISO 14064-1, and the new ISO 14064-1:2018 was used for inventories in 2020 and after. The electricity carbon emission factor used for calculation is the latest factor announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 2: T-REC is 1,000 kWh per certificate

Note 3: Taishin Life Insurance joined Taishin FHC in July 2021 and was not included in 2021 emissions because it had joined for less than one full year. Scope 1 and 2 emissions include Taishin Life Insurance starting in 2022.

Note 4: Due to differences in location-based and market-based figures for Scope 2 emissions in 2018 and 2019 disclosed in the 2021 Sustainability Report, the figures were updated in the 2022 Sustainability Report.

Note 5: The number of people with carbon emission intensity was the sum of the full-time and non-full-time employees of Taishin Financial Holdings and its subsidiaries

Note 6: Revenue (NT\$) per metric ton of carbon was NT\$3,097,695 in 2022, an increase of 45% compared with the previous year.



## 2. Scope 3

Scope	Unit	2019	2020	2021	2022
Total Scope 3 emissions (financing/investment excluded)	tCO <sub>2</sub> e	27,260	39,828	40,935	39,992
Business trips	tCO <sub>2</sub> e (kilometers)	334.3 (3,991,452)	140.3 (2,416,562)	88.6 (1,593,759)	106.9 (1,647,745)
Product use – Water dispenser	tCO <sub>2</sub> e	-	0	0	0.06
Product use – ATM	tCO <sub>2</sub> e	-	4,095	3,988	4,197
Product use – Credit card manufacturing	tCO <sub>2</sub> e	-	-	571,679.69	129.36
Product use - Credit card use and disposal	tCO <sub>2</sub> e	-	-	-	264.66

Note 1: The 2019 inventory was compiled according to ISO 14064-1, and the new ISO 14064-1:2018 was used for inventories in 2020 and after. The electricity carbon emission factor used for calculation is the latest factor announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 2: Total scope 3 emissions include: purchased goods and services, capital goods, fuel and energy related activities, upstream/downstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream/downstream leased assets, processing of sold products, use of sold products, and end-of-life treatment of sold products.

Note 3: Taishin began carrying out the verification of ISO 14064 Scope 3 emissions in 2020, including: industry investments and product use (2020: water dispenser and ATM, credit card manufacturing was added in 2021, credit card use and discarding was added in 2022), and remaining items are internal statistics that were not verified by ISO.

Note 4: Figures for business trips are internal statistics of carbon emissions from THSR, taxi, and flights that were not verified by ISO. The scope of inventory before 2021 included Taishin Bank and Taishin FHC. The scope was expanded to subsidiaries of Taishin FHC after 2022.

Note 5: The goal for business trip carbon emissions uses 2017 as the baseline year. As revenue increases 5% each year, the increase in maximum emission is controlled at 1%.

## 3. Net zero pathways of our own operations (Scopes 1+2)

Taishin also received the SBTi target approval in July 2022, in terms of scope 1 and scope 2, the greenhouse gas reduction strategy is set to limit the increase in temperature within 1.5°C, and the target is set to reduce carbon emissions by 46% compared with the base year of 2019 by 2030, which is equivalent to an annual carbon reduction of 4.2%.

Performance indicators	Target		
	Short term – (~2024)	Medium term – (~2025)	Long term – (~2030)
GHG emission (market-based approach) (Base year emission: 22,223 tCO <sub>2</sub> e including Taishin Life data)	<ul style="list-style-type: none"> <li>✦ <b>21%</b> of GHG emission reduction</li> <li>✦ Reached about <b>21%</b> for renewable energy use</li> </ul>	<ul style="list-style-type: none"> <li>✦ <b>25%</b> of GHG emission reduction</li> <li>✦ Reached about <b>26%</b> for renewable energy use (40% of the branch offices use green electricity)</li> </ul>	<ul style="list-style-type: none"> <li>✦ <b>46%</b> of GHG emission reduction</li> <li>✦ Reached net zero for Taishin FHC's own operations (Reached <b>100%</b> for renewable energy use)</li> </ul>

Note 1: Base year is 2019.

Note 2: The scope of net-zero emission office bases covers all domestic bases of Taishin FHC and its subsidiaries, as well as overseas branches of bank. Other overseas bases are under planning.



## 4.3 Net Zero Emissions Data from Financial Business

### ► Carbon emissions from investment and financing positions

Taishin has carried out the carbon inventory calculation of investment and financing positions in scope 3. The relevant data of carbon emissions statistics over the years are as follows:

#### 1. Overview of Scope 3 Carbon Emissions, Carbon Footprint and Coverage

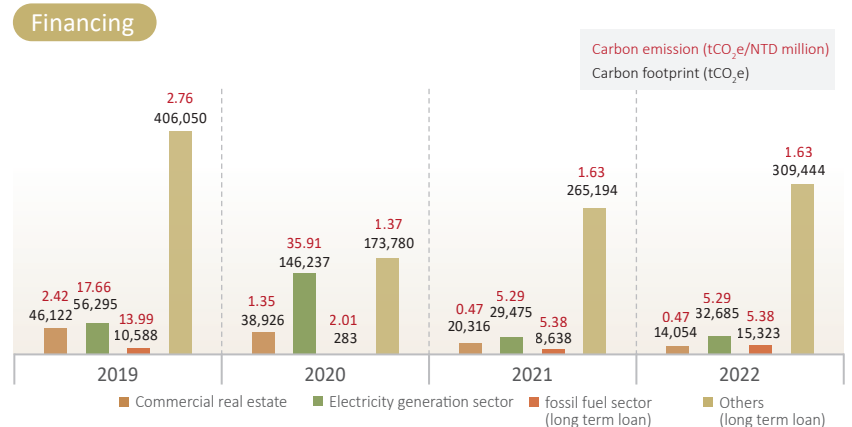
		2019	2020	2021	2022
Investment position	Carbon emissions (tCO <sub>2</sub> e)	92,570	236,277	422,070	679,364
	Carbon footprint (tCO <sub>2</sub> e/NTD million)	0.66	1.25	2.37	2.37
Financing position	Carbon emissions(tCO <sub>2</sub> e)	519,055	359,226	323,623	371,506
	Carbon footprint (tCO <sub>2</sub> e/NTD million)	3.05	2.25	1.52	1.62
Total carbon emissions (tCO <sub>2</sub> e)		611,625	595,503	745,693	1,050,870
Total carbon footprint (tCO <sub>2</sub> e/NTD million)		1.97	1.71	1.91	2.04
Portfolio coverage (%)		15.42	18.89	18.42	21.80

Note:

- Carbon emissions from investment and financing positions are calculated using the methodology of PCAF.
- Carbon footprint of investment and financing = carbon emissions from investment and financing positions / balance of inventoried investment and financing positions.(Carbon Footprint Unit: ton CO<sub>2</sub>e / invested and lending outstanding million NTD)
- Carbon emissions and carbon footprint in 2022 are estimated based on the carbon footprint in 2021.
- Portfolio coverage = balance of inventoried investment and financing positions / balance sheet FVPL, FVOCI, AC, short-term loans, medium-term loans, long-term loans and non-accrual loans.
- Taishin FHC purchased 100% equity of Taishin Life Insurance on June 30, 2021, and incorporated it into the consolidated financial report preparation entities. However, because it had been merged into Taishin FHC for less than one year, it was not included in the data of 2021. Therefore, starting from 2022, Taishin Life Insurance was included in the scope of positions.
- In 2021, the carbon emissions of investment showed an upward trend, mainly due to a slight increase in the power generation industry and new manufacturing-related positions. In order to promote the net-zero trend and reduce carbon emissions, Taishin formulated relevant measures and mechanisms, and the future power generation and high-carbon emission related industries will all move towards the high-level management and position reduction. Moreover, Taishin will prioritize investments in green bonds and other targets related to green sustainability, and will gradually phase out the coal industry and unconditional oil and gas in accordance with Taishin's decarbonization strategy, so as to achieve the carbon reduction targets year by year.
- Only the required setting items of SBT are included, and the calculation range is: Stocks (ordinary shares and preferred shares) and corporate bonds of Exchange-listed and OTC-listed companies. Sovereign bonds, green bonds, private equity, and derivatives are not included.
- Long-term loans do not include small and medium-sized enterprise loans or corporate loans under one year.
- Others (long term loan) include: "Service-Buildings sector" (excluded "wholesale" and "retail"), "iron and steel sector", "computers, electronic and optical products manufacturing", "other electronic parts and components manufacturing", "bare printed circuit boards manufacturing" and "semiconductor" sector.

#### 2. Scope 3 Carbon Emissions and Carbon Footprint (disaggregated into different assets or industry categories)

Scope 3		2019	2020	2021	2022
Assets					
Investment	Stock <sup>(Note 7)</sup>				
	Carbon emission (tCO <sub>2</sub> e)	7,972	11,029	4,240	
	Carbon footprint (tCO <sub>2</sub> e/NTD million)	0.18	0.24	0.11	679,364 2.37 <sup>(Note 3)</sup>
Corporate bonds <sup>(Note 7)</sup>	Carbon emission (tCO <sub>2</sub> e)	84,598	225,248	417,830	
	Carbon footprint (tCO <sub>2</sub> e/NTD million)	0.87	1.57	2.98	

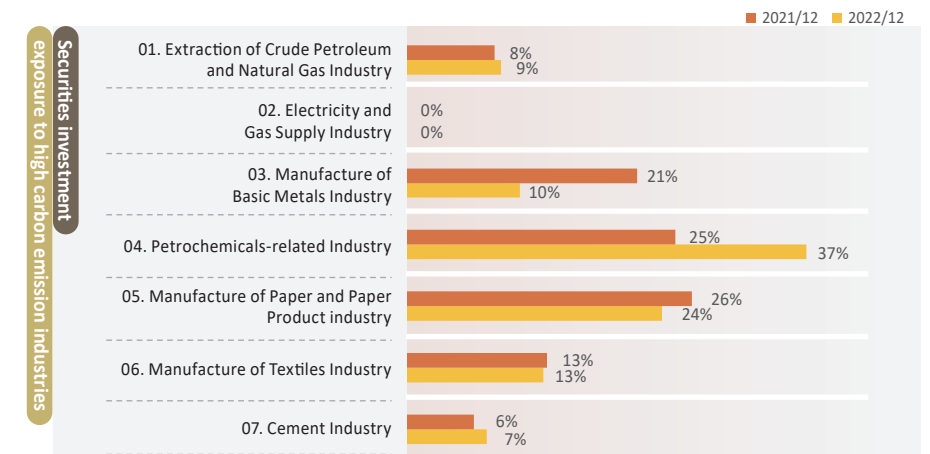
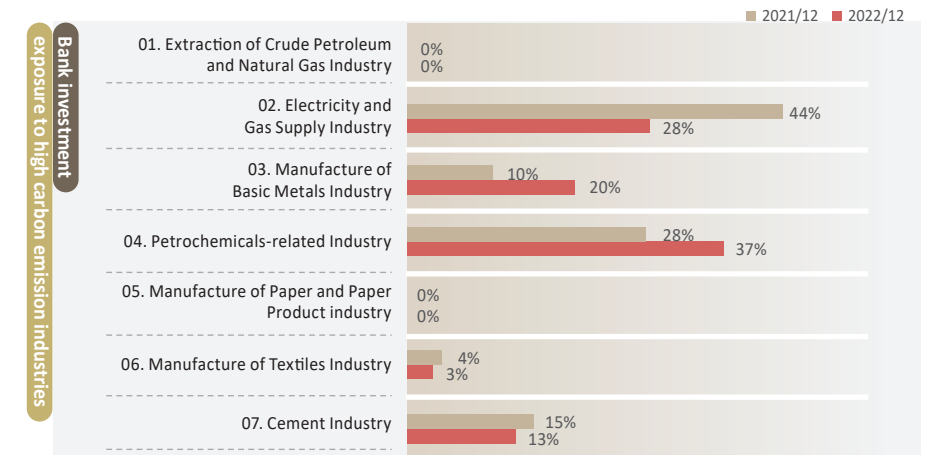
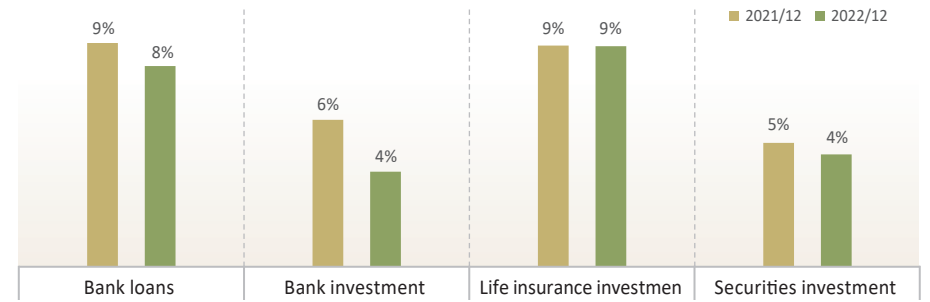
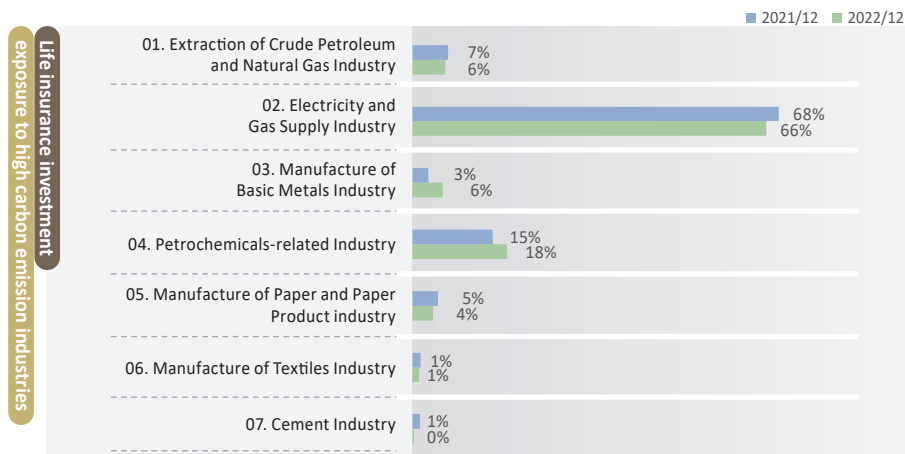
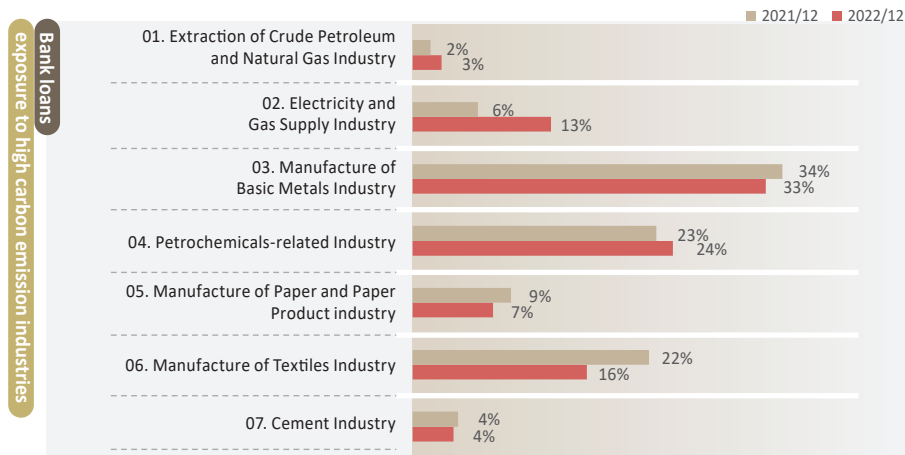




► Exposure to high carbon emission industries

According to the definition of Chapter 3.2.1, an inventory of exposure to high carbon emission industries in financing and investment is taken according to the definitions above. The percentage of financing and investment in high carbon emission industries in December 2022 showed a downward trend compared to December 2021:

1. Changes in exposure to high carbon emission industries by business unit:



Note 1: Exposure data cover the banking (including overseas branches), life insurance, and securities subsidiaries.

Note 2: Investment includes equity and bonds. Equity exposure is measured at cost and bond exposure is measured at face value.



## ► Low carbon economy data

Historical data on support for net zero, shift toward low carbon investing/financing, and development of green products are as follows.

### Size of new disbursement, outstanding loan balance, and investment

Unit: NTD million

Category		2020/12	2021/12	2022/12
<b>Lending</b>	Loans for ESG industries <sup>(Note 1)</sup>	-	-	47,715
	Loans on Renewable Energy for power generation	3,488	3,599	5,510
	Sustainability-linked Loans	-	763	19,341
	Loans for sustainable infrastructure	20,441	22,221	30,954
	Electric/hybrid auto loans <sup>(Note 2)</sup>	941	1,586	8,720
	Green building mortgage loans <sup>(Note 2)</sup>	-	-	733
<b>Bonds</b>	Taishin Life- ESG investment positions <sup>(Note 3)</sup>	24	24	583
	Taishin Bank- ESG investment positions <sup>(Note 4)</sup>	5,224	7,536	17,235
	Taishin Bank- ESG underwriting positions <sup>(Note 5)</sup>	3,700	2,832	3,748
<b>Equity</b>	Taishin Bank- ESG investment positions <sup>(Note 6)</sup>	3,475	1,908	2,431
	Taishin Venture Capital- Renewable energies (solar power plants)	19	70	70
<b>Funds</b>	Taishin Venture Capital- ESG themed fund investment	33	26	43
<b>Product</b>	Taishin Securities Investment Trust- ESG Fund Portfolio which compliant with SRI investment (including public and private equity funds, discretionary agency operations, etc.)	39,181	61,488	47,913

Note 1: Loans for ESG industries are based on the Six Core Strategic Industries (data collection starting in 2022) promoted by the government, excluding national defense and strategic industries and emission-intensive industries, and minus the total for "Loans on Renewable Energy for power generation", "sustainability-linked loans", and "loans for sustainable infrastructure".

Note 2: Green building mortgage loans and electric/hybrid auto loans are data on new disbursement for the entire corresponding year. Other loans are the outstanding balance at the end of year.

Note 3: Bond investment meeting any of the sustainability bond requirements: green bond, CSR bond, sustainability bond, sustainability-linked bonds, and climate transition bond.

Note 4: Holding of financial institution/company-issued ESG bonds, primarily green bonds in 2020 and 2021 and green bonds, CSR bonds, and sustainability bonds in 2022.

Note 5: Underwriting of financial institution/company-issued green bonds and sustainability bonds.

Note 6: Focusing on ESG indexes/rating companies (such as DJSI, MSCI, Taiwan 50, Taiwan High Compensation 100, and TWSE Corporate Governance 100).

## Appendix 1 – GHG Inventory

Company	Scope 1 (tCO <sub>2</sub> e)	Scope 2 – Market based (tCO <sub>2</sub> e)
Taishin FHC	0	58
Taishin Bank	1,314	17,046
Taishin Life	13	1,758
Taishin Securities	78	922
Taishin Securities Investment Trust	0	140
Taishin Securities Investment Advisory	0	72
Taishin Asset Management	13	19
Taishin Venture Capital Investment	0	16
<b>Total</b>	<b>1,418</b>	<b>20,031</b>

Note 1: This table covers Taishin Financial Holdings, Taishin Bank (a total of 105 bases and 5 overseas bases), and 37 subsidiary bases of Taishin Securities, Taishin Asset Management, Taishin Securities Investment Trust, Taishin Venture Capital Investment, Taishin Securities Investment Advisory, and Taishin Life.

Note 2: Verification carried out according to the following principles: ISO 14064-1:2018 and ISO 14064-3:2006

Note 3: In 2022, greenhouse gas verification was the assurance level, and scope 1 and scope 2 were reasonable assurance levels



# Appendix 2 - Report Verification and Assurance




## Conformity Statement

### Climate related Financial Disclosure Conformity Statement

Issued to: Taishin Financial Holdinh Co., Ltd. 台新金融控股股份有限公司  
No. 118, Sec. 4, Ren-ai Road 臺灣  
Da-an Dist. 台北市  
Taipei City 大安區  
106435 仁愛路 4 段 118 號  
Taiwan 106435

Holds Statement No: CFD 764657

As a result of carrying out conformity check process based on TCFD requirement, BSI declares that:

- Taishin Financial Holdinh Co., Ltd. follows Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the Banks and Insurance Companies sector to disclose climate-related financial information which is clear, comparable and consistent about the risks and opportunities and its financial impact. The disclosures cover four core elements and have been prepared by seven principles for effective disclosures.
- 依據 TCFD 準則(含銀行與保險公司補充指引)規範要求及台新金融控股股份有限公司氣候相關財務揭露報告書，進行符合性及成熟度查核其結果分析展示如下：  
台新金融控股股份有限公司遵循氣候相關財務揭露 (TCFD) 相關建議與要求，揭露與氣候相關的財務訊息，這些訊息在風險和機會及其財務影響方面清晰，可比較且一致。揭露內容涵蓋四個核心要素，並已根據有效揭露的七個原則進行了準備。
- The maturity model for the Climate-related Financial Disclosures is **Level-5: Excellence** grade.
- 與氣候相關的財務揭露的成熟度模型為**[第五級：優秀]**等級。

For and on behalf of BSI:



Managing Director BSI Taiwan, Peter Pu

Latest issue: 2023-06-07

Expiry date: 2024-06-06

Page: 1 of 2

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Conformity Stament Number: CFD 764657

#### Location

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大安區  
仁愛路 4 段 118 號  
106435

#### Conformity Check Overall Result

The maturity model for the Climate-related Financial Disclosures is **Level-5: Excellence** grade.

與氣候相關的財務揭露的成熟度模型為**[第五級：優秀]**等級。

Latest issue: 2023-06-07

Expiry date: 2024-06-06

Page: 2 of 2

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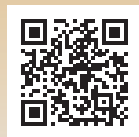


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Official website



Sustainability