Taishin Holdings

2023
TCFD REPORT

Climate-related Financial Disclosure Report

TCFD

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Foreword

The World Economic Forum (WEF) 2024 Global Risks Report highlights that the top three global risks over the next decade are all related to climate change and ecosystem issues. The global political and economic situation continues to be impacted by the evolving Earth's environment and its associated uncertainties, coupled with geopolitical conflicts and sluggish economic development. As a result, enterprises are facing unprecedented severe challenges, making it crucial to strengthen operational resilience. In the escalating climate crisis, governments worldwide have reached a consensus to limit global warming to within 1.5°C to avoid irreversible consequences. Our government has promoted a net-zero emissions pathway and strategy for 2050, in line with the international trend toward net-zero transitions. In early 2023, the "Climate Change Response Act" was officially passed, setting a greenhouse gas reduction target for 2050 and introducing a new carbon fee mechanism, aligning with the global community to mitigate the impacts of climate change.

As providers of capital, the financial sector can guide industries toward a low-carbon transition through investment and financing. Taishin FHC has taken proactive steps starting from "its own operations" and "financial business." By taking practical actions to reduce carbon emissions, it commits to setting Science-Based Targets and getting them approved by the Science-Based Targets initiative (SBTi) organization, following the reduction target path toward net-zero emissions. In addition, to promote the development of the renewable energy industry, it assists enterprises in investing in clean energy, energy storage systems, and other critical energy transition projects. Since October 2023, 100% of power plant financing operations have been for renewable energy, completely ceasing financing for coal-fired power plants, proactively responding to the 2023 United Nations Climate Change Conference (COP 28) agreement to reduce dependency on fossil fuels.

Taishin FHC adheres to the spirit of "Dedicated to Sustainability & Living Green" integrating climate action into daily operations and business processes, committed to reducing environmental impact and carbon emissions, providing sustainable financial products and services, and prudently addressing the impacts of climate change. This report consolidates the management achievements of Taishin Group's climate-related risks and opportunities, also referencing the "International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures" framework to enhance the report's information quality, comparability, and transparency. We will continue to align with international trends, improve climate risk management, exert influence to rally stakeholders, and partner with enterprises to move toward the net-zero goal, together becoming heroes in solving the climate crisis with the motto "From Zero to Hero."

About This Report

Taishin FHC pays close attention to international trends and initiated the integration of the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2018, officially becoming a supporting organization of the TCFD in 2019. Since 2018, our group has made disclosures based on the TCFD framework every year. For detailed content of the TCFD sections over the years, please refer to the Taishin FHC CSR/ Sustainability Reports from 2018 to 2021. Starting in 2022, a standalone "TCFD Report" has been published to enhance climate-related disclosures. This report is the 2023 Climate-Related Financial Disclosure Report by Taishin Financial Holding Co., Ltd. (referred to as "Taishin FHC" or "Taishin"). This report follows the guidance for all sectors set forth by the TCFD, as well as the supplemental guidance for banks and insurance companies.

Scope of the Report

The content of this report covers Taishin Financial Holding Co., Ltd. and its main subsidiaries.

Period of the Report and Publication

Edition: 2nd

Disclosure Period: January 1, 2023, to December 31, 2023 (focusing on the group's TCFD initiatives and implementation outcomes in 2023, incorporating climate-related actions from previous years).

Previous Publication: June 2023

Current Publication: June 2024

Next Scheduled Publication: June 2025

Both the English and Chinese versions of past reports are available in the "Corporate Sustainability" section of the Taishin FHC official website.

Report Verification

This report has been verified for TCFD conformity statement by the British Standards Institution Taiwan Branch (BSI Taiwan).

History of Climate Actions

Taishin continues to pay attention and promote climate-related issues, with a timeline of significant actions taken by the group over the years.

2015

- Abided by the Equator Principles
- Responding to the CDP Initiative

2016

- First purchase of green electricity
- Revised the risk management policy to include management of climate risks

2017

- Obtained ISO 14064-1:2006 verification
- Official operation of solar panels on the Neihu Building
- First purchase of renewable energy certifications (T-REC)

2018

- Adopt TCFD framework
- First inclusion in Dow Jones Sustainability Indices (DJSI) in both World and Emerging Markets
- Establishment of "Green Finance Principles"
- Identification of climate risks and opportunities by the TCFD framework
- Expanded ISO 14064 GHG Emissions Survey to the entire bank branches

2019

- Signed the Equator Principles
- Became a TCFD supporter
- Credited as one of the Top 100 Companies with excellent performance in emerging markets for three consecutive years by the ESG rating agency, Vigeo Eiris
- Conduct real estate scenario analysis for wholesale banking

2020

- Ranked on CDP A List for climate change
- Received an 'Leader AA for the Finance Industry' in the MSCI ESG Ratings
- Complied with the "Principles for Responsible Investment (PRI)" and the "Principles for Responsible Banking (PRB)"
- Established the "Environmental and Social Risk Management Sector Guidelines"
- Conducted Scope 3 investment and financing carbon inventory

2021

- Initiated the setting of Science-Based Targets
- Joined the "Taiwan Alliance for Net Zero Emission" as a founding member
- Conduct climate risk analysis on own operational offices and suppliers

2022

- Passed the SBT validation
- Received Net Zero Green Label from TNZEA
- Established the Taishin FHC TCFD task-force team
- Added the Climate Risk Management Guidelines including "List of High Carbon Emitting Industries"
- Amended the risk management policy to include a climate risk appetite statement
- Established the "Decarbonization Commitment" (coal industry and unconventional oil & gas)
- Conducted climate change scenario analysis for the bank's financing and investment positions

2023

- Included in DJSI World and DJSI Emerging Markets for 6 consecutive years
- Ranked in the top 1% globally in the banking industry by the S&P Global 2024 Sustainability Yearbook, a highest honor
- Became a member of the Partnership for Carbon Accounting Financials (PCAF)
- Published the first standalone TCFD report and achieved a TCFD conformity statement Level 5: Excellence
- Established a Sustainable Finance Policy
- Revised internal regulations related to investments and financing, carefully evaluating the climate risks of investment and financing targets

Goals and Performances

Goals

2050

Achieve net-zero emissions groupwide by 2050

(Following the SBT 1.5° C standard)

2040

Completely phased out investments in unconditional oil and gas industries derived from Shale oil & gas or liquefied natural gas.

2030

- Base year: 2019

46% reduction
Total own operational emissions

59% reduction
Commercial real estate loan emission intensity ($kgCO_2e/ m^2$) and target

50% reduction
Electricity generation related loan emission intensity (tCO_2e/ MWh) and target

58% reduction
Service-Buildings sector long term loan emission intensity ($kgCO_2e/m^2$) and target

45% reduction
Iron and steel sector long term loan emission intensity (tCO_2e/ton) and target

Completely phased out investment and financing in the coal industry

Completely phased out financing for unconditional oil and gas extraction in ultra-deep water oil & gas

2027

validated targets **38%**
Percentage of positions of fossil fuel sector long term loans with setting SBTi

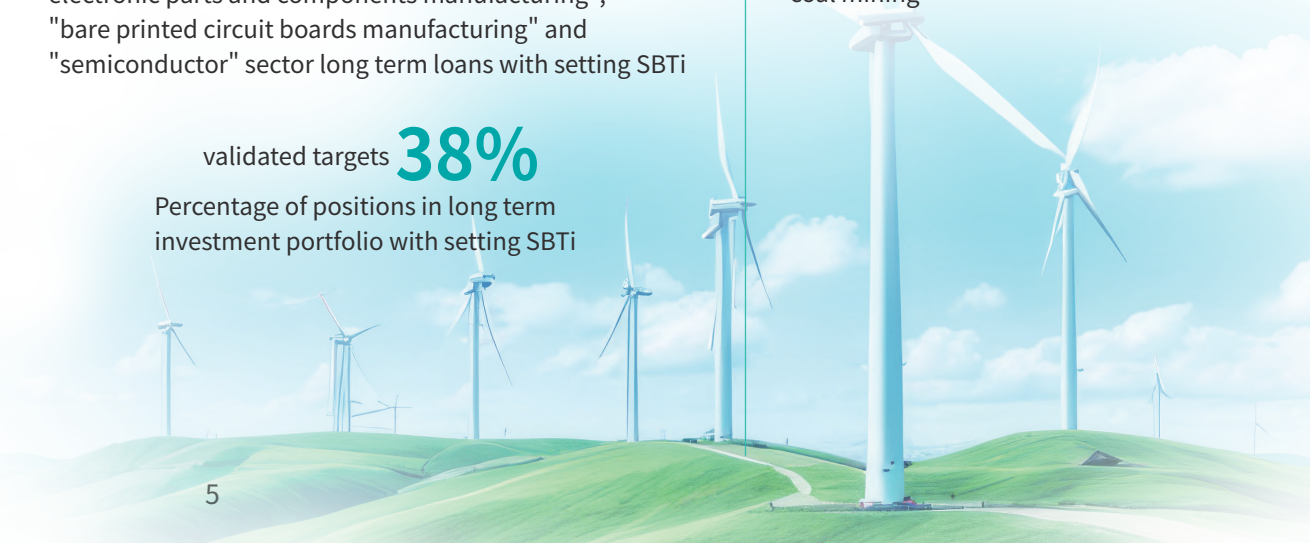
validated targets **42%**
Percentage of positions of long term loans to "computers, electronic and optical products manufacturing", "other electronic parts and components manufacturing", "bare printed circuit boards manufacturing" and "semiconductor" sector long term loans with setting SBTi

validated targets **38%**
Percentage of positions in long term investment portfolio with setting SBTi

2025

Completely phased out investments in unconditional oil and gas industries involving tar sands, Arctic oil & gas, and ultra-deep water oil & gas

Completely phased out financing for unconditional oil and gas industries involving tar sands and Arctic oil & gas, as well as coal mining



Key Performances in 2023

(Unit: NTD)

132,521 million

Sustainable/low-carbon related lending

27,347 million

Sustainable/low-carbon related investments

5,702 million

Sustainable/low-carbon related bond underwriting

48,062 million

Compliance with SRI (Socially Responsible Investment) fund scale

The Jianbei Building has passed carbon neutrality certification

And is a sustainable and eco-friendly building with both green building and carbon neutrality certifications

Making a total of 4 owned buildings with green certification

Yongfu Building received green building certification

10 solar power systems

Own buildings have cumulatively installed

Procurement exceeding 7 million kWh

Procurement of renewable energy and T-RECs

Exceeding 187 million

Green procurement amounts

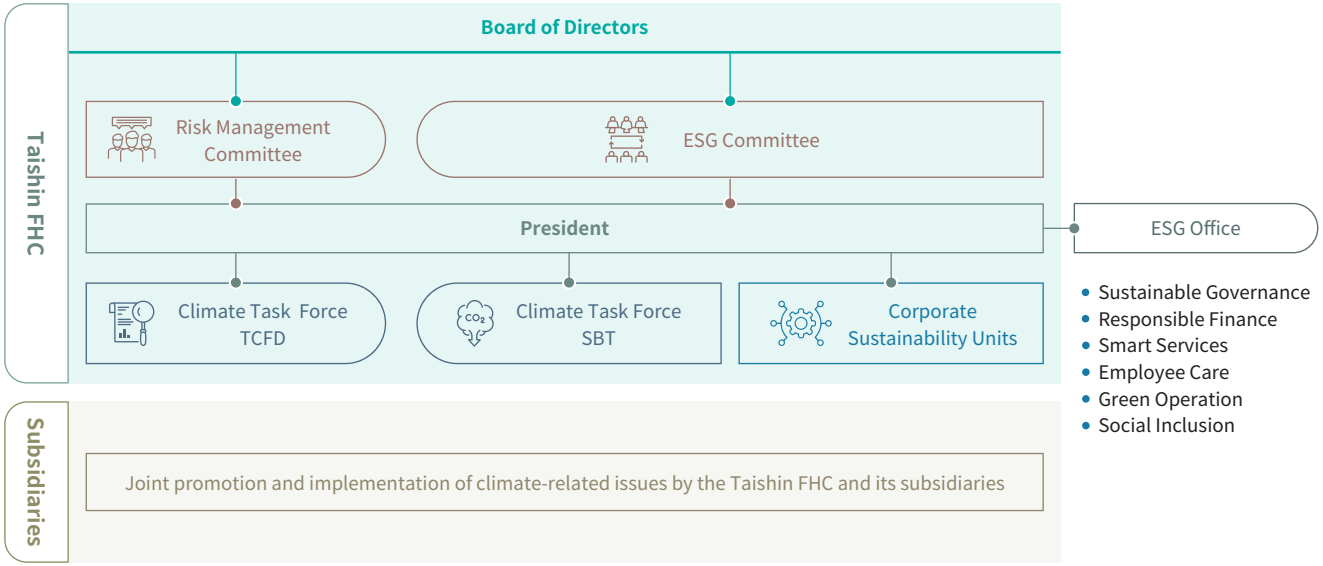
Taiwan's first

carbon-neutral Christmas lighting ceremony

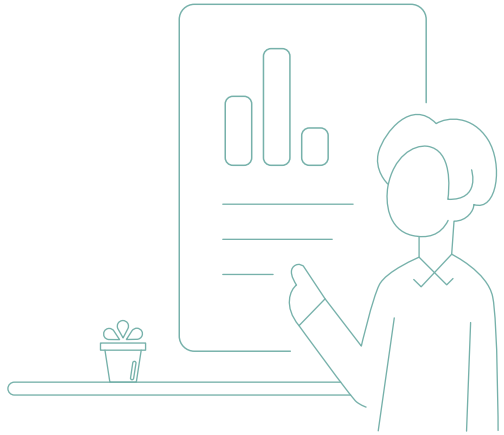
Governance

1.1 Climate Governance Framework

Taishin is proactively organizing climate-related organizations and strategies, establishing a comprehensive management mechanism for climate-related issues with the Board of Directors as the highest governance body for climate issues. Under its jurisdiction, functional committees such as the "Risk Management Committee" and "ESG Committee" have been set up. Additionally, under the President of the FHC, cross-departmental and cross-subsidiary climate task forces and corporate sustainability units have been formed to promote the management of climate-related risks and opportunities, ensuring the implementation of climate actions.



- Sustainable Governance
- Responsible Finance
- Smart Services
- Employee Care
- Green Operation
- Social Inclusion



1.2 Roles and Responsibilities of the Board and Management

The Board of Directors of Taishin FHC is the highest governance body for climate and sustainability-related issues, responsible for overseeing and managing these agendas. Under the Board, there are functional committees including the "Risk Management Committee" and the "ESG Committee," which assist the Board in managing risks and sustainability-related issues.

Functional Committees	Meeting Frequency	Composition of Members	Responsibilities
Risk Management Committee	Meetings are held at least twice a year, with additional meetings convened as necessary.	Appointed by resolution of the Board of Directors, the committee consists of no fewer than three members, more than half of whom are independent directors.	Responsibilities include ensuring sound risk governance and oversight of the risk management mechanisms, reviewing risk management policies, regularly examining integrated risk management reports, and climate-related financial disclosures (TCFD).
Corporate Sustainability Committee	Meetings are held at least twice a year, with additional meetings convened as necessary.	Members include directors from the FHC and subsidiaries, appointed by resolution of the Board of Directors. The Committee shall be composed of at least three members, at least one of whom is an independent director of the Company.	Responsible for enhancing the overall sustainability practices of the Company and its subsidiaries, reviewing sustainable development policies and standards, deliberating on strategic direction and annual plans for sustainable development, and discussion of other major topics requiring approval. Decisions are made with the attendance of more than half of the committee members, and require the approval of a majority of the members present.

To effectively manage climate-related issues, cross-departmental and cross-subsidiary teams such as the "TCFD Task Force," "SBT Task Force," and "Corporate Sustainability Units" are organized to promote projects and track outcomes based on different issues, integrating group resources to ensure the implementation of climate actions and sustainability strategies. Subsidiaries, in addition to collaborating with the financial holding company, also implement strategies based on their own business conditions.

Responsibilities

TCFD Task Force

Convener: Chief Risk Officer
- Oversees the management of climate-related risk issues and impacts across subsidiaries, ensuring the implementation of climate risk-related projects.
- Reports quarterly to the Risk Management Monthly Meetings, Risk Management Committee, and the Board of Directors.

Convening Unit
- Consolidation of Climate-Related Risks and Opportunities and Scenario Analysis Outcomes Across Subsidiaries
- Execution and monitoring of annual projects
- Disclosure of annual TCFD-related information

Team Members
- Promote the management of climate-related risks and opportunities across various business sectors
- Conduct scenario analysis and resilience assessment

SBT Task Force

Convener: CEO of Wholesale Banking
- Coordinate the execution progress of the financial holding subsidiaries according to short-term, medium-term, and long-term goals and work items
- Report annual execution results to the Sustainability Committee and the Board of Directors based on the issues

Convening Unit
- Coordinate the carbon inventory results of various units
- Collect and consolidate externally disclosed reports and contents of questions related to SBT in various evaluations
- Execution and monitoring of annual work items

Team Members
- Prepare data for greenhouse gas scopes and various disclosure items
- Assist and cooperate with the convening unit in executing annual work items

ESG Teams
- To promote sustainable development, ESG Teams are formed within the group, encompassing cross-company and cross-responsibility units, coordinated and advanced by the Corporate Sustainability Office.
- This group is divided into six functional groups: Sustainable Governance, Smart Services, Responsible Finance, Employee Care, Green Operations, and Social Inclusion.
- Based on the sustainability policies, strategic directions, and ESG requirements set by the Corporate Sustainability Committee, the Teams plan related projects and consolidates information pertinent to sustainable development.
- The "Green Operations" team is responsible for managing green operations, green procurement, and sustainable supplier management.
- The "Smart Services" and "Responsible Finance" teams manage climate-related risks and opportunities in investment and financing operations and promote sustainable financial products and services.
- Project outcomes are regularly reported to the President, the Sustainability Committee, and the Board of Directors.

Performance and Compensation Considerations for the President and Senior Managers

Taishin integrates the United Nations Sustainable Development Goals (SDGs) with corporate management strategies, incorporating them into performance and compensation considerations. In the measurement of "Goal Achievement and Organizational Performance," financial and non-financial indicators together account for 50%, including non-financial composite indicators such as climate change, risk management, asset quality, process innovation and control, corporate image, and talent management training. For more details, please refer to Section 2.1.3 of the Taishin FHC 2023 Sustainability Report. Taishin has incorporated climate-related items into the performance indicators for management, implementing projects and strategies through reward mechanisms to enhance climate resilience.

1.3 Climate Capability Building

To keep up with international trends and climate-related issues, and to enhance climate awareness and the professional capabilities of management and staff, Taishin encourages participation in internal and external educational training courses. These courses cover domestic and international regulations and policy changes, sustainable and climate management, etc. In 2023, more than 60 sustainability and climate-related courses were offered, with nearly 24,000 participants in training. Additionally, educational training content is provided according to the needs of different levels and targets.

2023 Sustainability and Climate-Related Educational Training

Courses	Number of Courses	Participants
Climate-Related	25	22,581
Sustainable Finance-Related	14	88
ESG-Related	25	1,107
Total	64	23,776

Directors and Senior Management

- To strengthen directors' professional advantages and capabilities and to keep abreast of the latest management trends, the curriculum for directors' advanced courses includes risk management and legal compliance, industry trends and corporate governance (including but not limited to climate finance trends and sustainable development), and various other course themes as required by regulations or regulatory authorities. In 2023, directors of the financial holdings participated in a total of 82 hours of sustainability and climate-related courses.
- Taishin FHC, Taishin Bank, and the Chinese National Association of Industry and Commerce, Taiwan co-hosted the "2023 Taishin Net-Zero Power Summit" to foster cross-industry exchanges with government and industry representatives from both domestic and international sectors, discussing net-zero electricity strategies and practices. The forum invited directors and senior management of the FHC and subsidiaries to participate, fostering awareness of low-carbon transformation and net-zero emissions.

General Staff

- To implement climate risk management in daily operations, Taishin conducts "General Risk Education Training" through its internal e-learning system, covering climate-related risks as a mandatory course for all employees to cultivate their risk management awareness.
- For the TCFD contacts, Taishin invited external consultants to share domestic and international climate trends, including domestic regulatory disclosure requirements, the content of the IFRS S2 framework, and biodiversity issues. A workshop on identifying significant climate-related risks and opportunities was also conducted to learn about climate impact assessments and strategic responses, ensuring that all business interfaces possess the necessary professional knowledge and skills.

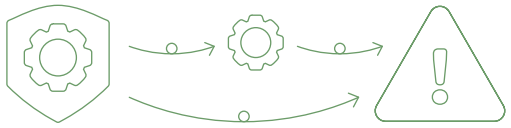
Strategy

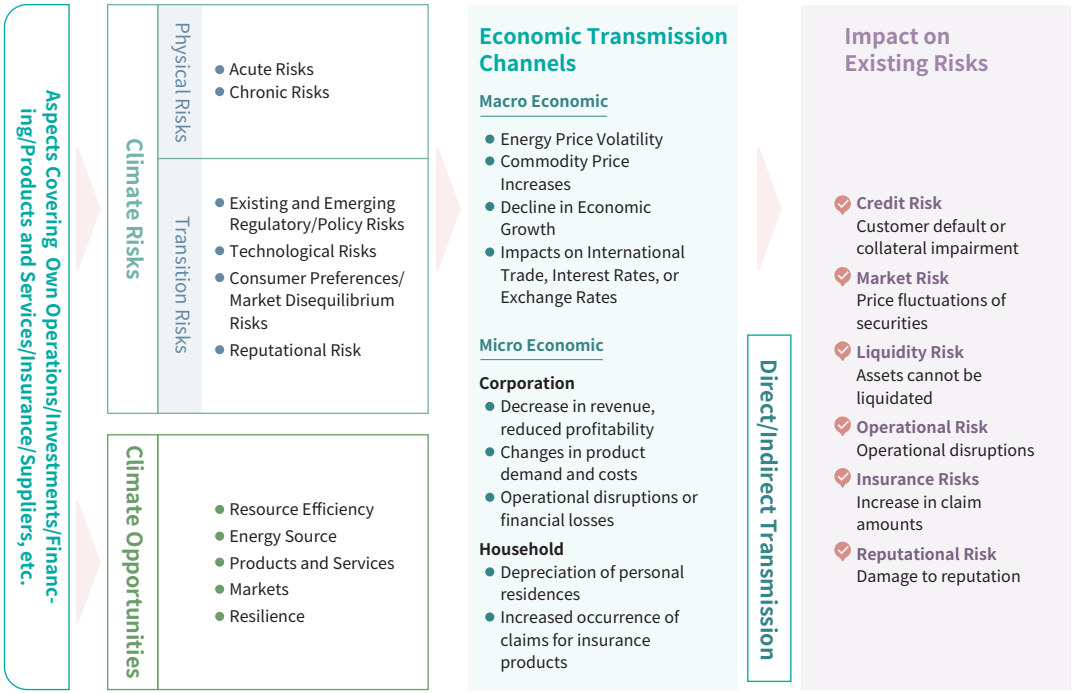
The government has issued the plan for Taiwan's Pathway to Net-Zero Emissions in 2050 and "Green Finance Action Plan 3.0," to lead all sectors toward a net-zero transformation through financial mechanisms. As a financial institution critical to stable economic operations, Taishin actively responds to government policies and climate issues, starting from "Environmental Sustainability of Own Operations" and "Net-Zero Carbon Emission in Financial Business" strategies. These strategies involve concrete action plans to address identified significant risks and opportunities. Through climate change scenario analysis, Taishin quantifies the impacts of climate change, assesses the resilience of related business, and enhances the controllability of climate risks.

2.1 Climate-Related Risks and Opportunities

2.1.1 Climate-Related Risks and Opportunities Identification Process

Risks and opportunities brought about by climate change will intensify existing risks such as credit risk, market risk, liquidity risk, operational risk, insurance risk, and reputation risk, either directly or indirectly through different transmission channels in the economy. For instance, more frequent heavy rainfalls or flooding may damage the company's own equipment at operational sites, increasing operational costs; or bank credit customers facing carbon tax/fee issues may see rising production costs, leading to increased credit risks.



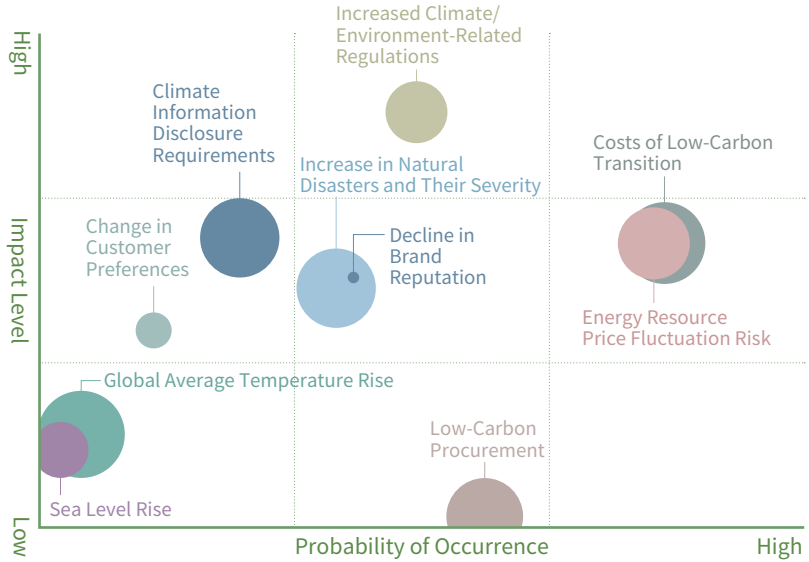


Taishin takes into consideration the types of climate risks and opportunities recommended by the TCFD, and evaluates its own operations, investment, financing, products, services, suppliers etc. based on business characteristics and relevance before selecting 10 climate risk and opportunity issues for each aspect of concern. According to the IPCC's definition of climate risk based on hazards, exposure, and vulnerability, each risk and opportunity is scored based on "probability of occurrence," "impact level," and "controllability," while also identifying their time frames—short term (1–3 years), medium term (3–5 years), and long term (over 5 years), and their impacts along the value chain (upstream, operational, downstream).

2.1.2 Climate-Related Risks and Opportunities Identification Results

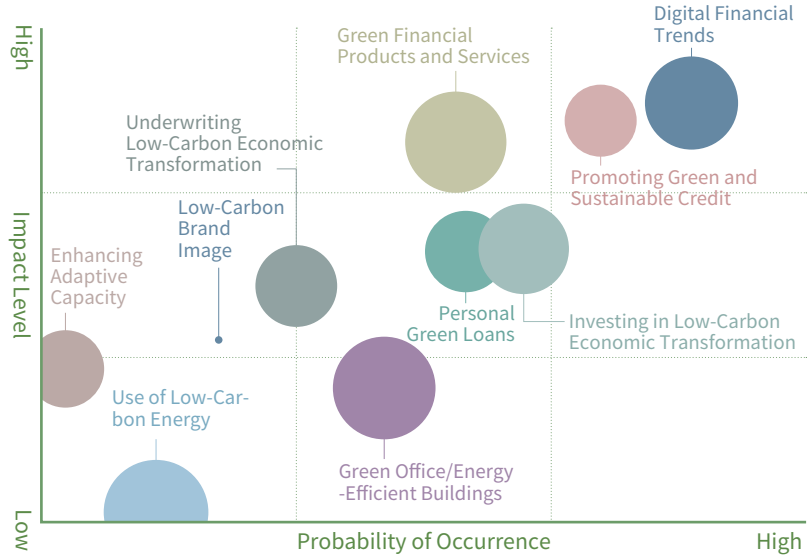
Taishin uses a climate risk and opportunity matrix to sort identified climate-related risks and opportunities based on 'probability of occurrence' and 'impact level', displaying the 'controllability' of each risk and opportunity with varying bubble sizes. The next steps involve consolidating identification results and existing strategies to formulate future response plans and management mechanisms, strengthening climate risk management, seizing opportunities to develop financial products and services, and continuously refining climate-related actions.

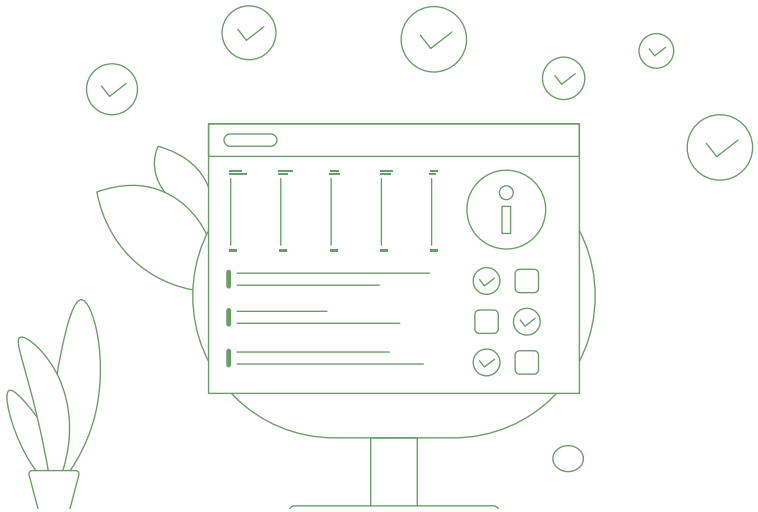
Climate Risk Matrix



Risk	Risk Type	Climate Risks	Impact Assessment	Corresponding Existing Risks	Time Scale	Value Chain Scope: Upstream	Value Chain Scope: Own Operations	Value Chain Scope: Downstream
R1	Transition Technology	Costs of Low-Carbon Transition	To mitigate the impacts on climate change, developing products/taking low-carbon transition measures, which leads to increased operational costs.	Operational Risk Market Risk Insurance Risk	Short Term	●	●	●
R2	Transition Market	Energy Resource Price Fluctuation Risk	According to data provided by Taiwan Power Company, if Taiwan replaces nuclear power with renewable energy and coal with gas, electricity costs may increase.	Operational Risk		●	●	●
R3	Transition Regulations and Policies	Increased climate/ environment-related regulations	The continuous development of domestic and international climate change/ environment-related policies and regulations (such as the use of renewable energy, levying carbon/water fees, carbon trading, etc.) requires companies to incur additional climate-related expenses.	Market Risk Credit Risk			●	●
R4	Transition Reputation	Decline in brand reputation	Based on international trends, the company's management of climate and environmental risks, and the pressure from various domestic and international climate evaluations and commitments (such as SBT, CDP, and DJSI), improper management or failure to meet targets could reduce the trust of stakeholders (such as customers and investors). Additionally, if investment and financing targets do not implement low-carbon transitions, it could negatively impact brand reputation, leading to a decrease in revenue and loss of goodwill.	Operational Risk Market Risk Reputational Risk			●	●
R5	Physical Acute	Increase in natural disasters and their severity	Due to the increased frequency and severity of natural disasters (such as heavy rainfall and landslides), operations are disrupted and may even endanger human safety.	Operational Risk Market Risk Credit Risk Insurance Risk		●	●	●
R6	Transition Regulations and Policies	Climate Information Disclosure Requirements	In response to government net-zero targets and the pressure of climate information disclosure both domestically and internationally (such as greenhouse gas emissions disclosure, annual report IFRS S2 disclosure, sustainable finance evaluations), non-compliance could result in penalties/ litigation, leading to increased operational costs for businesses.	Operational Risk			●	●
R7	Transition Market	Low-Carbon Procurement	Procuring low-carbon products developed by suppliers may lead to higher procurement costs for businesses.	Operational Risk		●	●	
R8	Transition Market	Change in Customer Preferences	As customer concern for climate issues increases, businesses that do not meet customer demands and international trends may be phased out by the market.	Market Risk	Long Term		●	●
R9	Physical Chronic	Global average temperature rise	Climate change, causing global temperatures to rise and persistent high temperatures, may lead to challenges for businesses in their response efforts or result in health impacts.	Operational Risk Insurance Risk		●	●	●
R10	Physical Chronic	Sea level rise	Due to climate change cause operational risks for businesses in coastal areas	Operational Risk Credit Risk			●	●

Climate Opportunity Matrix





Opportunity	Opportunity Type	Climate Opportunity	Impact Assessment	Time Scale	Value Chain Scope		
					Upstream	Own Operations	Downstream
01	Products and Services	Digital Financial Trends	By enhancing the use of digital technologies, operational expenditures such as energy and resource consumption in operational processes are reduced.	Short Term		●	●
02	Products and Services	Promoting Green and Sustainable Credit	In response to climate change and sustainable development, assist clients in achieving sustainable transformation, increasing green financing operational revenue		●	●	●
03	Products and Services	Green Financial Products and Services	By developing sustainable or low-carbon products and services to meet customer and investor needs, operational revenues are increased		●	●	●
04	Markets	Investing in Low-Carbon Economic Transformation	Support sustainable issues through long-term investments to increase operational revenue			●	●
05	Products and Services	Personal Green Loans	As awareness of climate change-related issues increases, people are beginning to prioritize purchasing products with low-carbon emissions, and the demand for green, energy-efficient products, green buildings, and electric scooters, among other green goods loans, is increasing.			●	●
06	Products and Services	Underwriting Low-Carbon Economic Transformation	In response to the trend toward a low-carbon economy, operational revenues are increased by underwriting promising low-carbon targets and green bonds		●	●	●
07	Resource Efficiency	Green Office/ Energy-Efficient Buildings	Implement green office measures in daily business, including paperless operations, renewable energy, resource recycling, improving energy and resource efficiency of equipment, and adding green building label certifications to reduce operational costs.		●	●	
08	Markets	Low-Carbon Brand Image	By strengthening the low-carbon brand image through ESG-related evaluations, opportunities for attracting customers and securing investor funds are enhanced, thereby increasing operational revenues.			●	●
09	Resilience	Enhancing Adaptive Capacity	Develop adaptive capabilities to climate change, proactively identify and manage climate risks, establish protective measures and draft emergency response strategies to reduce the costs to operations from physical and transition risks.		●	●	●
010	Energy Source	Use of Low-Carbon Energy	Develop internal low-carbon energy sources to reduce risks of operational interruptions and fluctuations in renewable energy prices, thereby lowering operational costs.	Mid-Term		●	●

Risk and Opportunity Response Actions

Following the identification process of climate-related risks and opportunities, Taishin identified the major climate impacts it faced in 2023. The table below links climate-related risks and opportunities, assessing their potential financial impacts, and outlines the actions taken by Taishin.

Risk	Opportunity	Financial Impact		Climate Actions
R1 Costs of low-carbon transition R7 Low-carbon procurement	O1 Digital financial trends O3 Green financial products and services O4 Investing in low-carbon economic transformation O5 Personal green loans O7 Green office/energy-efficient buildings	Capital Expenditure Cost Increase	Revenue Increase	2.2.1.1 Energy Saving, Energy Creation, and Energy Procurement 2.2.1.2 Low-Carbon Procurement and Paperless Operations 2.2.2 Net-Zero Carbon Emission in Financial Business 2.3.2 Scenario Analysis for Own Operational Offices and Suppliers 4.2 Environmental Data of Own Operations
R2 Energy resource price fluctuation risk R3 Increased climate/environment-related regulations	O2 Promoting green and sustainable credit O4 Investing in low-carbon economic transformation O5 Personal green loans O6 Underwriting low-carbon economic transformation O7 Green office/energy-efficient buildings O10 Use of low-carbon energy	Capital Expenditure Cost Increase	Revenue Increase Cost Decrease	2.2.1.1 Energy Saving, Energy Creation, And Energy Procurement 2.2.1.3 Internal Carbon Pricing 2.3.1 Scenario Analysis for Investment And Financing Positions 3.2.2 Investment and Financing Risk Management 3.2.3 Insurance Risk Management 4.2 Environmental Data of Own Operations 4.3 Net-Zero Emission Data of Financial Business
R5 Increase in natural disasters and their severity R9 Global average temperature rise R10 Sea level rise	O9 Enhancing adaptive capacity	Revenue Decrease Cost Increase		2.3.2 Scenario Analysis for Own Operational Offices and Suppliers 3.2.1 Own Operational Risk Management
R4 Decline in brand reputation R6 Climate information disclosure requirements R8 Change in customer preferences	O1 Digital financial trends O2 Promoting green and sustainable credit O3 Green financial products and services O4 Investing in low-carbon economic transformation O5 Personal green loans O6 Underwriting low-carbon economic transformation O8 Low-carbon brand image	Capital Expenditure Cost Increase	Revenue Increase	2.2.2 Net-Zero Carbon Emission in Financial Business 2.3.1 Scenario Analysis for Investment and Financing Positions 3.2.2 Investment and Financing Risk Management 3.2.3 Insurance Risk Management 4.3 Net-Zero Emission Data of Financial Business

Taishin has prioritized the top five identified climate risks as significant risks to address, based on the seven dimensions recommended by TCFD: products and services, supply chain and/or value chain, adaptation and mitigation activities, R&D investment, business operations (including types of operations and location of facilities), acquisitions and asset divestitures, and access to capital. Each dimension is individually assessed for its impact on climate strategy and opportunities, following the spirit of IFRS S2 to assess the expected financial impact. Risk management is also conducted according to climate-related commitments and initiatives, paired with scenario analysis and relevant regulatory mechanisms. Non-significant risks follow the existing risk management processes, continuously monitoring their impact level, keeping abreast of various climate issues, and enhancing climate risk adaptation capabilities.

Financial Impact Assessment of Risks and Opportunities

Risk	Existing Response Strategies	Corresponding Opportunities	Financial Impact	Risk Scenario Analysis and Management
R1 Transition – Costs of Low-Carbon Transition	**Mitigation Strategy** • Through carbon management of financial assets, reducing climate risk impact a. Following SBT, gradually achieving decarbonization transformation of the investment and financing portfolio b. Not adding new coal-fired power plant project financing or coal mine financing, and setting timelines for not adding new and completely eliminating coal-related industries and unconventional oil and gas industries c. Establish a list of high-carbonemission industries and monitor the transition risks of investments and financing regularly • Increasing ESG and green investment and financing, promoting the development of a low-carbon economy a. Injecting into the green energy industry, supporting national energy transition policies b. Guiding funds toward sustainable industries, promoting industrial transformation • Developing ESG and green products and services, collaborating with clients toward sustainable development a. Providing green personal financial products, encouraging clients to implement a low-carbon lifestyle b. Expanding digital services, providing electronic insurance policies and remote video services	O1 Digital Financial Trends O3 Green financial products and services O4 Investing in low-carbon economic transformation O5 personal green loans	**Products and services, R&D investment, supply chain and/or value chain** • Products and services, R&D investment, supply chain and/or value chain • In response to controlling high-carbon emission industries, existing business operations mechanisms are adjusted, which may affect investment and financing revenues. • Through "Sustainability-linked Loans," credit conditions linked to environmental, social, and governance (ESG) performance are negotiated with customers. If customers meet these conditions, they are offered a reduced interest rate on credit, which impacts operational revenue. In 2023, the balance of sustainability-linked loans was NTD 17,925 million, approximately 2.63% of the corporate finance business loan balance • To promote the development of a low-carbon economy, the balance of renewable energy generation loans, sustainable infrastructure loans, and ESG industry loans in 2023 was NTD 100,211 million, about 14.69% of the corporate finance business loan balance • Promotion of digital Pay+ services among merchants, replacing card-swiping devices with electronic payments to reduce hardware investment and machine maintenance costs, thereby lowering related operational expenses • Encouraging a public lifestyle transformation, continuously developing green products, currently including "Green Building Mortgage," "Energy-Saving and Carbon Reduction Auto Loans," and "Green Loans." In 2023, the new disbursements totaled NTD 14,397 million	See detailed 2.3.1 Scenario Analysis for Investment and Financing Positions
R2 Transition – Energy Resource Price Fluctuation Risk	**Mitigation Strategy** • Introduction of ISO environmental certification, systematizing environmental and energy management • Continuous promotion of energy-saving and carbon reduction operations to reduce the environmental impact of operations • By using renewable energy and installing solar panels, the utilization rate of low-carbon energy is increased • Planning to apply for Green Building Label for owned buildings to enhance building energy efficiency • Establishing employee habits of conserving resources, reducing resource consumption during operations	O7 Green office/ energy-efficient buildings O10 Use of low-carbon energy	**Adaptation and Mitigation Activities, Business Operations** • Continuing the procurement of renewable energy electricity and certificates, increasing the proportion of renewable energy use to cope with the risk of energy resource price fluctuations. In 2023, NTD 43 million was invested in purchasing renewable energy electricity. It is projected that NTD 55 million will be invested in 2024, and NTD 67 million is planned for 2025, resulting in an increase in related operational expenses • By applying for Green Building Label and installing solar panels, building energy efficiency is increased, and the use of renewable energy is increased, thereby reducing operational costs due to fluctuations in energy resource prices (Unit: Thousand NTD) Investment Projects / 2023 / 2024 (Planned investment) / 2025 (Planned investment) Replacement of old air conditioners/ lighting fixtures: 9,675 / 27,356 / 14,550 Green buildings: 1,392 / 1,350 / 900 Electric vehicle charging stations: 410 / 100 / - Carbon neutrality: 866 / 1,300 / -	2.3.2 Scenario Analysis for Own Operational Offices and Suppliers

Risk	Existing Response Strategies	Corresponding Opportunities	Financial Impact	Risk Scenario Analysis and Management
R3 Transition – Increased Climate/ Environment-related Regulations	**Risk control stategy** • Create a "High-Carbon Emission Industries List" and carefully assess the climate risks of investment and financing targets • Business units of subsidiaries use the "High-Carbon Emission Industries List" as one of the risk assessment factors for their business transactions and decision-making processes, integrating it into their review workflows or decision management mechanisms. • Every quarter, report the exposure to high-carbon emission industries at the risk management monthly meeting, the risk management committee, and the board of directors. By reviewing the changes in investment and financing positions, continuously manage the transition risks	O2 Promoting green and sustainable credit O4 Investing in low-carbon economic transformation O5 Personal green loans O6 Underwriting low-carbon economic transformation	**Adaptation and mitigation activities, supply chain and/or value chain** • By the end of 2023, the investment exposure in high-carbon emission industries accounted for 4.65%, and financing exposure was 6.75%. The potential imposition of carbon taxes or carbon fees internationally and in Taiwan could increase operational costs for related industries, impacting operational performance and development, thereby affecting the expected losses in investment and financing positions • Therefore, support the development of a low-carbon economy and green energy industries to reduce transition risks. For related financial impacts, please refer to the description above	See detailed 2.3.1 Scenario Analysis for Investment and Financing Positions
R4 Transition – Decline in Brand Reputation	**Risk control stategy** • Annually publish sustainability reports and TCFD reports, disclosing sustainability and climate-related information • Continues participation in domestic and international evaluations, such as DJSI, CDP, MSCI to enhance the ESG brand image • In response to domestic and international regulations and trends, provide employee education and training courses to enhance employee awareness	O8 Low-carbon brand image	**Adaptation and mitigation activities, Acquisition of capital** • Develop employees' climate capabilities, enhance the climate awareness and related professional skills of management and general staff, continuously conduct relevant education and training courses, and in response to international climate initiatives, regularly disclose information to demonstrate governance effectiveness. Investments in education, training, and information disclosure (such as database construction, and external database access rights) will incur additional costs • To reduce the negative impact caused by changes in brand goodwill, continuously participate in domestic and international sustainability and climate-related evaluations, and promote the execution of corresponding projects. The investment in related personnel and resources will affect operating expenses	See detailed 2.3.1 Scenario Analysis for Investment and Financing Positions
R5 Physical – Increase in Natural Disasters and Their Severity	**Risk control stategy** • Taishin has an "Emergency Response Procedure" to initiate emergency response procedures and business recovery operations in place • Conduct physical risk analysis on all financial holding company-owned assets, assessing the impact of physical risks on owned operational locations • In internal regulations related to mortgages and real estate collateral, consider physical risks in credit strategy control	O9 Enhancing adaptive capacity	**Adaptation and Mitigation Activities, Business Operations** • If natural disasters affect physical locations leading to operational disruptions, damage to owned buildings, or an increased expected loss rate for real estate collateral, this will result in asset value impairment or related bad debt and loss expenses • To address the impacts of climate change, relevant insurance is purchased for operational sites, thereby increasing operational expense expenditures • Insurance products are managed through reinsurance arrangements to distribute claim risks, while catastrophic reinsurance is arranged to transfer catastrophic risks, effectively controlling losses and reducing claim expense outlays	See detailed 2.3.1 Scenario Analysis for Investment and Financing Positions 2.3.2 Scenario Analysis for Own Operational Offices and Suppliers

2.2 Climate Strategy and Actions

Taishin's sustainability strategy is anchored around the theme "Dedicated to Sustainability & Living Green," which has led to the development of three key issues: "Climate Action," "Financial Prosperity," and "Empower People." Continuing with the key sustainability issue of "Climate Action," Taishin integrates climate action into its own operational and investment/lending processes, enhancing adaptability to climate change. This aligns with the identification results of climate risks and opportunities and the core goal of "Net-Zero by 2050." Starting from two main strategies, "Environmental Sustainability of Own Operations" and "Net-Zero Carbon Emission in Financial Business," Taishin sets a transition plan for net-zero carbon emissions. It carefully assesses the impacts of climate change and gradually plans corresponding mitigation and adaptation actions, while considering the business opportunities that climate change might bring. This guidance aims to initiate carbon reduction and transformation actions among investment and financing targets, enhancing the climate resilience of its own operations and financial services.

Sustainability Statement: Dedicated to Sustainability & Living Green

Climate Action: Integrating climate action into operations and investment/lending process, and improve adaptability to climate change.

Environmental Sustainability of Own Operations

- Energy Saving, Creation, and Procurement
- Low-Carbon Procurement and Paperless Operations
- Internal Carbon Pricing

Net-Zero Carbon Emissions in Financial Business

- Participation in International Climate-Related Action Initiatives
- Demonstration the Expending Influence
- Implementation of Carbon Management in Financial Assets
- Promoting Low-Carbon Economy
- Development of Green Products

Existing Climate Actions			Goals
Environmental Sustainability of Own Operations	Energy Saving, Creation, and Procurement	Energy Equipment Replacement	By 2025, completion of the replacement of 2 old air conditioning units, and by 2026, replacing all financial holding company lighting fixtures with LED lights
		Green Building Label	Evaluating the feasibility of obtaining green building label certification for all owned buildings and office residences of the financial holding company, with a phased completion of green building label certification by 2030
		ISO Environmental and Energy Management Systems	Continuously expanding the scope of ISO verification , in 2025, ISO 14064-1 will be extended to the financial holding company's sub-subsidiaries, and ISO 50001 will be extended to the financial holding company's subsidiaries.
		Renewable energy usage	According to the renewable energy usage plan, the consumption of green electricity will be increased annually, with the usage proportion reaching 26% by 2025 and 46% by 2030.
		Official Vehicle Replacement	In the future, only hybrid and electric vehicles will be purchased for official use, also the company cars is gradually replaced.
	Low-Carbon Procurement and Paperless Operations	The proportion of green procurement amount	The proportion of green procurement amount will be at least 5%.
		Digitization of operational documents	Conducting operational process re-engineering, completing a feasibility assessment of digitizing paper-based operational documents at all subsidiaries by 2030, and progressively implementing a document digitization system.
	Internal Carbon Pricing	Implement internal carbon pricing	Establishing "Internal Carbon Pricing Guidelines," applying this mechanism in the company's capital expenditure decisions
Net-Zero Carbon Emission in Financial Business	Participation in climate-related action initiatives	Climate-Related Action Initiatives	Continue participating in domestic and international climate-related action initiatives to stay abreast of transformation trends and net-zero actions
	Expanding Financial Influence	Climate-Related Lectures, Forums	Continue participating in or organizing climate-related lectures and forums to facilitate exchange within and across industries
	Implementation of Carbon Management in Financial Assets	High-Carbon Emission Industry Management	Already establish a high-carbon emission industries list for the financial holding, integrating it into the investment and financing review process or decision management mechanisms continuously
		Decarbonization Commitments	Coal-related Industries: By 2025, no new investments or financing in coal-fired power plants, and by the end of 2030, complete elimination of investments and financing in coal-related industries Unconventional Oil and Gas Industries: By 2025, complete withdrawal from tar sands, Arctic region oil and gas extraction financing and investments, and ultra-deep-water extraction investments. By the end of 2040, complete elimination of investments and financing related to unconventional oil and gas industries
	Promoting Low-Carbon Economy	Promoting Sustainable Industrial Transformation	Gradually develop green financial products (such as carbon footprint label credit card); increase the proportion of green finance business (such as green investments)
	Development of Green Products	Expanding Digital Services	Continue promoting digital billing, with a target penetration rate of 73% by 2024; Enhance Pay+ services, targeting over 50 partner merchants by 2024
		Mobile Insurance Video and Online Services	Continue to conduct digital promotion activities, exploring services that can be changed online. Expand to cooperative channels, increase the use of electronic notifications and mobile insurance services; continue to explore services that can be changed online to reduce paper applications from customers

2.2.1 Environmental Sustainability of Own Operations

Based on the climate-related risks and opportunities identified in report section 2.1.2 and their impact on business, strategy, and financial planning, Taishin's own operational transition plan includes initiatives for "energy saving, energy creation, and energy purchasing," "low-carbon procurement, and paperless operations." By implementing internal carbon pricing that incorporates greenhouse gas emissions into cost considerations, combined with energy-saving actions and energy management measures, it drives the low-carbon transformation of its operations and commits to achieving SBT carbon reduction goals.

2.2.1.1 Energy saving, energy creation, and energy procurement

As global temperatures rise and extreme weather events become more frequent, governments are intensifying regulations related to climate change, including limits on carbon emissions, energy use regulations, and imposing environment-related fees (such as carbon fees/taxes, water usage fees).In response to the increased operational costs resulting from these measures and facing increasingly strict regulations, Taishin continues to promote energy-saving and carbon reduction measures, improving energy efficiency, reducing greenhouse gas emissions, and planning early responses to reduce potential risks.

Energy-Saving Measures

Responding to the lights-off action and replacing energy-consuming equipment	Green Building Label
• Participating in the global voluntary carbon reduction action "Earth Hour" for three consecutive years by 2023, with Taishin FHC, 101 Taishin Bank branches, Taishin Securities, and Taishin Life continuing to participate, turning off neon lights and other high-energy-consuming lights • Adjusting the summer Cool Biz campaign period in 2023 to a flexible clothing system year round, enhancing employee carbon reduction awareness through power-saving campaigns and newsletters • Continuously replacing old energy-consuming air conditioners and lighting fixtures	Since 2020, Taishin has progressively applied for Green Building Label for its own buildings, accumulating four Green Building Label by 2023, including Jianbei Building, Guandong bridge Building, Nantun Building, and Yongfu Building.
ISO environmental and energy management system verifications	**Promoting replacement of official vehicles and related measures for electric vehicles**
• Continuously conducting ISO 14064-1 greenhouse gas inventory standards verification (including all subsidiaries of Taishin FHC), ISO 14001 environmental management verification (including all subsidiaries of Taishin FHC), and ISO 50001 energy management system verification (including Taishin FHC and Taishin Bank) annually to track greenhouse gas emissions • Continuously conducting ISO 14001, ISO 50001, and ISO 14064-1 education and training for all subsidiaries of Taishin FHC	• From 2022 onwards, only hybrid and electric vehicles will be purchased for official use • By the end of 2023, 6 electric vehicle charging stations and 1 gogoro battery swap station have been installed • In 2023, subsidies were provided for 30 employees and their spouses or first-degree relatives to switch from old motorcycles to electric vehicles

2023 Highlight Actions

"Using treasures, getting good things"

In May 2023, "Smart Recycling Machines" were installed in 10 owned buildings of Taishin FHC in the north, center, and south, using smart sorting technology to collect waste dry batteries and PET plastic products, effectively reducing plastic waste pollution to marine and terrestrial ecosystems. The recycled PET bottles can be remade into other plastic products, implementing a green circular economy. By the end of 2023, a total of 276.4 kg of PET bottles and 12,621 waste batteries were collected from 10 owned buildings, reducing greenhouse gas emissions by approximately 498 kgCO_2e, and attracting about 42,000 customers to participate in the "Green Points into Gold – Sustainable Living" theme event. In the short term, the performance of the already installed Smart Recycling Machines will be analyzed to determine their effectiveness, and based on the analysis results, the number of machines will be gradually increased; simultaneously, in conjunction with public welfare activities, recycled plastics are used to make employee souvenirs or uniforms, achieving the goals of a circular economy.

First Carbon-Neutral Certification for Jianbei Building

Taishin selected its Wholesale Banking - Jianbei Building for carbon neutrality certification. Since 2020, the building has implemented energy-saving measures such as replacing energy-intensive air conditioning equipment and obtained the company's first Green Building Label. Subsequent measures included limiting air conditioning supply times under a major electricity-saving campaign, complemented by renewable energy certificates and carbon credits purchases, achieving carbon neutrality certification in December. This made it the first building owned by Taishin to achieve both carbon neutrality and Green Building Label .


bsi.
Opinion Statement
Carbon Neutrality Declaration
Verification Opinion Statement
...making excellence a habit.

Awarded the 2023 Taipei City Net Zero Leadership Award – Incentive Award

Taishin participated for the first time and was honored with the "Commercial and Industrial Category B – Incentive Award." The focus was on the energy-saving measures of the Neihu Building's data center, embodying Taishin Group's philosophy of "Dedicated to Sustainability & Living Green," and actively promoting energy saving and carbon reduction in daily operations, and demonstrating its commitment to achieving SBT goal. In 2022, the data center's electricity usage was reduced by more than 7.8% compared to 2021, which significantly reduced carbon emissions, thus earning the "2023 Taipei City Net Zero Leadership Award" recognition.

Taishin FHC Plants 4,000 Trees in Partnership with Taitung County Government and Taitung University to Create a Public Welfare Forest

Committed to achieving the 2030 carbon neutrality target, Taishin FHC collaborated in October 2023 with the Taitung County Government and Taitung University to create a public welfare forest by planting 4,000 trees. This initiative aims to offset the carbon emissions from Taishin employees' taxi rides for official business. In 2022, Taishin purchased 4,000 seedlings of the native Taiwanese tree species, camphor, distributing them to 12 Taitung social welfare organizations for cultivation. Each organization received between 100 and 500 seedlings. The partner, Green Hope Spring, provided seedling cultivation advice and introduced a 'seedling-for-cash' model. After one year of cultivation, half of the grown saplings could be exchanged for cultivation cash to increase revenue, while the other half could be exchanged for two new seedlings for continued cultivation, thus initiating the next cycle of environmental sustainability and economic circulation. In 2023, a severe typhoon caused the collapse of tens of thousands of trees in Taitung, causing extensive damage. Therefore, Taishin FHC, together with the Taitung County Government, Taitung University, and Green Hope Spring, collaborated to plant the cultivated saplings not only in the Zhiben campus of Taitung University but also in the severely damaged Taitung Forest Park, contributing positively to the environment.

Energy Creation and Purchase

Taishin not only improves energy efficiency and reduces energy consumption through energy-saving actions but also increases the use of renewable energy through 'energy creation' and 'energy purchasing,' reducing dependence on traditional energy sources. This supports not only the reduction of greenhouse gas emissions but also the development of the renewable energy industry.

Energy Creation	Solar panels have been installed on the rooftops of owned buildings to supply electricity and increase the ratio of renewable energy use. By the end of 2023, a total of 10 solar power systems had been set up.
Energy Purchasing	• In line with SBT goals, the Taishin Group has been purchasing renewable energy certificates (T-REC) since 2017, and from 2022, has signed green electricity purchase contracts with renewable energy power sellers. In 2023, Taishin FHC purchased a total of 7,213,689 kWh of renewable energy electricity and certificates, progressively increasing the use of renewable energy to achieve net-zero emissions at its facilities. • Taishin Group responded to the government's 2050 net-zero emissions target. By the end of 2023, invited by the Taiwan Carbon Exchange, Taishin became one of the first financial institutions to participate in carbon trading. It purchased carbon credits from a landfill gas capture for electricity generation project, utilizing these credits for carbon neutrality of its operations, financial products/services, and brand activities.

2023 Highlight Actions

Taiwan's First "Carbon-Neutral" Christmas Lighting Ceremony

In 2023, Taishin FHC embraced the spirit of "Dedicated to Sustainability" by voluntarily reducing carbon emissions for its Christmas event. The event's carbon emissions totaled 4.26 tCO_2e. Efforts were made to conserve energy and reduce carbon emissions, including minimizing the use of disposable decorative materials and switching to more efficient LED bulbs. The carbon emissions from the event were offset through the purchase of carbon credits, making it Taiwan's first carbon-neutral Christmas event. This truly demonstrated a commitment to sustainability, rallying everyone to conserve energy and reduce carbon emissions toward a sustainable future.

2.2.1.2 Low-Carbon Procurement and Paperless Operations

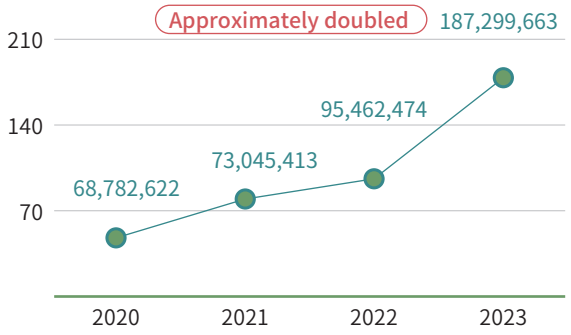
Low-Carbon Procurement

Year over year, Taishin has seen growth in green purchasing across categories including construction projects, computer information, office supplies, property security, printed materials, and marketing services. In 2023, the total amount of green purchases was NTD187,299,663 (an increase of 96.2%), with green purchases accounting for 7.1% of the total purchasing amount (up 3.7%). In December 2023, Taishin was recognized by the Ministry of Environment with a certificate of excellence for private enterprises and groups that made over NTD50 million in green purchases. In its supplier management guidelines, Taishin FHC prioritizes purchasing products that are environmentally friendly, water-saving, energy-efficient, or have green building material labels, or other attributes like being made from recycled materials, recyclable, and low pollution. By integrating these principles into its system and collaborating with upstream and downstream suppliers, Taishin helps to establish a green supply chain.

Taishin FHC's Green Purchasing Achievements

Annual Green Procurement Total Amount

Unit: New Taiwan Dollars



Note: In 2023, there were 21 categories of green purchases, including electric vehicles (for official use), renewable energy electricity (including renewable energy certificates), computers, monitors, eco-friendly toner cartridges, hand towels made from recycled paper, energy-saving light tubes, and gypsum boards with a green building material label. Computer and information technology products accounted for the highest proportion of the purchasing amount.

Paperless Operations

Continuing the "Environmental Sustainability of Own Operations," Taishin FHC started with process re-engineering, together with its subsidiaries, transitioning traditional manual paper processes to electronic, enhancing the usage rate of electronic forms. By the end of 2023, the total usage rate among the subsidiaries reached 25%, not only saving significant amounts of paper and printing costs but also enhancing document processing efficiency and generating positive environmental impacts.

2023 Highlight Actions

You Digitalize, I Green, Together We Create a Paperless Living Environment

Through the design of document digitalization, a paperless and digital lifestyle is created, reducing the procurement of copy paper, printed materials, and the rental of office machines, while simultaneously increasing the efficiency of document use and reducing the need and consumption of paper. Beyond promoting paperless processes, Taishin FHC has monetized the reduction of paper usage. For every 1,000 sheets of paper saved (including the conversion of policyholders to electronic notifications), 100 New Taiwan dollars are donated (with A4 copy paper priced at 55 NTD per 500-sheet pack). These funds are donated to the Forestry Bureau to support tree adoption, wildlife conservation, and forest protection services. In 2023, the Taishin Bank, Taishin Securities, and Taishin Life collectively reduced paper usage by 5,090,376 sheets, resulting in donations totaling NTD508,800.

2.2.1.3 Internal Carbon Pricing

Taishin has established an internal carbon pricing mechanism using a shadow price. The carbon price is set at NTD 2,400 per metric ton based on internal carbon reduction costs and the status of domestic and international carbon trading markets. The scope of application includes the evaluation of energy-consuming equipment purchases, analyzing the best cost-benefit items. Carbon pricing is considered along with equipment specifications and investment costs, ensuring that carbon pricing factors are reflected in energy-saving action plans. The goal of internal carbon pricing is to respond to climate change regulations, alter internal behaviors, and guide energy use efficiency and low-carbon investments. The pricing is expected to be reviewed and adjusted annually based on actual operations or trends.

2023 Highlight Actions (Column)

Supplier Conference - "Internal Carbon Pricing"

In 2023, Taishin organized a supplier conference themed around "Internal Carbon Pricing," gathering about 50 major suppliers to discuss carbon pricing practices and future trends, recognizing the year's outstanding suppliers. The conference also included a tour for the suppliers of Taishin Bank's Neihu Building, showcasing its Financial Innovation Lab and Smart Recycling Machine, encouraging suppliers to develop energy-saving products and extend sustainability concepts throughout the supply chain.

2.2.2 Net-Zero Carbon Emission in Financial Business

Taishin aligns its carbon reduction targets with the Science-Based Targets(SBT). Beyond actively reducing its operational carbon emissions, Taishin has also developed a financial business transformation plan. This plan builds upon the climate-related risks and opportunities identified in Section 2.1.2 of this report, affecting business, strategy, and financial planning. Taishin is actively "participating in climate-related action initiatives" and "expanding financial influence," while using its financial expertise in "financial asset carbon management," "promoting a low-carbon economy," and "developing green products" to devise corresponding action plans. These plans integrate greenhouse gas emissions factors into investment and financing decisions, assisting industries in their low-carbon transformation and fulfilling Taishin's commitment to carbon reduction.

2.2.2.1 Participation in Climate-Related Action Initiatives

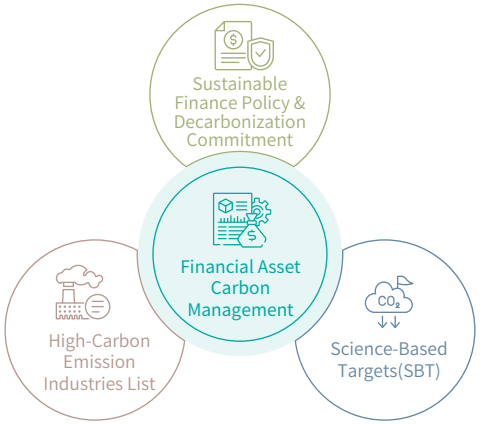
Taishin is committed to climate-related issues,and actively participating in both domestic and international action initiatives to align with global transformation trends. Through cross-border and cross-industry knowledge exchanges, Taishin enhances its carbon reduction actions and management strategies, addresses climate-related risks and opportunities, and mitigates its potential impacts, working with partners to achieve net-zero goal.

Climate-Related Action Initiatives	CDP	TCFD – Task Force on Climate-Related Financial Disclosures	台灣淨零排放協會 Association of Taiwan Net Zero Emissions TANZE 台灣淨零行動聯盟 Taiwan Alliance for Net Zero Emissions	Science Based Targets – Driving Ambitious Corporate Climate Action	PCAF – Partnership for Carbon Accounting Financials
Explanation	Since 2015, Taishin has participated in the Carbon Disclosure Project(CDP), continuously improving its carbon management through self-assessment questionnaires. In 2023, its climate change rating was at the "Management Level."	Since initiating the implementation of the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2018 and officially becoming a supporter of the TCFD in 2019, Taishin has demonstrated its commitment to addressing climate issues. It has continuously refined its management of climate-related risks and opportunities. In 2023, Taishin achieved Level 5: Excellence rating in TCFD compliance verification.	In 2021, Taishin was a founding member of the "Taiwan Net Zero Emissions Association" and participated in the "Taiwan Alliance of Net-Zero Emissions". Taishin stands alongside its alliance members in pledging to achieve its carbon reduction targets by 2030 and continually promoting various energy-saving and carbon reduction measures to minimize the environmental impact of its operations.	Taishin proactively set Science-based Targets (SBT), and in July 2022, its carbon reduction targets were approved by the Science Based Targets initiative (SBTi), making it the fifth financial institution in Asia and the third in Taiwan to have its SBT targets approved.	In 2023, Taishin signed up to join the Partnership for Carbon Accounting Financials (PCAF), focusing on the carbon emissions from Scope 3 financing and investments. Taishin aims to guide industry transformation through financial influence.

2.2.2.2 Demonstrating the Expanding Influence of a Financial Institution

On June 2, 2023, Taishin FHC hosted the "2023 Taishin Net-Zero Summit." The summit invited Michiaki Uriu, President of a Japanese power giant Kyushu Electric Power, and Wen-Sheng Tseng, Deputy Minister of Ministry of Economic Affairs and Acting Chairman of Taipower, to share insights on Taiwan-Japan energy transformation solutions. The summit brought together domestic and international leading renewable energy companies and think tanks to discuss pathways to achieving net-zero power in Taiwan. Over 2,100 participants from major companies' board members and senior executives, both in-person and online. Taishin believes that in facing climate change issues, no one can remain uninvolved. Everyone can go "From Zero to Hero" and become a hero in solving the climate crisis. The summit aimed to gather the strength of partners from all sectors to help the industry grasp international trends in sustainable development and green energy, promote industry exchanges and cooperation, accelerate the net-zero transformation, and create a sustainable future together.

2.2.2.3 Implementation of Carbon Management in Financial Assets



In response to the risks brought about by climate change and to avoid operational impacts from the physical and transitional risks of investment and financing targets, Taishin, along with its subsidiaries, implement carbon management for financial assets on various levels, including: (1) Through its sustainable finance policy, Taishin incorporates ESG-related risks into decision-making and trading considerations and has set decarbonization commitments to phase out coal-related industries and unconventional oil and gas businesses; (2) following the SBT pathway to actively engage with investment and financing targets to guide their carbon reduction actions and transition strategies; and (3) establishing a high-carbon emission industries list, and integrating it into the investment and financing review process or decision-making mechanism of each subsidiary's responsible unit to carefully assess the climate risks of counterparties. Through the management processes mentioned above, Taishin reduces impacts and progressively moves toward a low-carbon transition. Further details will be explained in the section 3.2.2, investment and financing risk management.

2.2.2.4 Promoting a Low-Carbon Economy

Addressing the climate change issue, the financial sector acts as a crucial pillar of economic development, playing a key role in climate action through its lending and investment capabilities, providing essential financial support to industries. Taishin actively contributes to the development of green energy and sustainable industries, committed to communicating with stakeholders such as enterprises, clients, and suppliers, and exerting its influence to guide industries and clients toward a low-carbon transformation.

Supporting the development of Green Energy Industry

(1) In response to the government's six core strategic industry initiatives, Taishin has established the "Guidelines for Solar Power Plants Financing" to encourage financing aimed at the construction, acquisition, and compensation of solar power plants. Taishin Bank has taken the lead as the first bank in Taiwan to ensure that 100% of its power plant financing is dedicated to renewable energy, actively supporting the development of the renewable energy generation industry. Taishin FHC will continue to monitor government initiatives and green energy industry trends, doing its best to assist industries that benefit environmental, social, and economic transformations in securing funding.

Performance in 2023

- Starting from October 2023, 100% of power plant financing activities have been for renewable energy sources
- Solar power plants loan balance NTD 5,498 million
- Total installed capacity of 753 MW, approximately avoiding 59,419 metric tons of greenhouse gas emissions [Note]

Note: Calculated based on 2022 power emission factor of 0.495 kgCO_2e/kWh published by the Energy Administration, Ministry of Economic Affairs.

(2) To align with international trends in promoting sustainable finance, Taishin Life has implemented responsible investment supporting the renewable energy industry. In 2023, it invested NTD 424 million in renewable energy power plants, with an installed capacity of 74.97 MW, generating 84,844 MWh over the year. Additionally, other renewable energy power plants are in the application process. Taishin Life will continue to monitor incomplete plants and invest in potential renewable energy power plants in the future, emphasizing Taishin's focus on the renewable energy sector.

(3)Taishin Venture Capital invested in renewable energy solar power companies in 2020, supporting green energy and environmental sustainability. The investment was in domestic teams with experience in solar photovoltaic project development, design, construction, and operation management in Taiwan, collaborating in the joint development and investment in solar photovoltaic projects. Furthermore, Taishin Venture Capital will continue to focus on renewable energy, smart grids, and green electricity trading, seeking investment opportunities to support the development of companies in these fields.

Promoting Sustainable Industrial Transformation

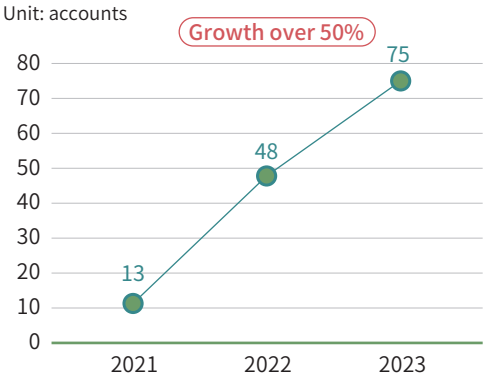
(1) Promoting sustainable infrastructure loans, providing corporate loans to environmentally or socially friendly infrastructure-related industries such as public transportation, wastewater and waste treatment, medical institutions, and urban renewal of old buildings, in response to the sustainable trend. In 2023, the loan balance was NTD 45,979 million.

(2) Promoting sustainability-linked loans, assisting companies in obtaining the necessary funds for green and sustainable loans, to support the development of low-carbon, circular economy, and renewable energy industries.

Performance in 2023

In 2023, the number of sustainability-linked loan clients was 75, with a total loan balance of NTD 17,925 million, representing a growth of over 50% from 2022.

Number of Sustainability-linked Loans Customers



(3) Launching of "Taishin SME ECO Digital Financial Service Platform," a first among domestic banks to fully cover client acquisition, application, submission, credit review, rating, and insurance on the platform that integrates and consolidates various systems both within and outside the bank. This platform assists small and medium-sized enterprises (SMEs) in green digital transformation and ESG implementation in the most caring and convenient way, receiving high praise from SME clients.

Performance in 2023

Taishin Bank won the IDC 2023 Future Enterprise Award for "Industry Ecosystem Innovation."

Guide funding toward the ESG industry

(1) Before investing in trading activities, Taishin Bank incorporates ESG considerations. For equity investments, companies with good governance and stable operations are selected from ESG stocks. For bond investments, issuers are chosen based on Bloomberg ESG ratings, focusing on those with above-average industry ESG scores and lower sustainability risks. The bank actively seeks ESG issuers and consults with investors while developing opportunities for Sustainable Bond issuance.

(2) Taishin Bank pioneered sustainability bond services, guiding companies through issuing sustainability bonds and green bonds to achieve net-zero and sustainability goals. The Bank plans to combine sustainable development consulting tailored to the wholesale banking customers, providing a one-stop service for ESG bonds from assessment, information gathering, certification, issuance, submission for listing, and subsequent tracking. Minimize the issuance process and enhances efficiency, enabling clients who have not yet participated in ESG investing or financing to make a quick start, and increasing incentives for those already involved in ESG investing and financing to actively secure funding through issuing related ESG bonds. In 2023, Taishin Bank underwrote 5 green bonds and 4 social bonds totaling NTD 5,702 million.

(3) As part of ongoing efforts to promote a low-carbon economy, Taishin Bank, Taishin Securities, and Taishin Life invested in multiple bonds. By the end of 2023, they had invested in 31 green bonds totaling NTD 11,751 million, 19 sustainability bonds totaling NTD 11,851 million, and 3 stocks of companies selected for sustainability-related indices or ratings totaling NTD 778 million. Through these investments in green and sustainability bonds, they not only reduce sustainability development risks but also support sustainability development goals.

(4) Taishin Securities Investment Trust(TSIT) is dedicated to advancing the development of sustainable investment products, having launched two funds in 2021, the "Taishin ESG Global Environmental Growth Equity Fund" and " Taishin ESG EM Bond Fund (this fund invests a significant portion in high-risk, non-investment grade bonds, and the dividends may come from the principal)." Furthermore, in 2023, it issued the "Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF Fund (This fund's dividends source may be paid from income equalization and the fund has no guaranteed income or dividends). " Additionally, in compliance with SRI (Socially Responsible Investment), during the management of the Taiwan stock fund and the fully commissioned government fund accounts, Taishin Investment has included quality companies that meet ESG criteria in theTaiwan Stock MainList, prioritizing these companies for investment, with reviews and adjustments conducted quarterly.

Performance in 2023

As of December 31, 2023, the total investment scale of ESG funds was approximately NTD 8,500 million:

- Taishin ESG EM Bond Fund (This fund invests a significant proportion in high-risk bonds that are not investment grade, and the source of distributions may include principal) NTD 2,931 million.
- Taishin ESG Global Environmental Growth Equity Fund–NTD 1,152 million
- Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF Fund (This fund's dividends source may be paid from income equalization and the fund has no guaranteed income or dividends) –NTD 4,379 million

As of December 31, 2023, the total scale of SRI investments (including public and private funds, and fully commissioned management) was approximately NTD 48,062 million.

2.2.2.5 Development of Green Products

Encouraging Transformation in Public Living:

(1) To enhance the critical role of the financial industry in directing funds, Taishin Bank pioneered in 2022 the introduction of an energy efficiency labeling incentive loan. In coordination with the Ministry of the Interior's policy for net-zero carbon buildings, the bank introduced a real estate loan linked to the "Building Energy Efficiency Label," offering preferential loan rates to customers purchasing real estate or collateral that has received a high energy efficiency rating (3 points or above) from the Ministry of the Interior.

Performance in 2023

In 2023, the new disbursement amount for green building mortgage reached NTD 2,324 million, accumulating a total of NTD 3,057 million by December 31, 2023.

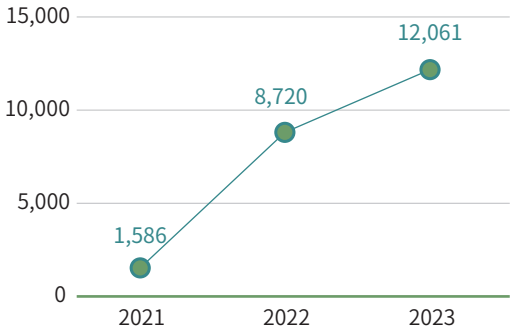
(2) Taishin Bank launched the "Energy-saving and Carbon Reduction Preferential Auto Loan Program," offering special interest rates for consumers purchasing electric or hybrid vehicles, as well as the "Preferential Green Credit" for purchasing energy or water-saving labeled appliances.

Performance in 2023

- In 2023, the new disbursement amount for electric vehicle loans was NTD 12,061 million, accumulating a total of NTD 22,367 million by December 31, 2023.
- The new disbursement amount for preferential green credits in 2023 was NTD 11.85 million, accumulating a total of NTD 18.33 million by December 31, 2023.

New Disbursements for Electric Vehicle Loans

Unit: million New Taiwan Dollars



(3) Taishin Bank has consistently promoted green energy and environmental protection through its credit cards. All products and services, including publications, are offered in digital formats for customer viewing. Communication with customers is primarily through EDM and SMS to reduce physical production and printing. Marketing activities and giveaways have transitioned to Taishin Points rewards, significantly reducing carbon emissions and environmental impact, aligning with the net-zero sustainability strategy. In collaboration with green and environmental professionals, since 2018, Taishin Bank has partnered with B Corporation "DOMI Green," promoting the switch to digital billing among credit card users. The bank looks forward to engaging its extensive customer base through financial services to continue supporting vulnerable groups and focusing on environmental issues to achieve social prosperity.

Performance in 2023

- In 2023, approximately 276,000 additional people read digital bills on mobile devices.
- The penetration rate of digital bills increased from 20% to 69.4%, with the expectation to reach 73% in 2024.
- Currently, 1.65 million cardholders have switched to digital bills, reducing paper usage by 60 million sheets annually. This change has helped about 591 energy-vulnerable families replace their appliances with energy-efficient ones.

Taishin Rose Giving Card obtained the "Product Carbon Footprint Label."

By reviewing every stage, from card production to operation and establishing its own carbon reduction mechanisms, the Taishin Rose Giving Card successfully obtained the Environmental Protection Administration's "Product Carbon Footprint Label" in March 2023, creating a sustainable credit card that contributes to both environmental and social development. Taishin Bank has also committed to reducing its emissions by 3% within five years. Its strategy includes promoting electronic billing, online card transactions, and reducing the use of physical cards to decrease paper carbon emissions. Additionally, the bank collaborates with card manufacturers to implement energy-saving projects in card production to reduce carbon emissions.

Expanding Digital Services

(1) Taishin's digital banking brand Richart integrates financial services into diverse life scenarios. In 2022, it introduced a new service for securities settlement accounts, allowing customers to manage independent accounts for securities settlements, invest in ESG fund portfolios, and select global ESG investment targets. Taishin Bank has also developed a green living ecosystem through Richart Life, such as adding a sustainable business discount section on the platform and promoting net-zero and sustainable development with partners. Additionally, it has created a sports mission area to advocate for energy saving and carbon reduction. By the end of 2023, over 100,000 people had authorized their health data. By linking health data, Taishin designs various tasks such as walking and sports, rewarding participants with Taishin Points. Moreover, it has launched a "Green Life" curated section, gathering products that align with ESG concepts to offer customers a broader range of green consumption options and encourage them to practice a green lifestyle.

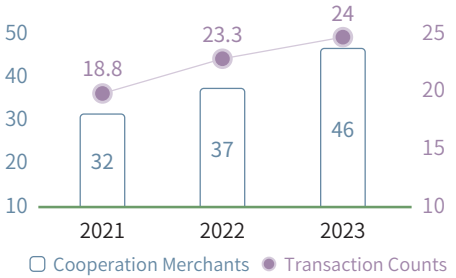
(2) To promote green products, Taishin provides the pay+ service for merchants, integrating various mobile payment services and setting up merchant wallets to create more user-friendly financial services. The pay+ digital carbon reduction product, as of 2023, has collaborated with over 40 merchants, accumulating more than 24 million transactions. This has effectively reduced cash payments and paper-based transactions, assisting merchants in achieving digital transformation and carbon reduction. Additionally, in October 2022, Taishin partnered with Gogoro to launch the Gogoro Rewards co-branded card, successfully encouraging Taishin Bank cardholders to purchase electric vehicles, thereby reducing air pollution and carbon emissions.

Performance in 2023

- Awarded the 2023 Asia-Pacific Sustainability Action Awards – Silver Award for Taiwan region.
- The Gogoro Rewards co-branded card saw nearly 110,000 applicants, and it has facilitated over 20,000 new customers to purchase electric scooters with the co-branded card.

Pay+ Cumulative Cooperation Merchants and Transaction Counts

Unit: number of stores/million transactions



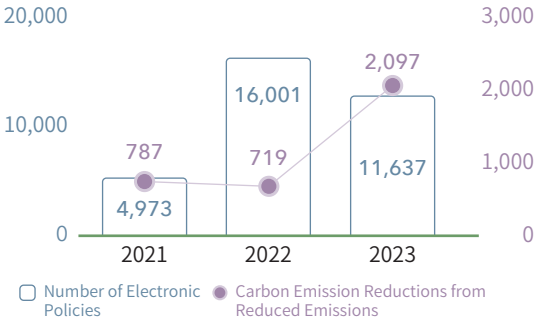
(3) Taishin Group has also actively introduced digital services, not only enhancing user convenience but also reducing carbon emissions from paper operations. In investment and finance, through the online insurance platform, e-Insurance, insurance policies are serviced electronically, using paperless services to achieve low-carbon sustainability goals. Moreover, in response to trends in environmental sustainability and climate change investment, the review of financial products now includes green financial products to ensure fund products comply with ESG standards and expand environmentally sustainable related fund products (such as energy transition markets), providing bank customers with direct investment channels into the ESG industry, aiming to enhance product sales revenues through funds related to ESG topics.

Performance in 2023

In 2023, the number of electronic insurance policies handled was 11,637, reducing paper usage by approximately 291,251 sheets, equivalent to a reduction of approximately 2,097 kilogramsof carbon emissions.

Number of Electronic Policies and Estimated Reduction in Carbon Emissions

Unit: Number/kgCO_2e



Taishin Life plans to enhance efficiency through digital services, introducing various digital premium payment services to increase the convenience of policyholder transactions; and plans to build a policyholder notification platform, integrating all types of policyholder notifications and letters on a digital platform for easy monitoring by customers. In the future, remote video services will be developed to assist with new contract insurance, policy maintenance changes, and even claims investigations, eliminating physical distance as a barrier to face-to-face insurance services. And has officially launched electronic policy services inJanuary 2023, encouraging policyholders to apply for digital insurance contracts, replacing traditional printed policies,In 2023, the number of electronic policies undertaken was 9,380, reducing paper usage by approximately 775,156 sheets, equivalent to nearly 5,000 kilograms of carbon emissions reduction.

Electronic Notification	Mobile Insurance Application via Video	Customer Online Change Service
Operational Mode		
Replace paper notifications/ forms with electronic delivery to reduce printing and mailing costs, eliminating customer concerns about paper delivery losses	Digital methods are used for solicitation and insurance underwriting, reducing the use of paper documents in hopes of achieving a paperless insurance application process.	Provide customers with online change services, reducing the need for paper applications and enhancing customer convenience, while jointly promoting environmental conservation with customers
Planning Progress		
Continuously conduct digital promotion activities, inviting customers who have not applied for electronic notifications to participate actively; three events were held in 2023	Completed the life insurance consultant channel service revision in 2023, with continued promotion to external collaboration channels in 2024	Added six online services in 2023 and continues to explore services that can be changed online
Results		
The target number of customer applications for 2023 was 73,997; the actual total number of customer applications was 76,509, achieving a yearly rate of 103%	Since the new system went online in November 2023, it had achieved a usage rate of 51% by the end of the year	The online change rate target for 2023 was 55%, with an actual achievement rate of 112% for the year

2.3 Climate Change Scenario Analysis and Resilience Assessment

To quantitatively measure the impact of climate-related risks on Taishin FHC and its major subsidiaries, scenario analyses are conducted based on the identification of significant climate-related risks, focusing on investment and financing positions, operational processes, and suppliers. These analyses consider the transition and physical risks associated with climate change, assess potential financial impacts, review the effectiveness of climate strategies, and promptly adjust strategic directions and management processes to enhance climate resilience.

End-of-Century Warming Scenario Assumptions

End of Century Scenario	NGFS Scenario	IPCC-AR5
End of Century Warming <1.5° C	Net Zero 2050	RCP 2.6
	Below 2° C	
End of Century Warming <2° C	Divergent Net Zero	RCP 2.6
	Delayed Transition	
End of Century Warming <3° C	NDCs	RCP 4.5
End of Century Warming <4° C	Current policies	RCP 6.0
End of Century Warming >4° C		RCP 8.5

Scenario Assumptions	
2050 Net Zero Orderly Transition Scenario	Globally, to achieve the net-zero target by 2050, carbon pricing implementation and public sector policy initiatives will be progressively strengthened from 2021. Transition demands will incur costs for traditional industries like fossil fuel extraction and production, energy, etc., but also present opportunities with the rise of associated industries such as renewable energy.
Disorderly Transition Scenario	Governments fail to take active measures on carbon reduction targets before 2030, therefore, significantly enhance the implementation of related policies after 2031, causing more intense transitional impacts on various industries from 2031 to 2050.
No Policy Scenario	Governments, aside from the current policies already in effect, do not introduce any new carbon reduction policies. In this scenario, global warming by the end of this century will exceed 4° C. The world will face the highest level of physical risks.

Scenario Analysis Summary Table

	Baseline Scenario	Orderly Transition Scenario		Disorderly Transition Scenario		No Policy Scenario	
		2030	2050	2030	2050	2030	2050
The ratio of the expected loss to the income before tax in the base year	32.14%	46.55%	55.95%	49.18%	60.87%	43.63%	49.08%
Transition Risks	21.37%	34.65%	42.66%	32.43%	49.25%	31.26%	33.74%
Physical Risks	10.77%	11.90%	13.29%	16.75%	11.62%	12.37%	15.34%
The ratio of the expected loss to the net value	2.85%	4.13%	4.97%	4.37%	5.41%	3.87%	4.36%
Transition Risks	1.90%	3.08%	3.79%	2.88%	4.37%	2.78%	3.00%
Physical Risks	0.96%	1.06%	1.18%	1.49%	1.03%	1.10%	1.36%

Note 1:Scope of assessment: Taishin Bank – domestic and international credits, banking book bonds, bills and equity investments; Taishin Securities – FVOCI bonds investments; Taishin Life – bonds and equity investments.

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

Note 3:Under the orderly transition scenario by 2030, the expected loss for transition risk is about NTD 6,757 million, and the expected loss for physical risk is about NTD 2,321 million.

2.3.1 Scenario analysis for investment and financing positions

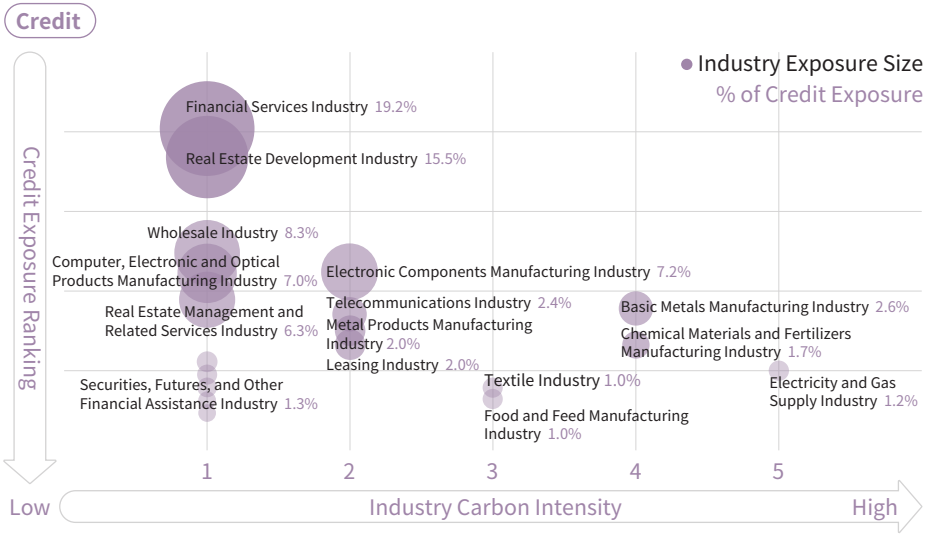
Our company refers to the "Operation Plan for Domestic Banks' Handling of Climate Change Scenario Analysis (hereinafter "Taiwan bankers association's guideline") published by the Bankers Association and uses NGFS and IPCC scenario data for assumptions. We estimate the losses due to climate risks in different scenarios for 2030 and 2050, analyze the climate risk levels of exposure, and select high climate risk industries for resilience assessment to facilitate subsequent investment and financing climate risk management. In 2022, the company established the "High-Carbon Emission Industries List" (see this report section 3.2.2 Investment and Financing Risk Management).

Based on the assessment, it is observed that the loss values in 2050 are higher than in 2030 under all three climate scenarios. In both orderly and disorderly transition scenarios, although both assume transition measures, the orderly transition involves immediate and gradual implementation of carbon reduction policies, while the disorderly transition begins only after 2030. Therefore, the transition risk is relatively higher in the orderly scenario in 2030, while the physical risk is relatively lower due to the effectiveness of the carbon reduction policies; in 2050, due to the later and more intense implementation of related policies in the disorderly scenario, larger losses are expected. Moreover, in the no policy scenario, where there are no transformation measures and the government does not regulate carbon emissions, there are no carbon fees, carbon taxes, or additional emission costs. Hence, the transition risks are relatively lower in both 2030 and 2050. However, as global warming is uncontrolled and carbon reduction fails, the physical risks lead to more significant losses by 2050.

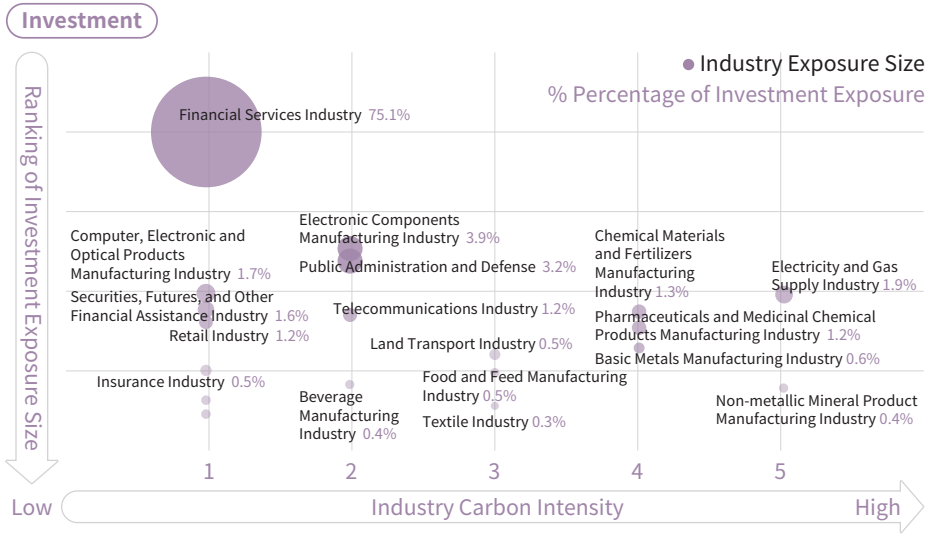
Materiality Identification of Industry Climate Risk

To further grasp the extent of climate risk impact on our company, credit and investment exposures were analyzed for carbon emission intensity and exposure concentration. This identified high climate risk industries in our company's exposures for 2023, revealing that most exposures belong to low-carbon emission industries. Also, in comparison with our company's established "High-Carbon Emission Industries List," the following industries were selected for resilience assessment based on their credit and investment exposures: "Electricity and Gas Supply," "Chemical Materials and Fertilizer Manufacturing," "Basic Metal Manufacturing," and "Textiles" for credit; "Electricity and Gas Supply," "Chemical Materials and Fertilizer Manufacturing," "Basic Metal Manufacturing," and "Non-Metallic Mineral Product Manufacturing" for investments, considered as key focus industries.

Credit – Carbon Emission Intensity and Exposure Concentration Identification



Explanation:
1. The assessment scope includes all credit exposures of Taishin Bank. The matrix only displays industries that rank in the top 25% of exposure proportions
2. The method for classifying industry carbon intensity from 1 to 5 is referenced from the classification of the Climate Change Scenario Analysis Operation Planning
3. The exposure size uses the credit balances of each industry at Taishin Bank as of the end of December 2023



Explanation:
1. The assessment scope includes all investment exposures of Taishin Bank, Taishin Life Insurance, and Taishin Securities. The matrix only displays industries that rank in the top 25% of exposure proportions
2. The method for classifying industry carbon intensity from 1 to 5 is referenced from the classification of the Climate Change Scenario Analysis Operation Planning.
3. Exposure size uses the investment amounts of each industry as of the end of December 2023

Overview of Specific Item Transition Risks and Physical Risks Scenario Analysis

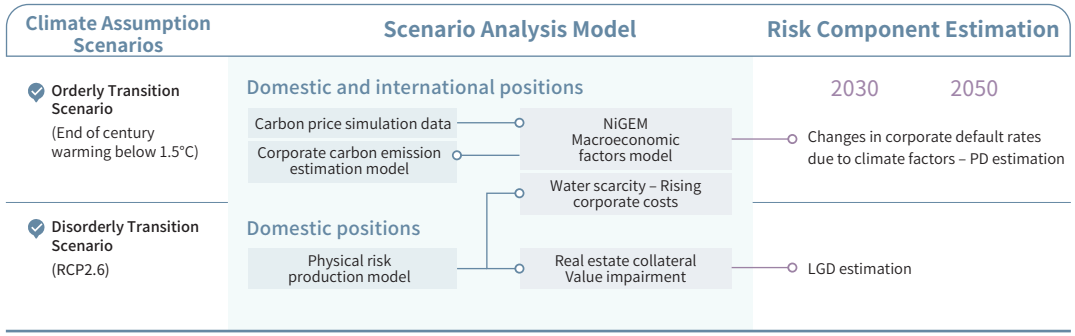
Risk Type	Risk Factors	Analysis Target/Industry	Assessment Scope	Climate Scenario	Scenario Time Span
Transition Risks	R1 Costs of low-carbon transition R2 Increased Climate/Environment-related Regulations	• Electricity and Gas Supply • Chemical Materials and Fertilizer Manufacturing • Basic Metal Manufacturing • Non-Metallic Mineral Product Manufacturing • Textile Industry	Taishin Bank Corporate Finance Credit Division	• 2050 Orderly Transition Scenario (End-of-century warming below 1.5° C) • Disorderly Transition Scenario (RCP 2.6) • No Policy Scenario (RCP 8.5)	2030/2050
	R4 Decline in Brand Reputation	• Electricity and Gas Supply • Chemical Materials and Fertilizer Manufacturing • Basic Metal Manufacturing • Non-metallic Mineral Product Manufacturing Industry	Taishin Bank's banking book bonds, biils and equity securities positions; Taishin Life's bonds and equity investments.		2030/2050
Physical Risks	R5 Increase in natural disasters and their severity	Impact of Extreme Weather on the Value of Collaterals	Taishin Bank Mortgage Department		2030/2050

2.3.1.1 Transition Risk – "Taishin Bank Corporate Finance Credit Division "

Under the global trend toward net-zero emissions, governments and regulatory bodies are formulating related policies and actions to achieve carbon reduction targets. This pushes industries toward a low-carbon transformation, potentially impacting business operations, especially industries with high-carbon emission and energy consumption. For example, the development of low-carbon technologies by enterprises can lead to increased operational costs, or the implementation of a carbon emission quota system and the establishment of a carbon trading mechanism, which may lead to additional carbon emission costs, resulting in decreased production profits and financial risks, indirectly causing losses for our company. Hence, a transition risk assessment is conducted for Taishin Bank's corporate credit exposures in high climate risk industries to understand the financial impacts.

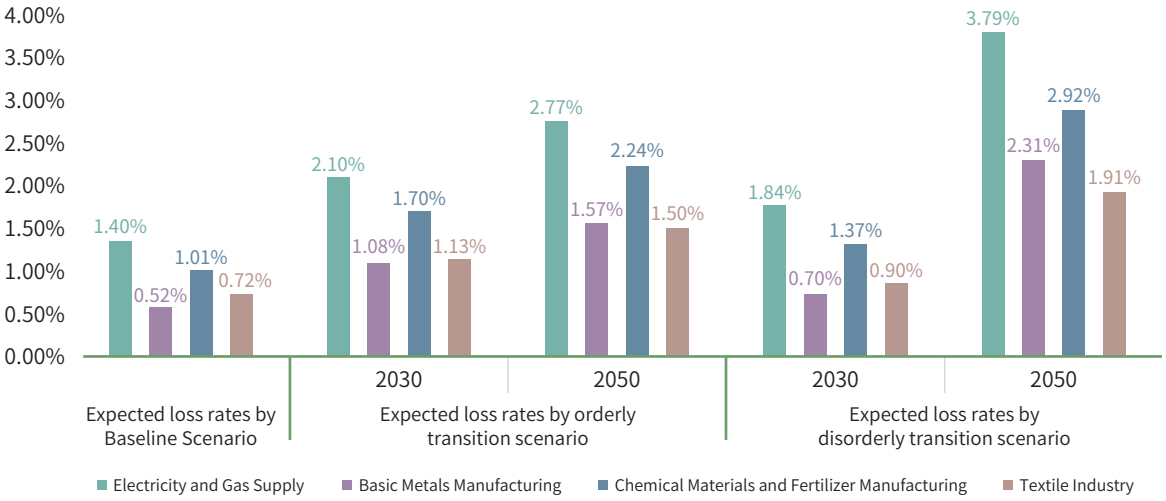
Assessment Method

Uses two different transition risk climate change pathways from the "Taiwan bankers association's guideline."



Assessment Results

Expected loss rates by industry under each scenario



Results indicate that in an orderly transition scenario with effective government control of global warming, industries such as "Electricity and Gas Supply," "Chemical Materials and Fertilizer Manufacturing," "Basic Metals Manufacturing," and "Textile Industry" show a continuous but gradual increase in expected loss rates by 2030 and 2050. In a disorderly transition scenario, where policies remain unchanged until 2030, the rate of increase in loss rates is lower, but companies face larger impacts after a sudden transition in 2030, with a significant increase in loss rates by 2050.

Resilience Assessment Analysis

When handling wholesale banking credit cases, Taishin Bank evaluates the sustainable (ESG) and climate-related risks of credit clients and cases, serving as a crucial reference for assessing credit business relationships. When submitting credit cases, an "ESG Checklist for Wholesale Banking Credit Cases" must be attached to carefully assess the risk of the credit subject. Additionally, since October 2023, Taishin Bank has fully supported the development of the renewable energy industry, with 100% of power plant financing dedicated to renewable sources, hence the majority of exposure in the "Electricity and Gas Supply Industry" is to renewable energy plants (over 80%), with a relatively lower proportion of coal-fired power plants. Sustainable financial policies have clearly stipulated the complete elimination of coal-fired power plant financing by 2030, gradually reducing the financial impacts from transition risks.Other industries belong to the high-carbon emission industry list, monitored regularly by the Risk Management Department, and reported at the risk management monthly meeting, the Risk Management Committee, and the Board of Directors.

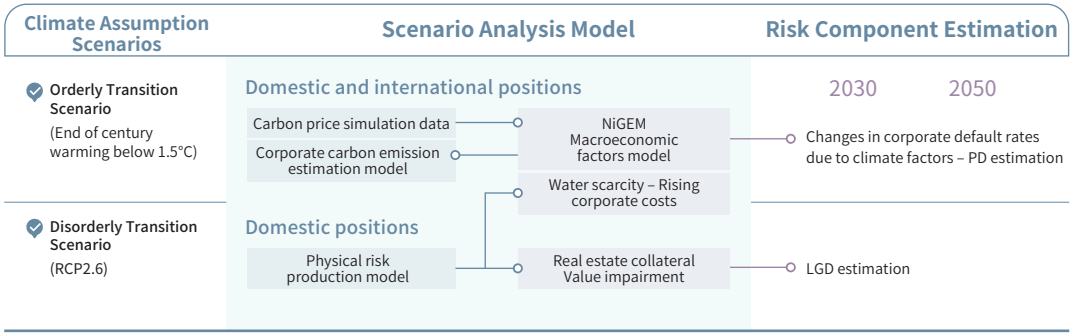
Taishin FHC has passed the SBTi validation, declared various carbon reduction targets, established an SBT task force, planned annual target progress, and regularly reviewed and reported the status. It also follows the "Sustainable Finance Policy," "Climate Risk Management Guidelines," and "Environmental and Social Risk Management Sector Guidelines"in the credit review process to control risks. Moreover, Taishin Bank encourages enterprises toward sustainable transformation by establishing "Wholesale Banking Sustainability-linked Loans Business Guidelines," negotiating credit terms linked to ESG performance with credit subjects. If conditions are met, preferential credit interest rates are offered, with all climate target settings and management mechanisms aimed at mitigating the impacts of climate change.

2.3.1.2 Transition Risk – "Taishin Bank and Taishin Life's Bonds, Bills, and Equity Securities Positions"

Assessment Subjects and Objectives

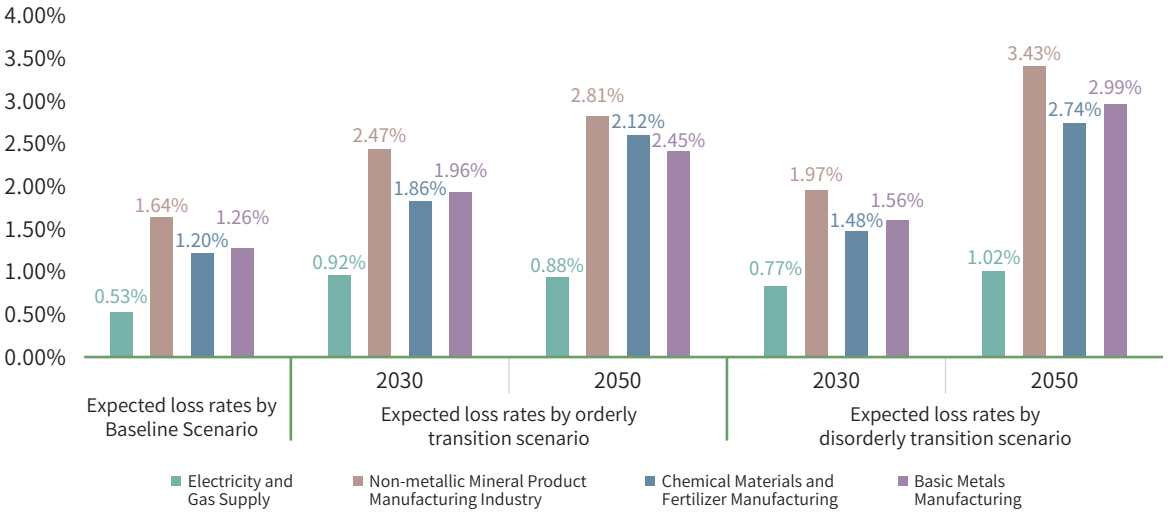
Due to the global trend of carbon reduction, the transition to net-zero and reducing carbon emissions has become a consensus among countries. If investment targets do not transform in time, it could negatively impact the brand reputation, and as investors increasingly shift their focus to environmentally friendly and low-carbon industries, this leads to divestment from untransformed coal and fossil fuel industries which are carbon-intensive. All related industries and their supply chains could be impacted, and to understand the potential financial impacts on Taishin under this trend, a transition risk scenario analysis is conducted to assess the expected losses for Taishin Bank and Taishin Life's bonds and equity investment positions, with no such industries within the scope of Taishin Securities analysis.

Assessment Methods



Assessment Results

Expected loss rates under each scenario



Results show that in a scenario of effective global temperature control and orderly transition, due to immediate government carbon reduction actions and related policies, industries at high climate risk are expected to see a significant increase in loss rates by 2030. However, due to the continued stable progression of the transition, the difference in loss rates between 2050 and 2030 is not as pronounced as in the disorderly transition scenario; in the disorderly transition scenario, since proactive policies are only initiated after 2030, the increase in loss rates by 2030 is lower, but there is a significant increase by 2050.

Resilience Assessment and Countermeasures

Taishin Bank has revised the "Pre-investment Assessment and Post-investment Management Regulations" for stocks and bonds, incorporating the decarbonization commitment of the financial holding's sustainable finance policy and high-carbon emission industries as one of the investment considerations. Thus, investments in high climate risk industries can be controlled within a certain proportion of the overall exposure, with relatively smaller impacts from climate change and controllable climate risk assessments.

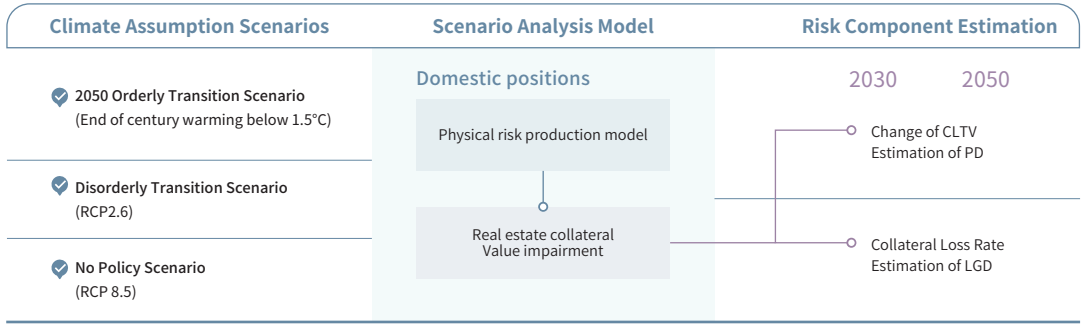
Taishin Life has revised the "Pre-investment Assessment and Post-investment Management Regulations" for stocks and bonds, incorporating the decarbonization commitment of the sustainable finance policy as one of the investment considerations, and added high-carbon emission industry-related assessment and management processes to the aforementioned Regulations in 2024. Hence, investment positions that are more susceptible to climate risks can be continuously monitored and their risk changes noted.

2.3.1.3 Physical Risk – "Taishin Bank Mortgage Department"

Assessment Subjects and Objectives

According to the report published by the Basel Committee on Banking Supervision (BCBS), financial institutions are exposed to climate change through two transmission channels: macroeconomic and microeconomic, stemming from two types of climate risk drivers: physical risks and transition risks. In terms of Taiwan's climate patterns, north of the Tropic of Cancer has a subtropical monsoon climate, while south of it has a tropical monsoon climate. A common characteristic is significant rainfall, mostly contributed by the plum rain front and typhoons from May to October. Based on data from the Ministry of Economic Affairs' Water Resources Agency "Hydrological Information Integration Service System," the average annual rainfall from 2018 to 2022 was as high as 2,368 millimeters, three times the global average. Generally, the north and east have rain all year round, while the central and south have more distinct dry and wet seasons. Additionally, mountain areas often receive more rainfall than plains, and the rainfall intensity varies greatly with season, altitude, and location. It is evident that personal financial – mortgage collaterals almost inevitably face acute risk of heavy rain and typhoons, which are physical risks brought about by climate change. Taishin Bank utilizes the flood potential maps from the Taiwan Water Resources Agency overlaid with simulated heavy rainfall data, as outlined in the "Taiwan bankers association's guideline." The bank divides the counties, townships, and districts where Taishin Bank's collaterals are located into several physical risk level zones for related scenario analysis.

Assessment Methods

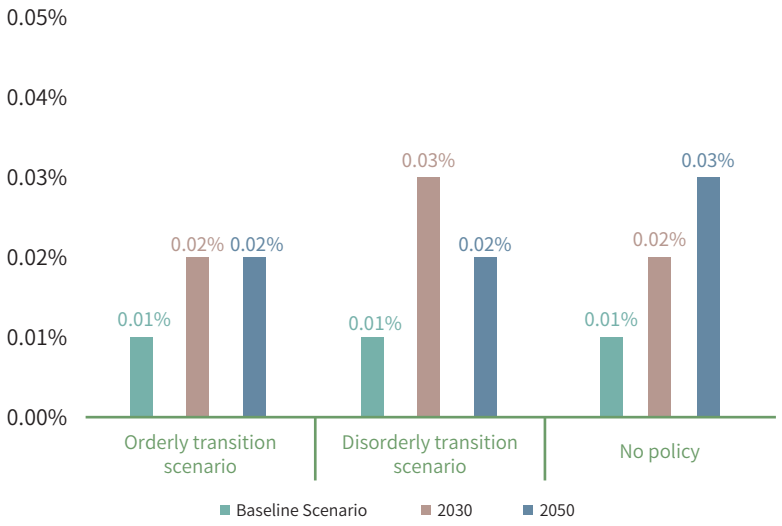


Assessment Results

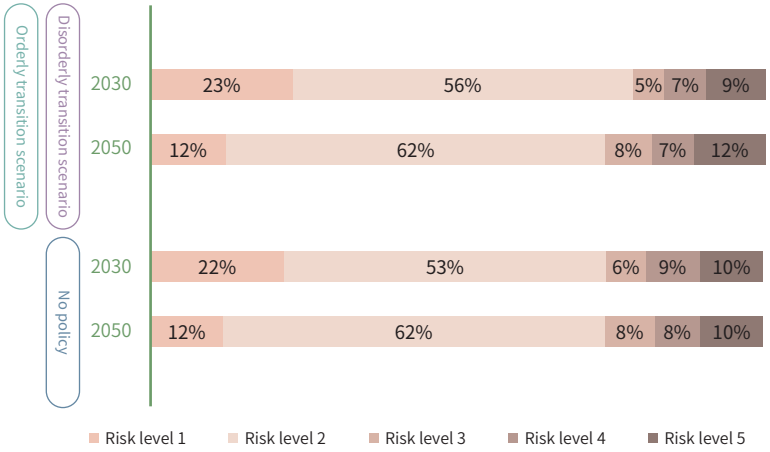
According to the physical risk level table in the "Taiwan bankers association's guideline", mortgage collaterals located in various areas are divided into five levels, where risk level 1 areas have the lowest loss rates, and risk level 5 areas have the highest loss rates. In each scenario, the distribution of risk levels for default exposure of mortgage positions shows that risk level 2 is the most common, followed by risk level 1, with about 10% for risk level 5 across all scenarios, showing no significant difference.

The scenario analysis results show that in the orderly transition scenario, due to the early implementation of relevant policies, the change in expected loss rates is not significant. In the disorderly transition scenario, where transition measures are not immediately implemented, expected loss rates initially increase and then decrease. In the no policy scenario, because no new transition measures are added, as time progresses and global temperatures rise, physical risks increase, leading to a gradual increase in expected loss rates.

Physical Risk – Bank Mortgage Positions



Distribution of Risk Levels for Default Exposure Amounts under Various Scenarios of Physical Risk for Mortgages



Resilience Assessment and Countermeasures

Taishin Bank, according to the "Retail Banking Real Estate Appraisal Standards," divides personal finance – mortgage collaterals based on the demand and supply conditions of the real estate market into three levels: A, B, C. These levels correspond to urban centers, suburban areas, and remote areas (including rural areas, coastal towns, or hillside areas), applying differentiated credit business management. Additionally, to comply with the 5P principles of Protection in credit, for some medium and large hillside residential communities across Taiwan that have experienced disasters like torrential rains, windstorms, earthquakes, landslides, or mudslides, a special annotation is made in the personal finance housing appraisal system. During credit review, latest "Hillside Residential Safety Inspection Record" is attached to ensure that the value of the collateral is not frequently impaired by climate change hazards.

Furthermore, Taishin Bank, considering the availability of data and areas exposed to climate physical risks in Taiwan, focuses on major climate physical risk hazards like extreme rainfall, flooding, and drought. According to the "Domestic Bank Climate Change Scenario Analysis Operation Planning," the bank categorizes the counties, townships, and districts where the collaterals are located into five physical risk levels (1 to 5) based on collateral value impairment due to physical risks.

These physical risk levels have been integrated into the personal finance housing appraisal system as of June 2023, and reviewed together with the existing personal finance – mortgage collateral "Urban and Township Zoning (i.e. aforementioned A, B, C zones)." The related loan credit criteria for housing were also revised in the same month, categorized as follows, as can be seen from the table, Taishin Bank has a very low underwriting volume in high physical risk areas (levels 4 and 5) in zone C, accounting for only 0.61% of the total loan amount disbursed from 2021 to 2023.

Categories	Housing-related Loan Credit Criteria Definition	Credit Control Measures	Proportion of Amounts from 2021 to 2023
Zone C and Physical Risk Levels 1–3	Collateral must be cautiously evaluated.	Maximum loanable amount is 60% of the appraised net value.	0.60%
Zone C and Physical Risk Level 4	Collateral must be cautiously evaluated.	Maximum loanable amount is 50% of the appraised net value.	0.46%
Zone C and Physical Risk Level 5	Collateral not undertaken	New cases are not undertaken in principle	0.15%

Note 1: Total loan amounts disbursed for mortgagefrom 2021 to 2023 are NTD 468,205 million.
Note 2: The physical risk levels are based on the 2030 physical risk levels in the "Taiwan bankers association's guideline".

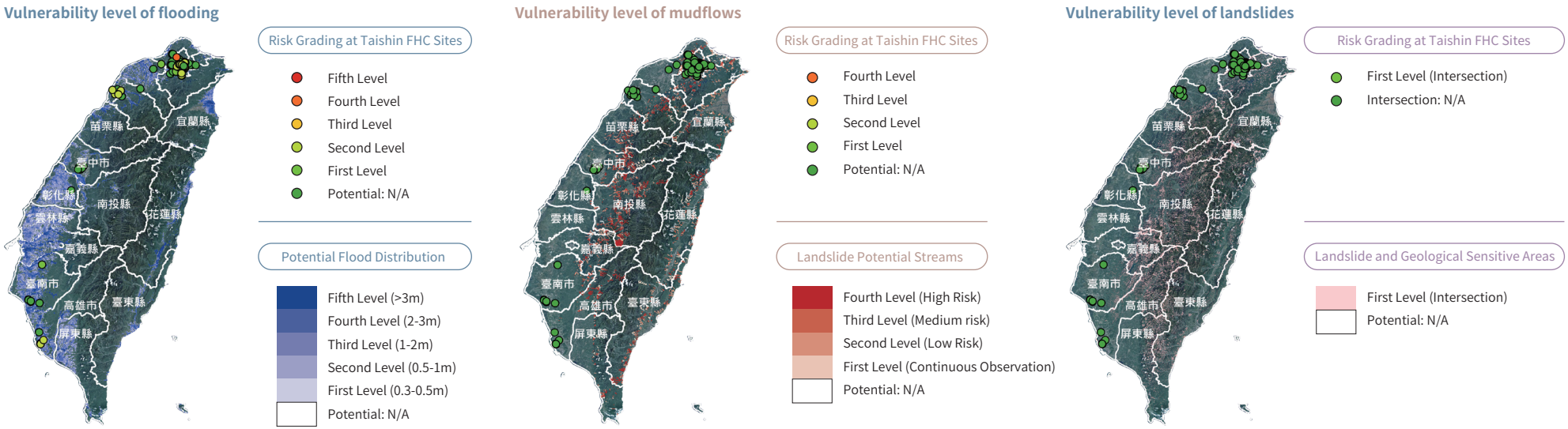
2.3.2 Scenario Analysis for Own Operational Offices and Suppliers

2.3.2.1 Physical Risk – "Own Operational Sites and Suppliers"

Climate risk is composed of Hazard, Exposure, and Vulnerability, with Taishin analyzing physical risks based on extreme rainfall as the hazard, and vulnerabilities such as flooding, landslides, and mudflows triggered by extreme rainfall, with location as the exposure. The assessment of hazard is based on the IPCC's Sixth Assessment Report, combining multiple research community results in climate change scenarios using various Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP) combinations, estimating four scenario matrixes (SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, and SSP5-RCP8.5) for extreme rainfall hazard at different time scales (short term: 2021–2040, Mid-Term: 2041–2060, mid-long term: 2061–2080, long term: 2081–2100); Vulnerability references disaster maps publicly announced by various units of our government for disaster range and severity analysis; Exposure is based on the location of 193 sites of Taishin FHC (including subsidiaries) owned assets and suppliers within Taiwan.

After quantifying the hazard, exposure, and vulnerability levels, the risk level is calculated, with the lowest score being 0 and the highest score being 15. The risk level is defined as no risk (0 points), low risk (1–4 points), medium risk (5–10 points), and high risk (11–15 points). The risk level serves as an important basis for defining subsequent adaptation sequencing and measures.

Physical Risk Classification Distribution Map for Taishin FHC and Each Subsidiary's Operational and Supplier Locations Under Three Vulnerability Conditions



Physical Risk Analysis Results and Response Measures for Own Operational Sites

Most of the FHC's own locations are classified as no risk or low risk. Only the bank (located in Hsinchu City and Kaohsiung City) and securities (located in Tainan City and Kaohsiung City) have locations in the medium risk category, primarily due to flooding caused by extreme rainfall. No locations are classified as high risk.

Scenario	Risk Value Range (Points)	Bank				Life Insurance				Securities				Other Subsidiaries			
		Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term
RCP2.6	None	20	20	20	20	11	11	11	11	3	3	3	3	2	2	2	2
	Low	1	1	1	1	-	-	-	-	1	1	1	1	1	1	1	1
	Medium	5	5	5	5	-	-	-	-	4	4	4	4	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP4.5	None	20	20	20	20	11	11	11	11	3	3	3	3	2	2	2	2
	Low	1	1	1	1	-	-	-	-	1	1	1	1	1	1	1	1
	Medium	5	5	5	5	-	-	-	-	4	4	4	4	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP7.0	None	20	20	20	20	11	11	11	11	3	3	3	3	2	2	2	2
	Low	1	1	1	1	-	-	-	-	1	1	1	1	1	1	1	1
	Medium	5	5	5	5	-	-	-	-	4	4	4	4	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RCP8.5	None	20	20	20	20	11	11	11	11	3	3	3	3	2	2	2	2
	Low	1	1	1	1	-	-	-	-	1	1	1	-	1	1	1	-
	Medium	5	5	5	5	-	-	-	-	4	4	4	5	-	-	-	1
	High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		26				11				8				3			

Risk Mitigation Measures for Own Operational Locations

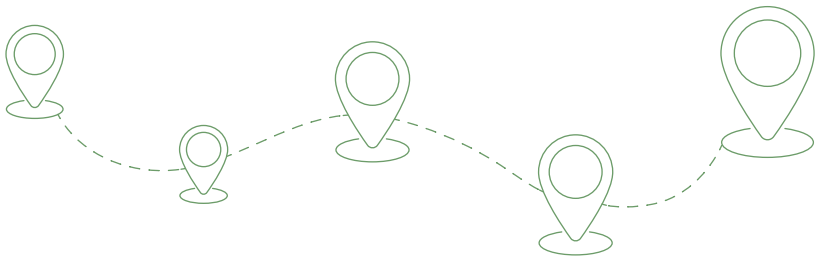
Taishin will continue to monitor disaster potential changes at locations categorized as medium risk, including regular reviews of building protection measures and safety, and strengthening disaster/flood response equipment and backup plans.

Response Measures for Each Risk Level

Risk Level	Response Measures
No Risk	Maintain the location, monitor changes in disaster potential, and regularly review risks.
Low Risk	
Medium Risk	Maintain the location, pay increased attention to changes in disaster potential, and develop emergency plans and risk management measures.
High Risk	Activate emergency plans and risk management measures, and implement disaster reduction measures.

Physical Risk Analysis Results and Response Measures for Suppliers

Statistics for FHC Supplier Locations cover banks, life insurance, and securities but do not include other subsidiaries. Most supplier locations are classified as no risk or low risk. Only a few locations of the bank (distributed in Taipei City, New Taipei City, and Hsinchu City) and life insurance (distributed in Taipei City) fall under medium risk, mainly due to flooding caused by extreme rainfall. Under the SSP3-RCP7.0 long-term and SSP5-RCP8.5 mid-long-term scenarios, due to changes in rainfall, the number of high-risk bank locations has increased to one (located in the Beitou District of Taipei City).



Scenario	Risk Value Range (Points)	Bank				Life Insurance				Securities			
		Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term
RCP2.6	None	78	78	78	78	20	20	20	20	14	14	14	14
	Low	22	21	26	26	2	2	3	3	2	2	2	2
	Medium	6	7	2	2	1	1	-	-	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
RCP4.5	None	78	78	78	78	20	20	20	20	14	14	14	14
	Low	18	26	26	22	2	3	3	2	2	2	2	2
	Medium	10	2	2	6	1	-	-	1	-	-	-	-
	High	-	-	-	-	-	-	-	-	-	-	-	-
RCP7.0	None	78	78	78	78	20	20	20	20	14	14	14	14
	Low	21	25	22	21	2	3	2	2	2	2	2	2
	Medium	7	3	6	6	1	-	1	1	-	-	-	-
	High	-	-	-	1	-	-	-	-	-	-	-	-
RCP8.5	None	78	78	78	78	20	20	20	20	14	14	14	14
	Low	26	24	25	22	3	3	3	2	2	2	2	2
	Medium	2	4	2	6	-	-	-	1	-	-	-	-
	High	-	-	1	-	-	-	-	-	-	-	-	-
Total		106				23				16			

Supplier Physical Risk Response Measures

Supplier locations at high risk are located on higher floors, with potential risk occurring in the mid-long and long term. The current assessment shows a low impact on procurement cases, and Taishin will continue to monitor changes in disaster potential at locations with medium and high risk.

Response Measures for Each Risk Level

Risk Level	Response Measures
No Risk	Normal Cooperation
Low Risk	
Medium Risk	Normal cooperation, strengthen monitoring of disaster potential changes
High Risk	(1) For mid-long term and long term: Normal cooperation, with strengthened monitoring of disaster potential changes (2) For short term and Mid-Term: Depending on the nature of the industry and the duration of cooperation, evaluate the inclusion of disaster risk-related measures and default compensation systems in the contract, and prohibit long-term project cooperation

Water Risk Analysis

Taiwan, as an island nation, is facing severe challenges in water resource management. According to statistics from the Water Resources Agency of the Ministry of Economic Affairs, although Taiwan's total annual rainfall is about 2500 millimeters, 2.5 times the global average, the per capita allocation is only one-seventh of the global average. While nearly 75% of the annual total rainfall becomes river flow, about 80% of this flows directly into the ocean, leaving the remaining 20% to supply 80% of Taiwan's total annual water usage. Moreover, studies show that annual rainfall and flow variability in Taiwan are increasing, which will impact the allocation of water resources throughout the year. Facing current and future climate variability, further assessing the risk to Taiwan's water resources and its impact on the livelihood and industries is an important task that cannot be neglected. In response, Taishin FHC first divides all its locations into 15 regions according to the water supply reservoirs, assessing the historical frequency of water shortages and the potential frequency of shortages under climate change for each reservoir. A historical water shortage event is defined as a situation where a reservoir's water supply capacity is unable to meet normal demand due to insufficient storage. This usually occurs when the reservoir's water level or storage falls below the operational baseline limit, leading to reduced pressure water supply measures. The probability of water shortage under climate change is assessed using the Standardized Precipitation Index (SPI), a widely used index to evaluate the degree of meteorological drought over a period. It can be interpreted as the standard deviation of rainfall deviation from the long-term average during that period. An SPI

greater than 0 indicates more moisture compared to the average, suggesting lower risk of water shortage, while an SPI less than 0 indicates drier conditions, representing a higher risk of water shortage. Based on the SPI over different time scales, the short term reflects soil moisture levels, while the long term can assess changes in groundwater and reservoir storage. Finally, based on the estimated results of historical water shortage frequency and the probability of shortage under climate change, a water risk matrix is used to determine the degree of water shortage risk under different climate change scenarios and periods.

Results of Water Shortage Risk Analysis for Owned Assets and Supplier Locations

Based on the distribution of 193 locations of Taishin FHC's owned assets and suppliers, and referencing the division of Taiwan's reservoir water supply areas, the locations are broadly divided into Northern (Taipei, New Taipei, Taoyuan, Hsinchu), Central (Taichung, Changhua), and Southern (Tainan, Kaohsiung) regions. Using the estimated results of different reservoirs' historical water shortage frequencies and the probabilities of water shortage events under climate change, coupled with a water risk matrix, the measures adopted by each regional location in response to water shortage risks are classified into three levels: Maintain, Monitor, and Priority Monitor. Taishin will continue to promote water conservation and, when necessary, will also develop methods for water resource allocation to reduce dependence on reservoir water supply.

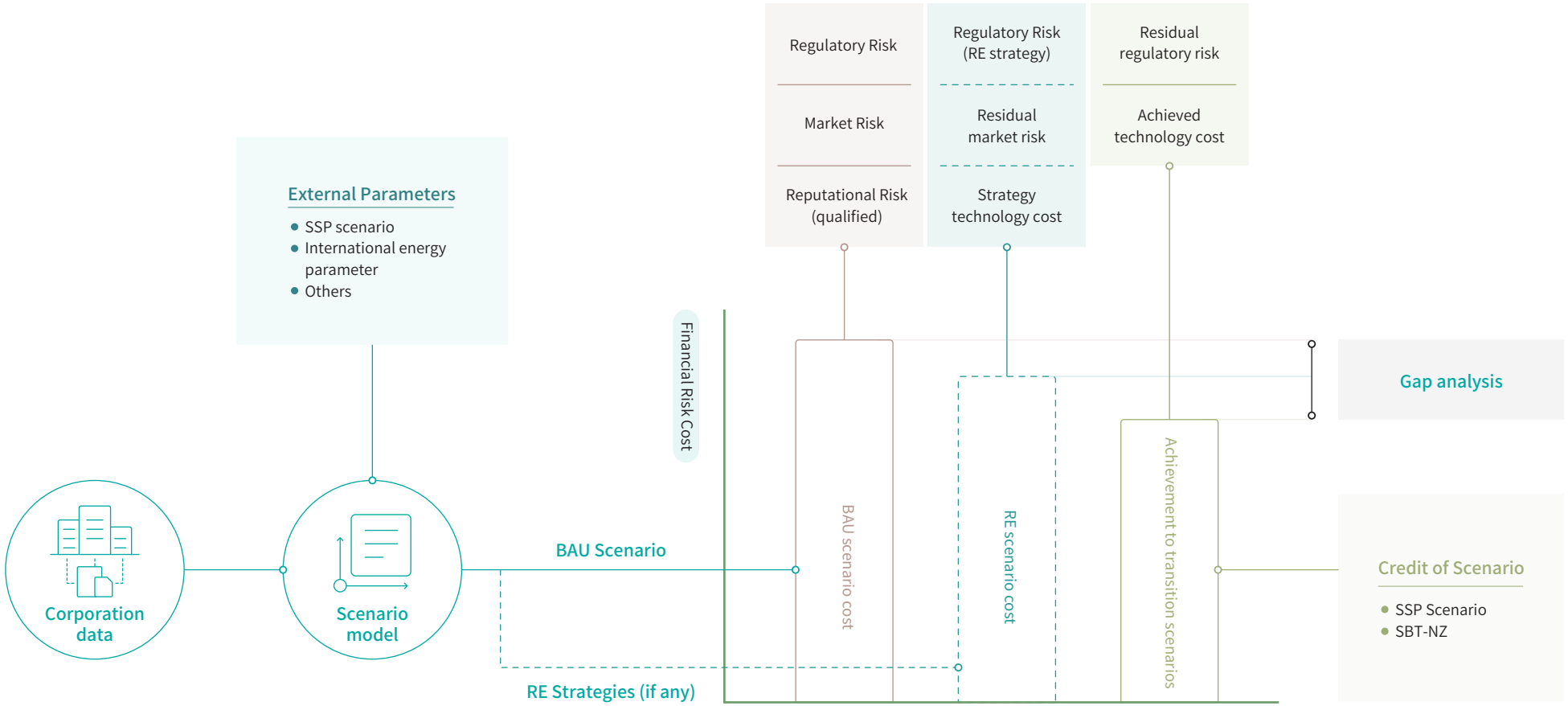
Regional Historical Water Shortage Frequencies and Changes in Rainfall Under Climate Change

Region	Number of Locations		SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
	Owned Assets	Supplier	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term	Short Term	Mid-Term	Mid-Long Term	Long Term
Taipei City, New Taipei City (partial)	16	136	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Monitor	Monitor
Taoyuan City (including Linkou District in New Taipei City)	1	2	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Priority Monitor	Priority Monitor	Monitor	Priority Monitor	Priority Monitor	Priority Monitor	Monitor	Monitor	Priority Monitor	Priority Monitor
Hsinchu Region	7	4	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Monitor	Maintain	Monitor	Monitor	Monitor
Taichung Region	9	1	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Maintain	Monitor
Changhua Region	1	0	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Maintain	Monitor
Tainan Region	6	2	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Maintain	Monitor
Kaohsiung Region	8	0	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Priority Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor

2.3.2.2 Transition Risk – " Own Operational Sites"

Taishin FHC's climate transformation framework is shown below. This analysis assess the financial impact of Taishin's BAU (Business As Usual) and RE100 strategies in different scenarios, as well as the management costs of meeting external pressures, based on the existing data provided by Taishin FHC and taking into account internationally credible situational parameters; and compares the difference between the two by estimating the potential financial impacts of the strategies that have already been implemented or will be implemented.

Assessment framwork of transition risk of Own Operational Sites



Note: Sourcesed from IPCC AR6 SSP scenarios, international credible reports - including IRENA, IEA, etc., energy factors of the Energy Administration, Ministry of Economic Affairs and the Taipower Corporation, publicly available climate policies of various governments and Taishin's self-supplied parameters - basic emission parameters, existing and long-term mitigation and restructuring strategies.

Scenario analysis and boundary

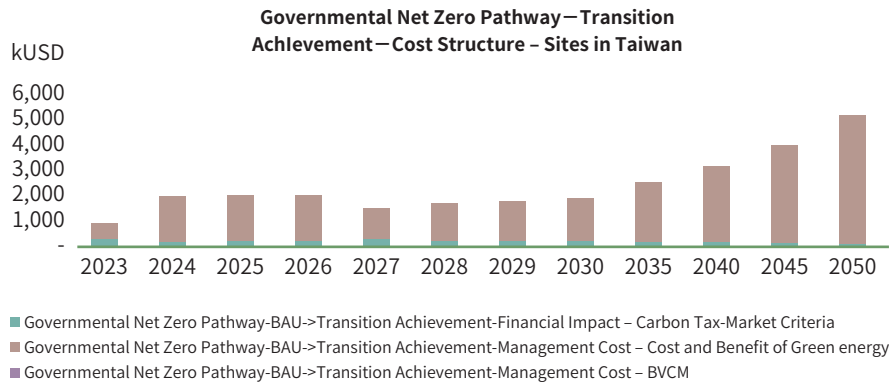
External transformation scenarios	Description	Cost Classification	
		Financial Impact	Management costs
Local government scenario	Taiwan：2050 net zero pathway	1. Carbon tax 2. Market risk	1. green electricity costs and benefits 2. BVCM(Beyond Value Chain Mitigatio)：e.g. carbon removal technologies or related actions such as corporate purchase of carbon offsets.
SBT-NZ	Estimated Scenarios for Achieving Net Zero Under SBT		

Evaluation of Taiwan's New BAU Strategy and Different External Contexts

I. Local Government Scenario: 2050 Net Zero Pathway

Analysis	Description
Financial Impact Analysis	Assuming that the carbon tax/fee is not only levied on the manufacturing industry in the future, Taishin's annual carbon tax/fee will be around US$250,000-260,000 for the cost of carbon tax/fee derived from the regulatory risk
Green electricity Gap Analysis	Taishin's main strategy to achieve the 2050 Net Zero Path is to purchase green electricity, and it is estimated that about 54 million kWh of green electricity will be needed in 2050.

Analysis of Estimated Total Costs under Taishin's Local Government Scenario

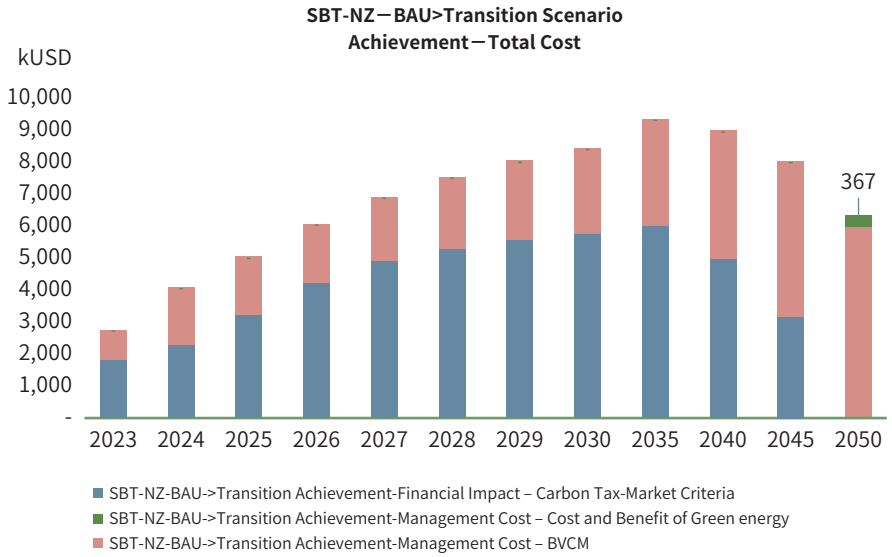


II. SBT-NZ Scenario: Estimation based on the SBT Net Zero Scenario

The SBT-NZ carbon reduction scenario corresponds to the 1.5°C transition scenario condition, and therefore will encounter the highest cost carbon tax/fee parameter and the highest carbon reduction pathway, and after achieving 90% of the SBT-NZ requirements, it still needs to achieve net-zero emissions through BVCM.

Analysis	Description
Financial Impact Analysis	Carbon fee calculation based on the price of SSP1-1.9, after achieving SBT-NZ, the main management cost comes from carbon tax/fee, which will have the highest impact on the cost in 2035, about 9 million USD; after Taishin achieves the last remaining 10% emissions, in order to comply with the net zero requirement of SBT-NZ, the main cost, in addition to the green electricity, will need to pay about 367,000 USD for carbon rights.
Green electricity Gap Analysis	It is estimated that about 63 million kWh of green electricity will be needed in 2050.

Estimated Total Cost Analysis of Taishin Display SBT-NZ



Risk Management

Taishin FHC proactively addresses the potential impacts of climate change by integrating traditional and climate-related risks into its management framework and employing a three lines of defense system for internal control to ensure the robust development of all business operations.

3.1 Climate Risk Management Framework

To address the challenges that climate change poses to the financial system, Taishin FHC and its subsidiary banks, life insurance, and securities companies have incorporated climate-related risks into their existing risk management systems and integrated them with traditional risks to establish a comprehensive risk management mechanism. Additionally, Taishin FHC has revised the climate-related risk acceptance and high-carbon emissions industries list for the entire group, with subsidiary business units actively developing climate-related risk management strategies based on their business characteristics during the review process or decision management mechanisms.

3.1.1 Climate Risk Management Policies

To strengthen climate risk management and grasp climate opportunities, Taishin FHC has established "Risk Management Policy," "Sustainable Finance Policy," and "Climate Risk Management Guidelines," continuously refining climate risk assessment and management mechanisms according to international trends, regulations, and practical situations.

Climate-relate Policies	Key Points	
Taishin FHC Risk Management Policy	Requires the holding company and its subsidiaries to consider climate-related risks (including emerging risks) in their risk management processes. Formulate a climate-related risk appetite statement to integrate climate-related risks into the existing risk management framework, strengthening the connection between climate-related and traditional risk management. Regularly report climate-related risk issues at the Risk Management Monthly Meeting, Risk Management Committee, and Board of Directors. Bank, life insurance, and securities subsidiaries also revise their own risk management policies, following the holding company's principles to incorporate climate-related risks into their risk management policies and develop their own climate management measures.	**Climate-Related Risk Appetite** Taishin has introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework, continuously strengthening climate risk management through governance, strategy, risk management, and metrics and targets. For high climate risk industries, it is advisable to carefully evaluate and enhance monitor to reduce the impact of climate-related risks. This will support the low-carbon economic transition and help adhere to the 2050 net-zero emissions commitment following the SBT and high carbon emission industry list

Climate-relate Policies	Key Points	
Taishin FHC Sustainable Finance Policy	The overall principles of this policy include actively supporting the green energy industry, including renewable energy, energy-saving technologies, and environmental industries, directing funds toward green technology and techniques. It also adheres to the "Environmental and Social Risk Management Sector Guidelines" to grasp the appropriateness of investment and financing partners in managing significant environmental and social issues, thus refining decision-making foundations.	**Decarbonization Commitments** In response to climate change, Taishin has established timetable for not undertaking new investment and financing positions in coal-related industries (including coal mining, coal-fired power plants, and coal infrastructure) and unconventional oil and gas businesses. The plan is to completely phase out coal-related business by 2030. For unconventional oil and gas, the plan is to completely phase out financing in tar sands, shale oil, liquefied natural gas, Arctic oil and gas extraction, and ultra-deep-water extraction by 2040.
Taishin FHC Climate Risk Management Guidelines	To implement the assessment of potential risks from climate change and further promote the development of appropriate climate-related risk mitigation and adaptation measures, Taishin FHC has established "Climate Risk Management Guidelines" to enhance overall management of climate-related risks and ensure the implementation of climate-related risk management mechanisms across the holding company and its subsidiaries. The content covers climate-related risk identification, high carbon emission industries monitor, climate scenario analysis, risk management related to the three lines of defense in internal control, and planning of reporting and disclosure mechanisms.	**High Carbon Emission Industries List** To promote the achievement of the group's climate initiative goals, our company and its main subsidiaries have jointly developed an "High Carbon Emission Industries List" that applies uniformly across the financial holding group. Each subsidiary's business responsibility units should carefully evaluate the climate risks of investment and financing targets and incorporate the High Carbon Emission Industries List into the audit process or decision management mechanisms, and regularly report exposure statistics to the responsible supervisors for oversight and control.

Roles and Responsibilities of the Three Lines of Defense

Taishin FHC operates an effective and appropriate internal control system by dividing the climate risk management responsibilities and mechanisms among the three lines of defense. With each line having clear responsibilities and functions, explained as follows:

First Line of Defense

As the risk taking unit, business units include climate-related risks in their operations and activities within their functional and business scope. They identify the correlation between climate risks and other risks, manage day-to-day operations, and adopt appropriate identification, assessment, and management procedures to ensure that risks are adequately controlled from the outset.

Second Line of Defense

Independent of the first line, this line includes risk management and legal compliance departments responsible for setting overall policies and establishing management systems. They assist in implementing and monitoring climate-related risk management at the first line and report risk management outcomes to the Risk Management Committee and the Board of Directors.

Third Line of Defense

As the internal audit unit, this line establishes an internal audit system to assist the Board of Directors and management in checking and assessing the effectiveness of internal control and risk management systems designed and executed by the first and second lines, ensuring the continuous and effective implementation of the internal control system.

Climate-Related Risk Management Process

Taishin's risk management procedures include identification, evaluation, management and monitoring, and reporting. Climate-related issues are incorporated into the risk assessment process to ensure that climate-related risks are covered in the overall risk management mechanism. Each subsidiary's responsible units must identify climate-related risks annually based on the characteristics of their business, assessing the likelihood and impact of identified climate risks. Subsequently, each subsidiary's responsible units must further quantify risks, measure potential impacts, and develop related management measures. They continuously analyze and monitor the implementation outcomes and trends of these measures and adjust management actions accordingly. Finally, each responsible unit regularly compiles relevant data and reports to the supervising managers for oversight and control. The risk management units of the holding company and its subsidiary banks, life insurance, and securities companies also regularly report climate-related risk issues to the Risk Management Monthly Meeting, Risk Management Committee, and the Board of Directors.

STEP 1 Identification

Each responsible unit, according to business characteristics, conducts annual identification of climate-related risks

STEP 2 Evaluation

Each responsible unit assesses the likelihood and impact of identified climate-related risks, further quantifies risks, and measures potential impacts on the group

STEP 3 Management and Monitoring

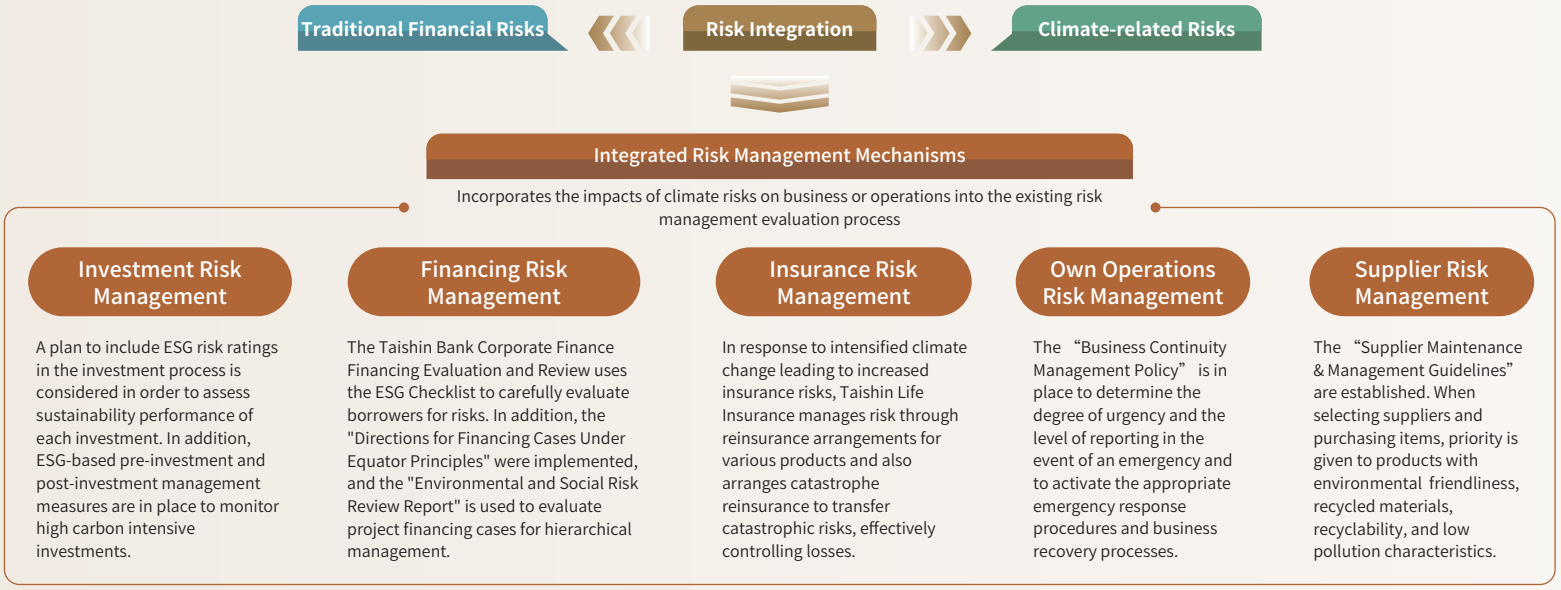
After assessing the impacts of climate-related risks, each responsible unit will develop related management measures and continue analysis and monitoring

STEP 4 Reporting

- Each responsible unit regularly reports related statistical data to the responsible managers for oversight and control
- The risk management unit regularly presents issues of climate-related risks at the risk management monthly meeting, the Risk Management Committee, and the Board of Directors

3.1.2 Integrated Risk Management Mechanisms

To address the challenges climate change poses to the financial system, Taishin FHC and its subsidiary banks, life insurance, and securities companies have incorporated climate-related risks into their existing risk management systems. By integrating with traditional risks, they have established a comprehensive risk management mechanism.



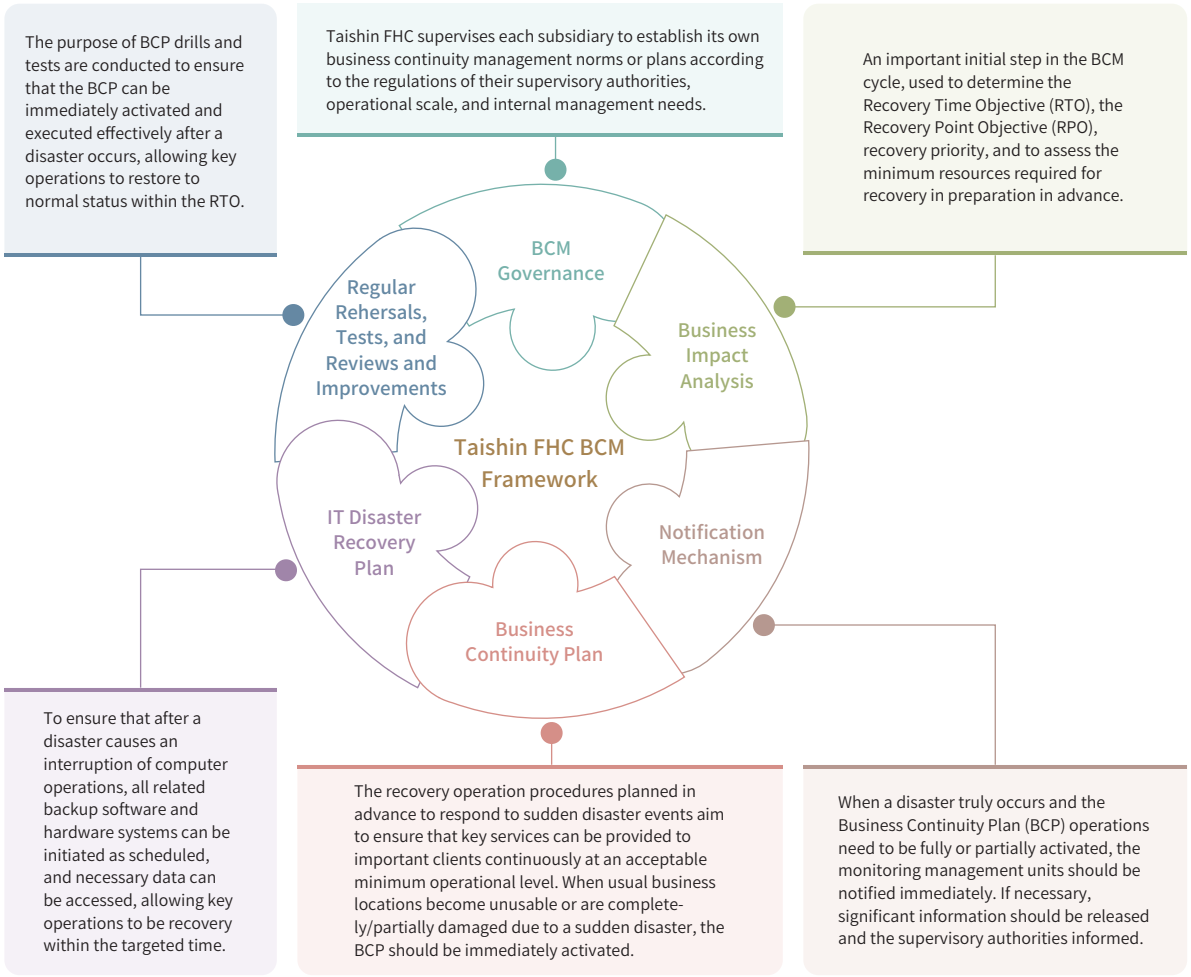
3.2 Climate Risk Management

Each responsible unit at Taishin evaluates the impact of ESG and climate-related risks in their review processes or decision-making mechanisms according to their respective responsibilities and develops measures to adapt to or mitigate these risks. Simultaneously, they regularly review the impact to which each position is affected by climate-related risks to strengthen climate risk management.

3.2.1 Own Operational Risk Management

To ensure the sustainable operation of Taishin and reduce the impact of various types of risks on business operations, thereby enhancing corporate risk response capabilities and adaptive resilience, Taishin has developed a Business Continuity Management (BCM) strategy. This strategy strengthens the ability to handle emergencies arising from sudden climate changes and extreme weather events, major epidemics, information incidents, and man-made risks, ensuring the continuous provision of key operations at an acceptable minimum level of operation to protect the interests of customers and shareholders.

Taishin FHC has established a "Business Continuity Management Policy" to regulate the Taishin group's management system and supervise its subsidiaries in implementing continuous operation management. This includes pre-risk assessment, operational impact analysis planning, incident response, internal and external notification mechanisms, continuity of critical business operations, and post-event review procedures. In the event of natural disasters, climate change or other emergencies, the relevant emergency response procedures and business recovery operations will be initiated based on the assessment level and notification level of each event. Additionally, field drills are held annually to ensure that the group's key operations continue uninterrupted in the event of sudden disasters and uncontrollable factors, and to ensure the effectiveness of related backup mechanisms. In addition, the FHC has completed the physical risk assessment and adaptation plan on 100% own operation offices (including new operations) starting from 2021.



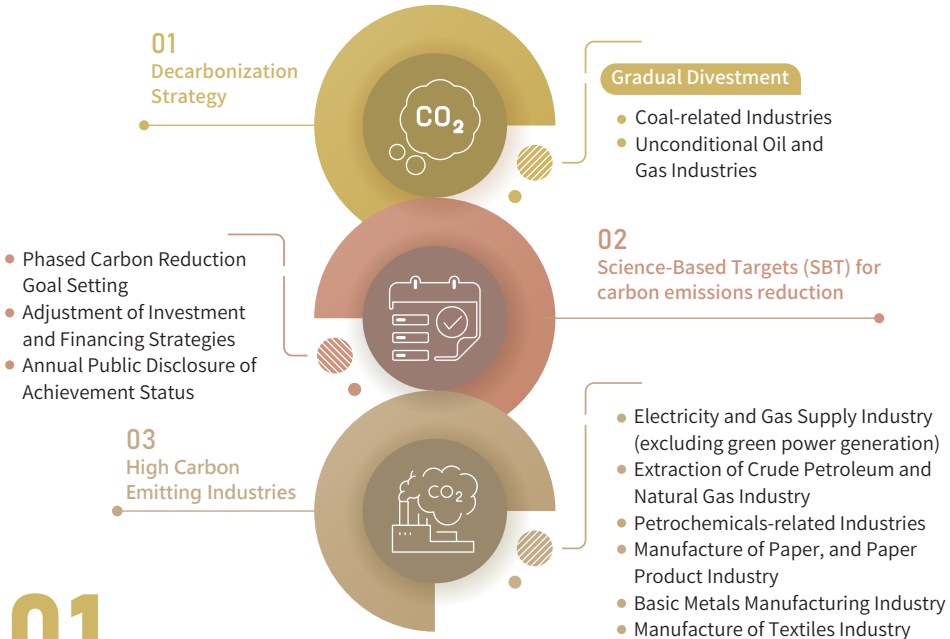
Own Operational Risk Adaptation Plans for Taishin FHC and Its Subsidiaries

Item	Action Taken		
	Ongoing	Regularly	Annually
Operational Sites and Owned Real Estate	When a disaster occurs at any of the full financial control operational sites, an emergency notification mechanism is immediately activated, using an emergency notification form to report the emergency situation, property damage, and personnel injuries, etc., to minimize the impact of the disaster. Implement a BCM mechanism to respond to natural disasters, contingency funding, information system disasters, or man-made incidents at operational sites, maintain key operations, and quickly resume normal operations to minimize downtime.	To prevent flood disasters during the plum rain season and typhoons, drainage ditch desilting operations are performed annually on owned buildings at medium risk. Implement maintenance and inspection of electromechanical equipment and machine rooms in owned buildings.	Annually re-evaluate 100% of the disaster potential at owned building locations or new sites to ensure the accuracy of risk assessments
Upstream Supplier Operational Sites	Require suppliers to sign "Supplier Commitment Statement", achieving a 100% signing rate In 2023, a supplier conference was held with a participation rate of 64%, and evaluations were conducted on 106 suppliers to monitor their operational status and respond to potential risks	Supplier commitment statement signing rate reaches 100%	Hold supplier evaluations and supplier conferences
Anticipated New Operational Sites	Purchase related insurance for the site		

3.2.2 Investment and Financing Risk Management

3.2.2.1 Mitigating Transition Risks

Taishin FHC's core climate strategy is "Net-Zero Carbon Emissions in Financial Services," by regularly reviewing investment and financing carbon emissions and the proportion of high-risk exposure, and adjusting related management measures. Taishin FHC, along with its subsidiaries, manages the carbon of financial assets at different levels, managing the transition risks that Taishin faces.



01 Decarbonization Strategy

Taishin comprehensively sets timetable for no further investment and financing in coal-related and unconventional oil& gas businesses with full phase-out year. With this plan, Taishin shows that we adopts with international decarbonization strategies and responding to global divestment actions.

Coal-related businesses

No new financing/investments from 2022 to 2025, complete phase-out by 2030

- Coal mining
- Coal-fired power plants
- Coal infrastructure

Unconventional oil and gas businesses

No new financing/investments from 2023 to 2030, complete phase-out by 2040

- Tar sands
- Shale oil & gas
- Liquefied natural gas(LNG)
- Arctic oil and gas
- Investment and financing operations in ultra-deep - water oil and gas

02 Science-Based Targets (SBT) for carbon emission reduction

In July 2022, Taishin passed the SBTi review, setting targets for Scope 1 and Scope 2 to reduce carbon emissions by 46% by 2030 compared to the base year 2019, equivalent to an annual carbon reduction of 4.2%. For Scope 3 financing, targets of reducing the greenhouse gas emission intensity by 45%-59% and increasing portfolio coverage of clients setting SBTi validated targets across industry by 2030 compared to 2019 has also been committed. Financial holding companies, bank, life insurance, securities and other subsidiaries will review and disclose the progress toward investment and financing reduction targets annually, aiming to guide the investment targets to jointly implement carbon reduction and transformation. For detailed targets and the latest status of target achievement, please refer to Section 4.1 "Science-Based Targets(SBT) and Achievement."

03 High-Carbon Emissions Industries

Under the global trend toward net-zero emissions, carbon pricing has gradually become the core of legislation worldwide. For example, the European Union's Carbon Border Adjustment Mechanism (CBAM) began its trial phase in October 2023, and Taiwan's carbon fee is also expected to be implemented in 2024. In the future, industries with high-carbon emissions will be the primary targets for carbon fee/tax collection. Industries with high-carbon emission intensity will be the main subjects of carbon fees or carbon taxes. To proactively manage high-carbon emissions industries, Taishin FHC and its subsidiaries in banking, life insurance, and securities have jointly established a "High-Carbon Emissions Industries List" based on the Directorate General of Budget, Accounting and Statistics industry codes. This list includes industries sensitive to transition risks, such as "Electricity and Gas Supply Industry (excluding green power generation)," "Extraction of Crude Petroleum and Natural Gas Industry," "Petrochemicals-related Industry," "Manufacture of Paper, and Paper Products Industry," "Manufacture of Basic Metals Industry," "Manufacture of Textiles Industry," and "Cement Industry." This facilitates unified application in investment and financing process management, enhancing climate risk management.

Subsidiaries should prudently assess the climate risks of investment and financing targets, using the "High-Carbon Emissions Industries List" as a risk assessment factor in their business transactions and decision-making processes, integrating it into the review procedures or decision management mechanisms, and should regularly report high-carbon industry exposure data to the responsible supervisors for oversight and control. Since 2023, the exposure status of high-carbon emissions industries in investment and financing positions has been regularly reported at the Risk Management Monthly Meeting, the Risk Management Committee, and the Board of Directors, allowing investment and financing units to monitor position changes and continuously manage transition risks.

Investment Position Risk Management

Taishin actively follows the United Nations Principles for Responsible Investment (PRI), incorporating ESG into investment assessments. Besides implementing sustainable corporate practices and managing climate-related risks, it also engages in dialogues and interactions with invested companies, further urging them to prioritize environmental protection, social responsibility, and corporate governance practices. Banking, securities, and life insurance subsidiaries have added management measures for ESG and sustainable finance policies for non-transactional purpose investments. This includes reviewing the ESG risks (including climate risks) of investment targets through ESG ratings or reports before investment and regularly reviewing the proportion of high ESG risk positions in the investment portfolio after investment to manage differences.

Non trading purpose Investment Before and After Management Process

Pre-Investment Evaluation

- Thoroughly examine whether the investment target is one that should be avoided, including factors such as ESG ratings, regional and industry analysis.
- Evaluate various factors, enhance the scrutiny of high ESG risk targets, and elevate the approval levels to manage classifications.

Audit Decisions → Investment / Do not invest

Post-Investment Management

- Quarterly review of the ESG risk ratings of investment targets; if exceeding the bank's monitoring ratio, the investment unit must provide relevant explanations and report.
- At least once a year, review the appropriateness of investment policies at the bank's bond meeting, including the implementation of ESG, to examine the investment portfolio and track whether responsive measures are taken.

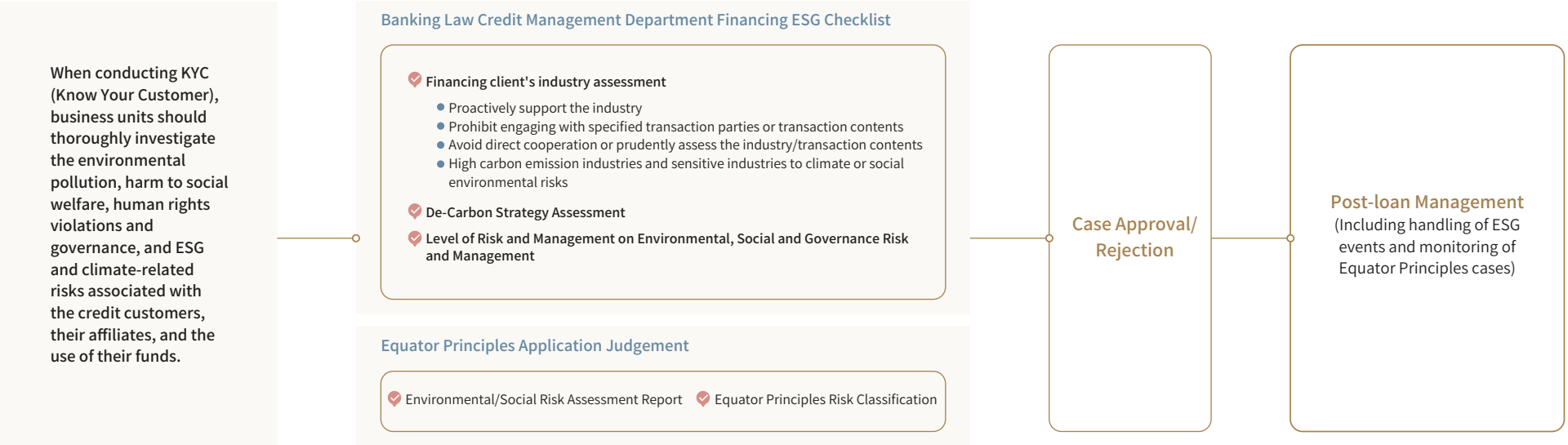
Financing Position Risk Management

Taishin also proactively follows the United Nations Principles for Responsible Banking (PRB), promoting more responsible financial services and standards with a sustainable development framework, and has signed the Equator Principles. A project team established by the Banking Law Credit Management Department has set the "Equator Principles Financing Case Operation Guidelines," conducting risk assessments and classification management for Equator Principles project financing cases through an "Environmental and Social Risk Assessment Form."

Taishin Bank has also revised the "Credit Business Guidelines" to include provisions for assessing ESG risks in new credit operations, establishing related checklists, and integrating ESG, climate-related factors, and the Equator Principles into the credit review process. During the process of discussing ESG-related risks and opportunities with clients, all cases consider the Joint Credit Information Center reports for risk assessment, and use the pre-loan KYC (Know Your Customer) control mechanism to monitor the related ESG credit risks of highly sensitive industries.

In addition to the above processes, the approach is also based on research reports from Taishin's investment advisory services. Before writing, the research team also conducts on-site visits to company factories or participates in corporate briefings to assess the overall situation of the company's operations and industry dynamics. The assessment scope includes sustainability-related issues, corporate integrity, social responsibility, and the environmental impact of the company's operations. Subsequently, the environmental and social risk team reviews and confirms these assessments, and credit cases are audited according to the relevant regulations of Taishin Bank. Moreover, for specific high-carbon industries, funds will be directed to assist companies in reducing emissions and transitioning. Targets and timelines have also been set for excluding positions committed to decarbonization, continuing to control exposure reduction, and actively strengthening transition risk management.

Taishin Bank Corporate Finance Financing Evaluation and Audit Process Diagram



3.2.2.2 Adapting to Physical Risks

Credit risk management of personal finance housing loans

Under the intensification of extreme weather, assessing climate risks has become more challenging. A significant example is that in recent years, Taiwan has experienced fewer record-breaking direct hits from typhoons. However, sometimes sudden heavy rainfall can cause severe flooding in some areas. For instance, in early August 2023, although the moderate typhoon Kanu did not make landfall in Taiwan, it brushed past the northeast corner, causing severe water accumulation and slope disasters across the island. According to statistics, there were 33 places with water accumulation, 46 slope disaster sites, and losses in agriculture and livestock industries exceeding NTD 200 million. Water accumulation mainly occurred in the coastal areas of the western half of the island, resulting from short-duration intense rainfall and the astronomical tide causing seawater backflow; the slope disasters were concentrated in the mountainous areas of central and southern Taiwan, caused by long-duration extreme rainfall. However, the collateral in these two areas mostly consists of assets that Taishin Bank prudently evaluates as collateral or does not accept as collateral. Through effective risk control, the impact on the bank is relatively limited. Additionally, Taishin Bank's specialized appraisal unit monitors the impact of minor and major flooding and landslides on local housing markets through public sector announcements, current news, and actual price registration information. If the impact is significant, they will temporarily suspend submissions from business units and continually monitor the situation until the disaster stabilizes or after disaster prevention engineering enhancements, then re-evaluate whether to lift the controls. Through this periodic observation and dynamic management of the housing market environment, it should be possible to effectively reduce the potential losses that climate disasters could cause to the bank's personal financial mortgage loans.

Corporate Financial Collateral Risk Management

In the appraisal process for the collateral received in corporate financial credit operations, the impact factors of regional prices are already considered. Generally, real estate is less likely to be damaged or destroyed by natural disasters caused by climate anomalies. For lands used for forestry or areas prone to landslides, which are susceptible to the aforementioned conditions, it is stipulated in our bank's "Corporate Finance Business Division Real Estate Collateral Appraisal Procedures" that such properties should generally not be solicited as collateral. Additionally, for real estate collateral in flood-prone areas, each case will be carefully evaluated or the loan-to-value ratio reduced to mitigate potential losses to the company from physical risks.

Taishin will closely monitor changes in the financial and business conditions of credit clients, regularly review their financial statements, and reflect this in the clients' credit ratings; post-loan control will also continuously monitor any significant negative information and regularly review the financial statements of the enterprises. Should subsequent changes in the value of the collateral lead to an insufficient collateral ratio, the bank will require the credit client to provide additional collateral to meet the collateral ratio or to initiate early debt recovery to strengthen physical risk management.

3.2.3 Insurance Risk Management

Under the circumstances of intensified of climate change, the severity of disasters caused by extreme weather events such as typhoons and floods may increase, leading to increased insurance risks. Taishin Life, in addition to arranging reinsurance for various products to distribute claims risks, also has arrangements for catastrophe reinsurance to transfer the catastrophe risk. Additionally, it will keep an eye on regulatory trends, market trends, and industry dynamics, with adjustments made to product strategies and structures as necessary to mitigate liability risks.

Major Insurance Risks Caused by Climate Change	Risk Management Actions/Measures	Implementation Status
A. Increase in mortality, morbidity, or accident incidence rates, causing actual experiences to deviate from expected claims costs	A.1 The company reviews the experience rates annually and updates product assumptions based on the latest experiences.	Uses assumptions reflecting actual experiences for profitability testing of new and old products to reduce potential deviations due to climate change predictions.
B. Accidental disasters causing multiple people to claim at the same time, leading to a large amount of claims payments in a short period.	A.2 & B.1 For each policy/insured person, cede through quota share reinsurance or excess of loss reinsurance, and after aggregating the retentions of all life insurance policies, a retention limit is set for each insured person.	When insurance risks exceed expectations due to climate change, losses can be controlled through Taishin Life's reinsurance arrangements.
	B.2 For each catastrophic event, a catastrophe retention limit is set for life and injury insurance; any excess is ceded through catastrophe reinsurance.	Based on the average retention risk amount for the currently insured pes, the catastrophe reinsurance arranged by Taishin Life can cover over a hundred insured persons, thus reasonably distributing the insurance risk arising from catastrophic accidents caused by extreme weather.

Note:The definition of a catastrophic event for catastrophe reinsurance includes meeting the minimum number of claims, and only includes losses incurred within a certain period of time following an accidental incident; an accident refers to a severe, external, sudden incident, and is caused directly and solely by this incident.

Metrics and Targets

In response to the commitment to achieve science-based targets (SBT) goal, Taishin has set relevant indicators and goals from two strategic perspectives: "Environmental Sustainabilityof Own Operations and "Net-Zero Carbon Emission in Financial Business". It also discloses data such as greenhouse gas emissions.

4.1 Science-Based Targets (SBT) and Achievement

Taishin FHC became a founding member of the "Taiwan Net-Zero Emissions Association" in 2021, and received the SBTi target approval in 2022. In Scope 1 and Scope 2, it set a greenhouse gas reduction strategy to limit the temperature rise to within 1.5° C, with the goal set for 2030 to reduce carbon emissions by 46% compared to the base year of 2019 (emissions of 22,223 metric tons in 2019), which corresponds to an annual carbon reduction of 4.2%. In Scope 3, the base year of 2019 is also used (emissions of 611,625 metric tons from financing and investment positions), setting reduction targets for financing and investment positions that are more ambitious than a 2° C reduction target. The SBT goals and the latest achievement status for Taishin's key asset positions are as follows. Taishin will disclose progress toward these goals annually and review their applicability every five years.

Base Year	2019	SBT Goal	Methodology	SBT Achievement Status for 2023
Scope 1+2	Own Operations	Goal to reduce total carbon emissions by 46% by 2030	Absolute Reduction	Reduced by 19%
Scope 3	Financing	Emission intensity of commercial real estate loans ($kgCO_2e/m^2$), target to reduce by 59% by 2030	SDA	Reduced by 32%
		Emission intensity of electricity generation related loan (tCO_2e/MWh), target to reduce by 50% by 2030	SDA	Reduced by 52%
		Proportion of long-term loans to the fossil fuel sector [note 4] that have set their own SBT targets, goal to reach 38% by 2027	Portfolio Coverage	Proportion reached 0% [note 7]
		Emission intensity of long-term loans in the service-building sector [note 4, note 5] ($kgCO_2e/m^2$), target to reduce by 58% by 2030	SDA	Reduced by 24%
		Emission intensity of long-term loans to the iron and steel sector [note 4] (tCO_2e /ton), target to reduce by 45% by 2030	SDA	Reduced by 61%
		Proportion of long-term loans to companies in the "computers, electronic and optical products manufacturing", "other electronic parts and components manufacturing", "bare printed circuit boards manufacturing" and "semiconductor" sector [note 4] that have set their own SBT targets, goal to reach 42% by 2027	Portfolio Coverage	Proportion reached 23%
	Investment	The proportion of long-term investment portfolio [note 6] that have set their own SBT goals, with the target to reach 38% by 2027	Portfolio Coverage	Proportion reached 25%

Note 1:Scope 3 investment and financing carbon emissions are inventoried according to the definitions of the SBT Science-Based Reduction Targets.
Note 2:The methodology SDA stands for Sector Decarbonization Approach.
Note 3:Taishin Life was merged into Taishin FHC on June 30, 2021, becoming a 100% subsidiary. From 2022, carbon inventory data include Taishin Life.In scope 1 and 2, Taishin Life's carbon emissions for 2020 to 2021 were calculated based on estimation, but starting from 2022, they were calculated based on actual carbon inventory data.
Note 4:Long-term loans do not include SME loans or corporate loans with a term of less than one year.
Note 5:The targets for loans related to service-building sector exclude wholesale and retail industries.
Note 6:Only the SBT required asset classes were included for calculation: stocks (ordinary shares and preferred shares) and corporate bonds of Exchangelisted and OTC-listed companies. Excludes sovereign bonds, green bonds, private equity, and derivative.
Note 7:Since SBT has not yet opened target audits for the fossil fuel industry, and the SDA methodology for this sectior is still under revision, no fossil fuel clients have completed setting SBT goals.

4.2 Environmental Data of Own Operations

Taishin has developed its own operational transition plan to address the climate-related risks and opportunities identified in section 2.1.2, expanding climate action plans from three major perspectives. The company continues to promote energy conservation and carbon reduction, as well as environmental protection measures annually through the ISO management system, continually monitoring and improving. The related indicator data is as follows:

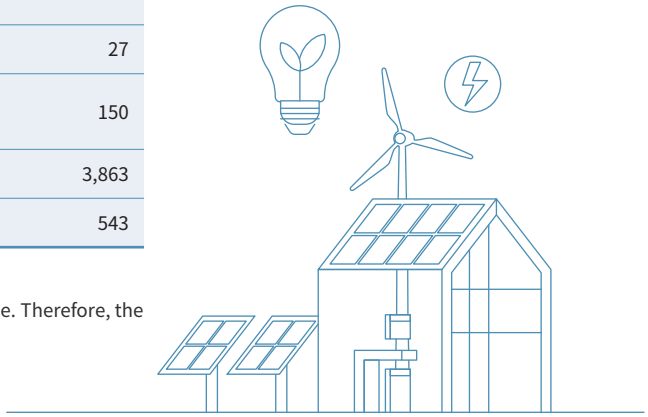
Energy-saving and Carbon Reduction Achievements

Since 2016, Taishin has continuously controlled greenhouse gas emissions through various energy-saving, energy-creating, and energy-purchasing measures. The company has established daily habits of energy and cost saving across all financial control operations to mitigate the impact of future rises in energy costs. It also actively supports the development of renewable energy through energy creation and purchasing, increasing the proportion of renewable energy used and the acquisition of renewable energy certificates. As of 2023, the cumulative estimated carbon reduction has reached 5,722 metric tons, equivalent to the annual carbon absorption of 14.8 Daan Forest Parks.

Carbon Reduction Methods	Action Plans	By the end of 2023, cumulative performance	2023 Electricity savings (kWh)	2023 Project Carbon Reduction (tCO_2e)	Annual cumulative electricity savings (kWh)	Annual cumulative carbon reduction (tCO_2e)
Energy Conservation	Replacement of energy-efficient air conditioners	49 locations	8,092	4	1,226,983	606
	Replacement of energy-efficient lights	9 locations	647,115	320	818,187	404
	Green buildings	4 buildings	-	-	117,521	58
	Building cooling tower construction	2 buildings	-	-	143,104	71
Energy Creation	Solar power plant	10 locations	-	-	53,775	27
Energy Purchasing	Renewable Energy Certificates	304,000 kWh	-	36	-	150
	Renewable Energy Electricity	7,820,689 kWh	-	3,528	-	3,863
	Carbon Credits	543 metric tons	-	-	-	543

Note 1:The annual electricity savings and carbon reduction figures are estimates, with the electricity emission factor calculated based on 2023's 0.494 $kgCO_2e/kWh$.

Note 2:The solar power generated by the Neihu building are sold to Taiwan Power Company, while the solar power generated at the other nine locations are for self-use. Therefore, the solar energy savings and carbon reduction figures in the table exclude the Neihu building.



Energy Use Historical Data

Taishin's primary energy source is purchased electricity, followed by gasoline used for official vehicles. By increasing the use of purchased T-REC and green energy, the annual electricity intensity is controlled.

Boundary	Type of Energy		Unit	2020	2021	2022	2023
Inside the Organization	Renewable Energy	Self-generated and used	kWh	1,000	3,000	16,300	33,506
		Purchased Green Energy		0	0	680,000	7,140,689
		Purchased T-REC		25,000	123,000	63,000	73,000
		Subtotal		26,000	126,000	759,300	7,247,195
	Non-renewable Energy	Gasoline	Liter	136,806	116,105	153,127	154,675
			kWh	1,240,799	1,053,045	1,388,826	1,402,866
		Diesel	Liter	5,402	9,348	11,698	8,572
			kWh	52,764	91,306	114,260	83,727
		Purchased Electricity		41,220,729	40,713,398	39,439,951	33,339,965
		Subtotal		42,514,291	41,857,749	40,943,037	34,826,558
	Renewable Energy + Non-renewable Energy	Total	kWh	42,540,291	41,983,749	41,702,337	42,073,753
	Electricity Intensity		kWh/Person	3,712.91	3,670.96	3,559.03	3,504.63
			kWh/NTD Million	712.90	580.22	605.02	580.50
Outside Organization (ATM)	Electricity Consumption		kWh	4,539,406	6,636,782	7,114,639	6,947,204

Note 1:The conversion of energy calorific value follows the "Energy Product Calorific Value Table" by the Ministry of Economic Affairs, Energy Administration ; electricity (consumption side) (860 kcal/kWh), automotive gasoline (7,800 kcal/L), diesel (8,400 kcal/L); Joule conversion factor (4.186 kJ/kcal) used for calculation.

Note 2:The amount of electricity generated for self-use is an estimated value excluding the Neihu Building.

Note 3:The number of people for electricity intensity calculation includes the total number of full-time and part-time employees of Taishin FHC and its subsidiaries.

Note 4:Taishin Life joined Taishin FHC in July 2021, and the oil usage for 2020-2021 was substituted with the 2022 figures, while electricity usage was based on actual consumption. Starting in 2022, Taishin Life was included in the inventory scope.

Note 5:The degree calculation for electricity intensity includes both renewable and non-renewable energy. In 2023, the revenue per kWh was NT$1,723, which is a increase of 4% compared to the previous year.

Greenhouse Gas Emissions Historical Data

In accordance with the SBT pathway, Taishin has set a target to reduce by 4.2% in Scope 1 and Scope 2 for carbon reduction management. Through the energy-saving and carbon reduction action plans and achievements over the years, the total market-based emissions in Scope 1 and Scope 2 in 2023 is 17,931 tCO_2e, which is a decrease of 16% compared with the total emissions in 2022.

1. Scope 1 and Scope 2

Scope	單位	2020	2021	2022	2023 年
One	tCO_2e	1,128	1,150	1,418	1,465
Two (Location-based)		20,956	20,717	20,409	20,029
Two (Market-based)		20,944	20,655	20,031	16,466
One + Two (Location-based)		22,084	21,867	21,827	21,494
One + Two (Market-based)		22,072	21,805	21,449	17,931
Emission Intensity (Market-based)	tCO_2e/Person	1.99	1.96	1.90	1.55
	tCO_2e/NTD Million	0.38	0.31	0.32	0.26

Note 1:As Taishin belongs to the financial sector, it does not emit substances that deplete the ozone layer (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), etc. Electricity emission factors are calculated based on the latest version available from the Ministry of Economic Affairs Energy Administration before the publication of the report.

Note 2:Taishin Life joined Taishin FHC in July 2021, thus the figures for 2020-2021 are estimated. Starting in 2022, Taishin Life's insurance actual figures are used for verification.

Note 3:The number of people for emission intensity calculation includes the total number of full-time and part-time employees of Taishin FHC and its subsidiaries.

Note 4:In 2023, the revenue per tCO_2e was NTD 3,899,366, which is an increase of 26% compared to the previous year.

2. Greenhouse Gas Emission Reduction Targets Yearly

In July 2022, the Science Based Targets initiative (SBTi) audit was passed, adhering to a greenhouse gas reduction pathway that limits temperature rise to within 1.5 ˚C, with 2019 as the baseline year, requiring a 46% reduction in Scope 1 and Scope 2 by 2030, thus setting an average annual reduction target of 4.2%.

	2024	2025	2030	2043
Own operational net-zero pathway (Scope 1 + Scope 2)	Percentage of renewable enevvrgy used reaches 21%	Percentage of renewable energy used reaches 26%	Percentage of renewable energy used reaches 46%	Percentage of renewable energy used is expected to reach 100%

Note 1:Taishin has committed to SBT net zero in 2023, by transitioning to electric or hybrid vehicles and purchasing renewable energy, and is expected to achieve net zero in Scope 1 and Scope 2 by 2043 according to the 1.5° C carbon reduction pathway.

Note 2:The actual amount of renewable energy purchased each year will be periodically reviewed and adjusted on a rolling basis according to energy policies and technologies.

4.3 Net-Zero Emission Data of Financial Business

Taishin has developed a net-zero transition plan for its financial services in response to the climate-related risks and opportunities identified in section 2.1.2, considering greenhouse gas emissions as a factor in investment and financing decisions to help promote the low-carbon transition of industries. The related indicator data is as follows:

4.3.1 Carbon Emissions from Investment and Financing Positions

Taishin has conducted a carbon inventory calculation for Scope 3 investment and financing positions, with historical statistics on carbon emissions as follows:

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

		2020	2021	2022	2023
Investment Positions	Carbon Emissions (tCO_2e)	236,227	422,070	716,672	2,510,311
	Carbon Footprint (tCO_2e/NTD Million)	1.25	2.37	2.52	4.00
Financing Positions	Carbon Emissions (tCO_2e)	359,226	323,623	632,736	1,857,227
	Carbon Footprint (tCO_2e/NTD Million)	2 .25	1.52	2.77	1.71
Total Carbon Emissions from Investment and Financing Positions		595,503	745,693	1,349,408	4,367,538
Total Carbon Footprint from Investment and Financing Positions		1.71	1.91	2.63	2.55
Inventory Coverage Rate (%)		18.89	18.42	21.70	65.50

Note 1:The calculation of carbon emissions for investment and financing positions is based on the methodology of the international organization "Partnership for Carbon Accounting Financials" (PCAF).

Note 2:Investment and Financing Carbon Footprint = Carbon emissions from investment and financing positions/balance of investment and financing positions audited. (Carbon Footprint Unit: tCO2e / invested and lending outstanding million NTD)

Note 3:Portfolio Coverage = Audited balance of investment and financing positions/balance sheet FVPL, FVOCI, AC, short-term loans, medium-term loans, long-term loans, and collections.

Note 4:On June 30, 2021, Taishin FHC acquired 100% of the shares of Taishin Life and included it in the consolidated financial statements, but since the integration into Taishin FHC was less than one year, the 2021 data does not include Taishin Life. From 2022, Taishin Life is included in the scope of the carbon audit.

Note 5:Due to the update of carbon emission calculation coefficients, the 2022 carbon emission data for investment and financing was revised.

Note 6:Only the SBT required asset classes were included for calculation: listed and OTC company stocks (ordinary shares, preferred shares) and corporate bonds in 2020-2022. Excludes sovereign bonds, green bonds, private equity, and derivative financial products. In 2023, new non-SBT scope financial loans (including SME loans, short-term commercial loans), mortgages, motor vehicle loans, and sovereign debt investments were added to the audit.

Note 7:Using 2019 as the baseline year, the carbon emissions from investment and financing positions were 611,625 metric tons.

2. Scope 3 Carbon Emissions and Carbon Footprint (by Asset/ Industry/Region)

2023 Investment and Financing Positions Carbon Audit: Classified by Asset Type

Asset Type		Carbon Emissions (tCO_2e)	Carbon Footprint(tCO_2e/NTD Million)	Percentage of Total Carbon Emissions (%)
SBT	Listed/Unlisted Equity Investments	37,487	1.41	0.86%
	Listed/Unlisted Corporate Bond Investments	648,584	2.16	14.85%
	Commercial Loans	596,995	3.91	13.67%
	Project Financing	0	0	0.00%
	Commercial Real Estate Financing	21,488	0.78	0.49%
Other Non-SBT Scope Financial Loans		1,061,282	2.44	24.30%
mortgages		89,437	0.22	2.05%
Motor Vehicle Loans		88,025	1.63	2.02%
Sovereign Debt investments		1,824,239	6.07	41.77%
Total		4,367,538	2.55	100.00%

Note 1:Asset classification is based on the domestic bank investment and financing portfolio financial carbon emissions (Scope 3) practical manual's inventory category differentiation.

Note 2:Other non-SBT scope financial loans, including SME loans, short-term commercial loans, etc.

Note3:The calculation factors for mortgages are the factors of carbon emission from the Ministry of Economic Affairs Energy Administration, and the EUI from the Ministry of the Interior Green Building Evaluation Manual 2019. The calculation factors for motor vehicle loans include the kilometers traveled from the Ministry of Transportation and Communications' Small Private Passenger Cars Usage 2022 Survey Report and the latest vehicle fuel consumption guide for energy efficiency testing values from the Ministry of Economic Affairs Energy Administration.

2023 Investment and Financing Positions Carbon Audit: Classified by Industry

Industry	Carbon Emissions (tCO_2e)	Carbon Footprint (tCO_2e/NTD Million)	Percentage of Total Carbon Emissions (%)
Oil and Natural Gas Mining	11,640	4.97	0.27%
Electricity and Gas Supply	487,004	19.34	11.15%
Basic Metals Manufacturing Industry	434,456	26.37	9.95%
Petrochemical Industries	266,524	14.87	6.10%
Pulp, Paper, and Paper Product Manufacturing	62,481	13.24	1.43%
Textile Industry	19,015	2.59	0.44%
Cement Industry	102,458	24.18	2.35%
Others	2,983,959	1.82	68.32%
Total	4,367,538	2.55	100.00%

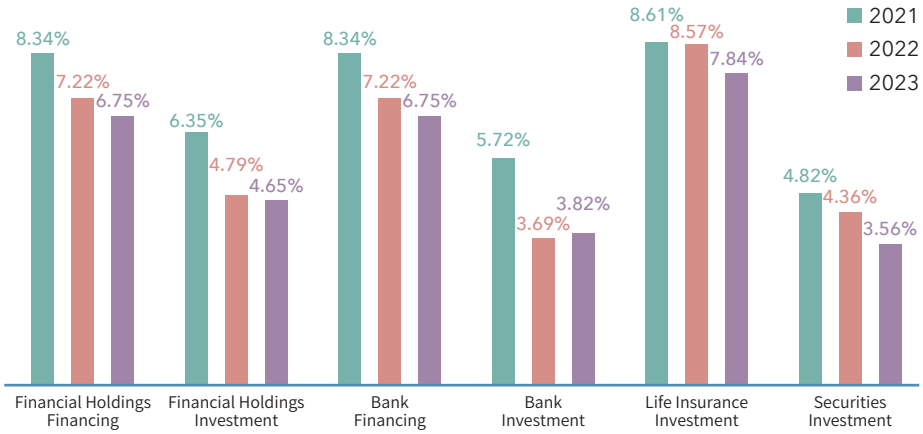
Note: Industry classification is based on Taishin Financial Holding's list of high-carbon emission industries, classified according to the Directorate-General of Budget, Accounting and Statistics industry categories.

2023 Investment and Financing Positions Carbon Audit: Classified by Region

Region	Carbon Emissions (tCO2e)	Carbon Footprint (tCO_2e/NTD Million)	Percentage of Total Carbon Emissions (%)
Taiwan	2,341,627	2.12	53.61%
Asia Pacific (excluding Taiwan)	615,375	3.16	14.09%
Americas	1,294,423	4.50	29.64%
Europe	20,355	0.33	0.47%
Others	95,759	1.39	2.19%
Total	4,367,538	2.55	100.00%

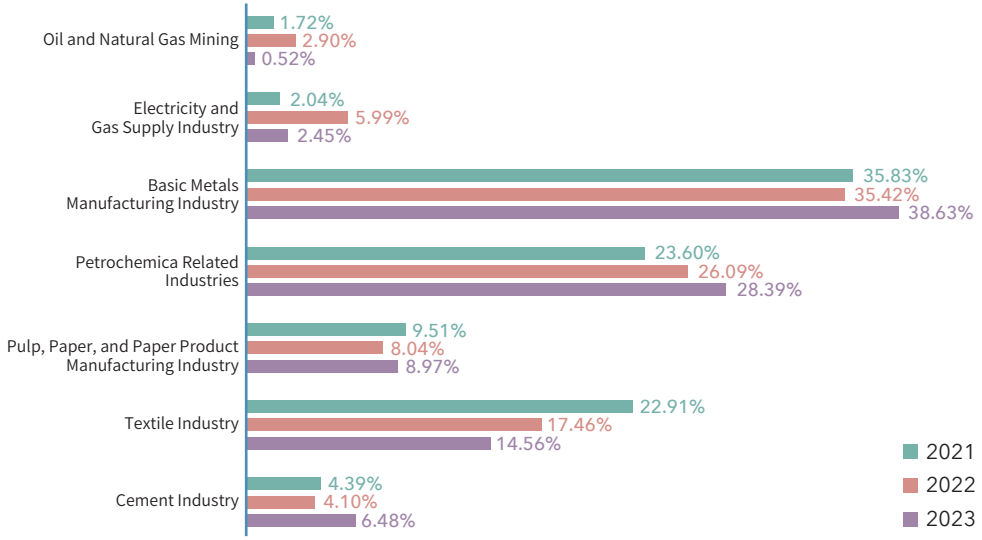
4.3.2 Exposure to High-Carbon Emission Industries

The company's "Climate Risk Management Guidelines" control high-carbon emission industries, carefully assessing the climate risks of counterparts during business transactions and decision-making. High carbon exposure is managed quarterly and reported at the risk management monthly meeting, risk management committee, and board of directors. From 2021 to 2023, the investment and financing positions in high-carbon emission industries showed a decreasing trend in exposure. In terms of overall investment and financing, the exposure percentages decreased from 6.35% and 8.34% in 2021 to 4.65% and 6.75% in 2023, respectively. The company will continue to support the "Taiwan 2050 Net-Zero Emission Pathway Blueprint" through climate risk assessments, developing renewable energy financing, and actively collaborating with invested companies to assist the industry toward low-carbon transformation.

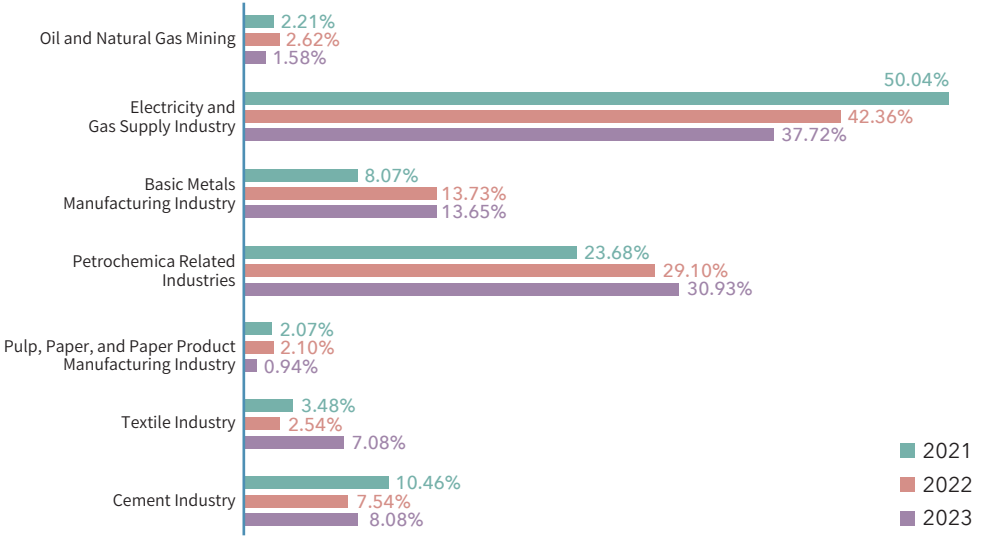


Changes in the Structure of High-Carbon Emission Industry Exposure

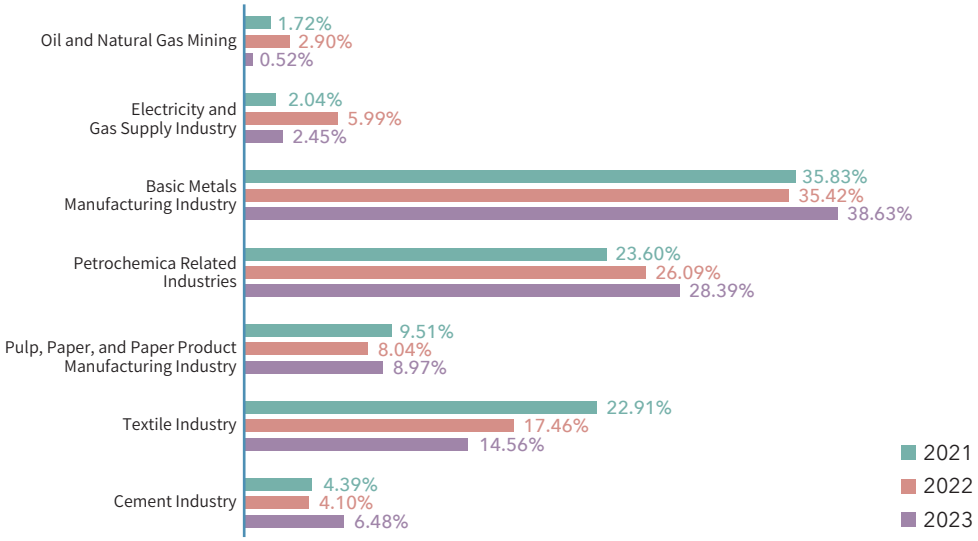
FHC Financing



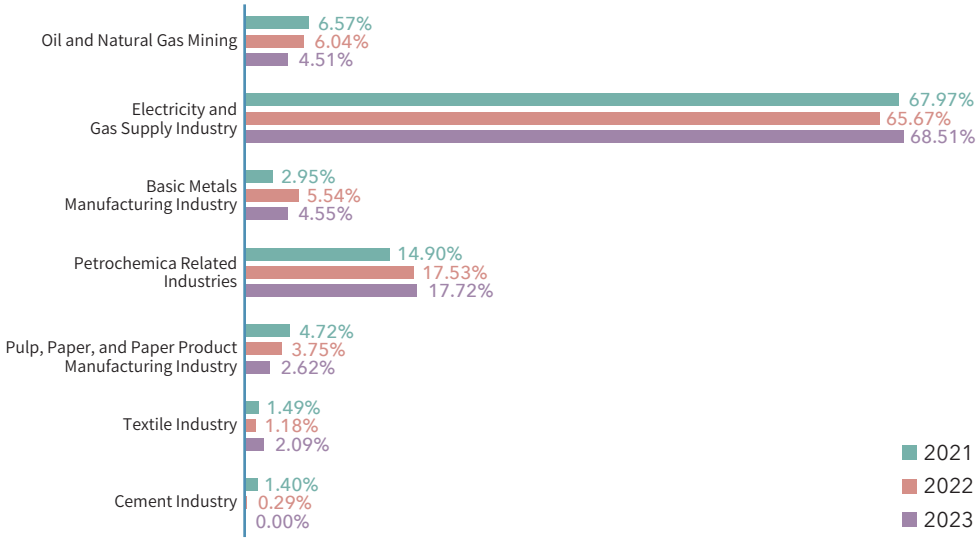
FHC Investment



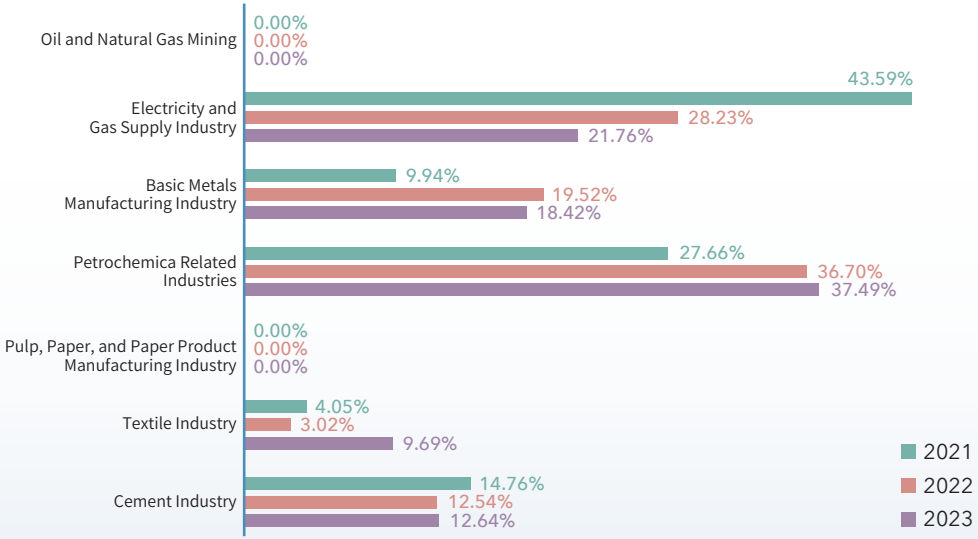
Bank Financing



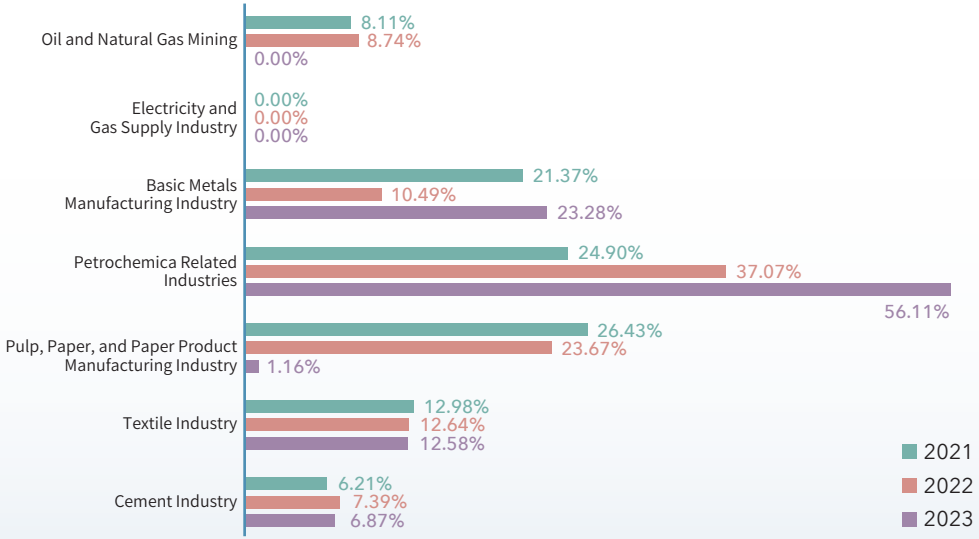
Life Insurance Investment



Bank Investment



Securities Investment



Note 1:Financial holding exposure statistics include banks (including overseas branches), life insurance, and securities subsidiaries.
Note 2:Investments include equity and bonds; equity exposure is measured at cost, and bond exposure is measured at face value.

4.3.3 Low-Carbon Economy Data

In response to net-zero carbon emissions, moving toward low-carbon investment and financing, and developing green products, historical data is as follows:

Unit: Million New Taiwan Dollars

Category		2021	2022	2023
Credit	ESG Industry Loans	-	47,715	48,096
	Renewable Energy Generation Loans	3,599	5,510	6,136
	Sustainability-Linked Loans	763	19,341	17,925
	Sustainable Infrastructure Loans	22,221	30,954	45,979
	Electric/Hybrid Vehicle Loans	1,586	8,720	12,061
	Green Building Mortgage	-	733	2,324
Bonds	Taishin Securities_ESG-related Investment Positions	-	200	450
	Taishin Life_ESG-related Investment Positions Note 3	24	583	1,226
	Taishin Bank_ESG-related Investment Positions Note 4	7,536	17,235	24,399
	Taishin Bank_ESG-related Underwriting Positions Note 5	2,832	3,748	5,702
Equity	Taishin Bank_ESG-related Investment Positions Note 6	1,908	2,431	778
	Taishin Venture Capital_Renewable Energy (Solar Power Plants)	70	70	70
Funds	Taishin Venture Capital_ESG Compliant Fund Investments	26	43	66
Products	Taishin Investment Trust_Asset Management ESG Products Comply with Sustainability Report Investment (including public, private funds, and discretionary mandates)	61,488	47,913	48,062
Investment	Taishin Life_Renewable Energy Power Plant Investment Positions	264	264	424
Total		102,317	185,460	213,698

Note 1:ESG Industry Loans are calculated based on the government's "Six Core Strategic Industries" (statistics started in 2022), excluding defense-related industries and high-carbon emission industries, and deducting the "Renewable Energy for Power Generation Loans," "Sustainability-Linked Loans," and "Sustainable Infrastructure Loans" from the above table.

Note 2:Green building mortgages and electric/hybrid vehicle loans are the total new disbursements for each year; other credit loans are the year-end loan balances.

Note 3:Bond targets meet any one of the following sustainability-linked debt requirements: green bonds, social bonds, sustainable bonds, sustainability-linked bonds, climate transition bonds.

Note 4:Holding financial and corporate issued ESG bonds including green bonds, social bonds, sustainability bonds.

Note 5:Underwriting financial and corporate issued ESG bonds, including green bonds, social bonds sustainability bonds.

Note 6:Primarily targeting indices/evaluations such as DJSI, MSCI, Taiwan 50, Taiwan Top 100 High Pay, Taiwan Corporate Governance Index 100, etc.

Appendix

Appendix 1 Greenhouse Gas Inventory

Company	2022		2023	
Scope 1	Total Carbon Emissions (tCO_2e)	Emission Intensity (tCO_2e/NTD Million)	Total Carbon Emissions (tCO_2e)	Emission Intensity (tCO_2e/NTD Million)
Taishin FHC	-	-	-	-
Taishin Bank	1,314	0.0333	1,347	0.0299
Taishin Life	13	0.0006	16	0.0008
Taishin Securities	78	0.0274	84	0.0189
Taishin Securities Investment Trust	-	-	4	0.0050
Taishin Securities Investment Advisory	-	-	-	-
Taishin Asset Management	13	0.0411	14	0.0474
Taishin Venture Capital Investment	-	-	-	N/A

Company	2022		2023	
Scope 2	Total Carbon Emissions (tCO_2e)	Emission Intensity (tCO_2e/NTD Million)	Total Carbon Emissions (tCO_2e)	Emission Intensity (tCO_2e/NTD Million)
Taishin FHC	58	0.0039	58	0.0038
Taishin Bank	17,046	0.4325	13,531	0.3008
Taishin Life	1,758	0.0783	1,737	0.0840
Taishin Securities	922	0.3240	882	0.1985
Taishin Securities Investment Trust	140	0.1789	153	0.1937
Taishin Securities Investment Advisory	72	0.5918	71	0.5723
Taishin Asset Management	19	0.0600	17	0.0573
Taishin Venture Capital Investment	16	0.0040	16	N/A

Note 1: In 2022, in accordance with ISO 14064-1:2018 and ISO 14064-3:2006, Taishin FHC ,Taishin Bank (a total of 105 branches and 5 overseas branches), as well as Taishin Securities, Taishin Asset Management, Taishin Investment Trust, Taishin Venture Capital, Taishin Investment Consulting, and Taishin Life Insurance have a total of 37 subsidiary locations; the assurance level of greenhouse gas verification, Scope 1 and Scope 2 were reasonable assurance levels, and the date of obtaining the assurance certificate was 2023/5/24.

Note 2: In 2023, in accordance with ISO 14064-1:2018 and ISO 14064-3:2019, Taishin FHC, Taishin Bank (a total of 106 branches and 5 overseas branches), as well as Taishin Securities, Taishin Asset Management, Taishin Investment Trust, Taishin Venture Capital, Taishin Investment Consulting, and Taishin Life Insurance have a total of 43 subsidiary locations; the assurance level of greenhouse gas verification, Scope 1 and Scope 2 are reasonable assurance levels, and the confirmation report obtained on June 14, 2024, and obtained before June 30 Confirmation certificate.

Note 3: Scope 2 emissions are presented on a market basis.

Note 4: In 2023, Taishin Venture Capital Investment had negative net income, hence the intensity is shown as N/A.

Note 5: The certificate of assurance is disclosed on the Taishin Financial Holdings website/Corporate Sustainability/Sustainability Regulations and Certification.

Appendix 2 Report Verification and Assurance

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By Royal Charter

Conformity Statement

Climate related Financial Disclosure

This is to conform that

Taishin Financial Holding Co., Ltd.
No. 118, Sec. 4, Ren-ai Road
Da-an Dist.
Taipei City
106435
Taiwan

台新金融控股股份有限公司
臺灣
台北市
大安區
仁愛路4段118號
106435

Holds Statement No: CFD 804504

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

- Taishin Financial Holding Co., Ltd. follows the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with Supplemental Guidance for the Financial sector (Banks and Insurance Companies Sectors) to disclose climate-related financial information which is clear, comparable and consistent its organizational risks and opportunities as well as its financial impacts. The disclosures covers the four core elements of the TCFD and is prepared based on the seven guiding principles for effective disclosures.
- The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Banks and Insurance Companies Sectors) is **Level-5+: Excellence** grade.
- 涵蓋金融業補充指引(銀行及保險公司)之氣候相關的財務揭露的成熟度模型為**[第五級 PLUS：優秀]**等級。

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2024-06-19 Expiry date: 2025-06-18

Page: 1 of 2

...making excellence a habit.™

Statement number: CFD 804504

Location	Conformity Check Overall Result
Taishin Financial Holding Co., Ltd. No. 118, Sec. 4, Ren-ai Road Da-an Dist. Taipei City 106435 Taiwan 台新金融控股股份有限公司 臺灣 台北市 大安區 仁愛路4段118號 106435	The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Banks and Insurance Companies Sectors) is **Level-5+: Excellence** grade. 涵蓋金融業補充指引(銀行及保險公司)之氣候相關的財務揭露的成熟度模型為**[第五級 PLUS：優秀]**等級。

Latest issue: 2024-06-19 Expiry date: 2025-06-18

Page: 2 of 2

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above name client only.
Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
BSI Taiwan is a subsidiary of British Standards Institution.

Appendix 3 TCFD Index

Elements	Recommended Disclosures for All Sectors	Corresponding sections in this report
Governance	Describe the board's oversight of climate-related risks and opportunities	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of the Board and Management
	Describe management's role in assessing and managing climate-related risks and opportunities	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of the Board and Management
Strategy	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 business, 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
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	2.1 Climate-Related Risks and Opportunities 3.1 Climate Risk Management Framework 3.2 Climate Risk Management
	Describe the organization's processes for managing climate-related risks	3.1 Climate Risk Management Framework 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
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions 4.1 Science-Based Targets (SBT) and Achievement 4.2 Environmental Data of Own Operations 4.3 Net-Zero Emission Data Related to Financial Services
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	4.2 Sustainability-Related Data for Own Operational Environment 4.3 Net-Zero Emission Data of 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 Achievement 4.2 Environmental Data of Own Operations 4.3 Net-Zero Emission Data of Financial Business
Elements	**Supplemental Guidance for Banks**	**Corresponding sections in this report**
Strategy	Describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities	2.1 Climate-Related Risks and Opportunities 2.3 Climate Change Scenario Analysis and Resilience Assessment
Risk Management	Consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.	2.1 Climate-Related Risks and Opportunities 3.1 Climate Risk Management Framework
Metrics and Targets	Provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term. Also, provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities	2.2 Climate Strategy and Actions 4.1 Science-Based Targets (SBT) and Achievement 4.3 Net-Zero Emission Data of Financial Business

Elements	Supplemental Guidance for Insurance Companies	Corresponding sections in this report
Strategy	Describe the potential impacts of climate-related risks and opportunities as well as provide supporting quantitative information where available, on their core businesses, products, and services, including: (1) Information at the business division, sector, or geography levels; (2) How the potential impacts influence client or broker selection; and (3) Whether specific climate-related products or competencies are under development, such as insurance of green infrastructure, specialty climate-related risk advisory services, and climate-related client engagement	Some of the recommended disclosures are not applicable as property insurance is not included in the scope of Life Insurance business. For further information, please see 2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Perform climate-related scenario analysis on their underwriting activities should provide the following information: (1) Description of the climate-related scenarios used, including the critical input parameters, assumptions and considerations, and analytical choices. In addition to a 2° C scenario, insurance companies with substantial exposure to weather-related perils should consider using a greater than 2° C scenario to account for physical effects of climate change and (2) Time frames used for the climate-related scenarios, including short-, medium-, and long-term milestones	2.3 Climate Change Scenario Analysis and Resilience Assessment
Risk Management	Describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks: (1) Physical risks from changing frequencies and intensities of weather-related perils; (2) Transitional risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation; and (3) Liability risks that could intensify due to a possible increase in litigation	Some of the recommended disclosures are not applicable as property insurance is not included in the scope of Life Insurance business. For further information, please see 2.1 Climate-Related Risks and Opportunities 2.3 Climate Change Scenario Analysis and Resilience Assessment 3.1 Climate Risk Management Framework
	Describe key tools or instruments, such as risk models, used to manage climate-related risks in relation to product development and pricing, the range of climate-related events considered and how the risks generated by the rising propensity and severity of such events are managed	2.3 Climate Change Scenario Analysis and Resilience Assessment 3.2 Climate Risk Management
Metrics and Targets	Provide aggregated risk exposure to weather-related catastrophes of their property business (i.e., annual aggregated expected losses from weather-related catastrophes) by relevant jurisdiction	Not applicable
	Disclose weighted average carbon intensity or GHG emissions associated with commercial property and specialty lines of business where data and methodologies allow	Commercial real estate has not been inventoried in the current year, the rest is not applicable

Appendix 4 IFRS S2 Index

Elements	Recommended Disclosures for all sectors	Corresponding sections in this report
Governance	**Governance**	
	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of the Board and Management
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	1.1 Climate Governance Framework 1.2 Roles and Responsibilities of the Board and Management
Strategy	**Climate-Related Risks and Opportunities**	
	Description of climate-related risks and opportunities that can reasonably be expected to affect the entity's prosepcts.	2.1 Climate-Related Risks and Opportunities
	Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.	2.1 Climate-Related Risks and Opportunities
	Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur.	2.1 Climate-Related Risks and Opportunities
	Explain how the entity defines 'short term,' 'medium term,' and 'long term,' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Business Model and Value Chain	
	A description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain.	2.1 Climate-Related Risks and Opportunities
	A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities, and types of assets).	2.1 Climate-Related Risks and Opportunities
	Strategy and decision-making	
	Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulations.	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Information about how the entity is resourcing, and plans to resource.	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Quantitative and qualitative information about the progress of plans disclosed in the previous reporting periods.	2.2 Climate Strategy and Actions

Elements	Recommended Disclosures for all sectors	Corresponding sections in this report
Strategy	**Financial Position, Financial Performance, and Cash Flows**	
	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	2.1 Climate-Related Risks and Opportunities
	The climate-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Assessment of Future Disclosures
	How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Assessment of Future Disclosures
	How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).	Assessment of Future Disclosures
	Climate Resilience	
	The entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis, the significant areas of uncertainty considered in the entity's assessment of its climate resilience, and the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term.	2.3 Climate Change Scenario Analysis and Resilience Assessment
	How and when the climate-related scenario analysis was carried out, including: information about the inputs the entity used, the key assumptions the entity made in the analysis, and the reporting period in which the climate-related scenario analysis was carried out.	2.3 Climate Change Scenario Analysis and Resilience Assessment
Risk Management	**Risk Management**	
	The processes and related policies the entity uses to identify, assess, prioritise, and monitor climate-related risks.	2.1 Climate-Related Risks and Opportunities 3.1 Climate Risk Management Framework 3.2 Climate Risk Management
	The processes the entity uses to identify, assess, prioritise, and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	2.1 Climate-Related Risks and Opportunities 2.3 Climate Change Scenario Analysis and Resilience Assessment
	The extent to which, and how, the processes of identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	2.1 Climate-Related Risks and Opportunities 3.1 Climate Risk Management Framework 3.2 Climate Risk Management

Elements	Recommended Disclosures for all sectors	Corresponding sections in this report
Metrics and Targets	**Climate-Related Metrics**	
	Greenhouse Gases – The entity shall disclose the absolute gross emissions of Scope 1, Scope 2, and Scope 3 greenhouse gases generated during the reporting period, expressed as metric tonnes of CO2 equivalent; disclose the approach it uses to measure its greenhouse gas emissions.	4.2 Environmental Data of Own Operations 4.3 Net-Zero Emission Data of Financial Business
	Climate-Related Transition Risks – The amount and percentage of assets or business activities vulnerable to climate-related transition risks.	• Three high carbon intensity industries in credit, with a credit exposure ratio of 5.5%. • Five high carbon intensity industries in investments, with an investment exposure ratio of 5.4% For further information, please see 2.3 Climate Change Scenario Analysis and Resilience Assessment
	Climate-Related Physical Risks – The amount and percentage of assets or business activities vulnerable to climate-related physical risks.	• Zero own operational locations in high-risk areas for extreme rainfall flooding, one bank supplier location, representing 0.7% of the supplier ratio. • Organized transition for mortgage physical risks by 2030, with a high risk of default exposure at 9%, accounting for 0.15% of the total loan balance. For further information, please see 2.3 Climate Change Scenario Analysis and Resilience Assessment
	Climate-Related Opportunities – The amount and percentage of assets or business activities aligned with climate-related opportunities.	• Sustainable/low-carbon related investments amount to NTD 25,975 million, accounting for 4.02% of the total investment ratio. • Corporate Financial Sustainability/Low Carbon Related Credits of NTD 118,136 million, representing approximately 17.32% of the corporate financial business loan balance. For further information, please refer to 2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategy and Actions
	Capital Deployment – The amounts of capital expenditure, financing, or investments deployed towards climate-related risks and opportunities.	• Invested NTD 12.34 million to cope with the risk of energy resource price changes. • Invested NTD 1,228,000 in climate-related scenario analysis and resilience assessment for transition risk assessment, and NTD 86,000 for physical risk assessment. For further information, please refer to 2.1 Climate-Related Risks and Opportunities
	Internal Carbon Prices – The entity shall disclose: an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.	2.2 Climate Strategy and Actions
	Remuneration – The entity shall disclose: a description of whether and how climate-related considerations are factored into executive remuneration; and the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.	1.2 Responsibilities of the Board and Management

Elements	Recommended Disclosures for all sectors	Corresponding sections in this report
Metrics and Targets	**Climate-Related Targets**	
	For each target , the entity shall disclose: (a) The metric used to set the target; (b) The objective of the target (for example, mitigation, adaptation, or conformance with science-based initiatives) ; (c) The part of the entity to which the target applies (for example, whether the target applies to the entity in entirety or only a part of the entity, such as a specific business unit or specific geographical region) ; (d) The period over which the target applies; (e) The base period from which progress is measured; (f) Any milestones and interim targets; (g) If the target is quantitative, whether it is an absolute target or an intensity target; (h) How the latest international agreement on climate change, including jurisdictional commitments that arise that agreement, has informed the target.	4.1 Science-Based Targets (SBT) and Achievement 4.2 Environmental Data of Own Operations 4.3 Net-Zero Emission Data of Financial Business
	The entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) Whether the target and the methodology for setting the target have been validated by a third party; (b) The entity's processes for reviewing the target; (c) The metrics used to monitor progress towards reaching the target; and (d) Any revisions to the target and an explanation for those revisions.	Appendix II — Report Verification and Assurance 4.1 Science-Based Targets (SBT) and Achievement
	The entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	Assessment of Future Disclosures

IFRS S2 Recommended Disclosures for Commercial Banking	Corresponding sections in this report
1. Its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class. When disaggregating by:	4.3 Net-Zero Emission Data of Financial Business
(a) Industry – The entity should use the Global Industry Classification Standard (GICS) 6-digit industry-level code for classifying counterparties, reflecting the latest version of the classification system available at the reporting date.	Assessment of Future Disclosures
(b) Asset class – The disclosure shall include loans, project finance, bonds, equity investments, and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.	Assessment of Future Disclosures
2. Its gross exposure to each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:	4.3 Net-Zero Emission Data of Financial Business
(a) Funded amounts – gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with IFRS Accounting Standards or other GAAP.	Assessment of Future Disclosures
(b) Undrawn loan commitments – the entity shall disclose the full amount of commitment separately from the drawn portion of loan commitments.	Assessment of Future Disclosures
3. The percentage of the entity's gross exposure included in the financed emission calculation. The entity shall:	4.3 Net-Zero Emission Data of Financial Business
(a) If the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, disclose the information that explains the exclusions, including the type of assets excluded.	Assessment of Future Disclosures
(b) For funded amounts, exclude from gross exposure all impacts of risk mitigants, if applicable.	Assessment of Future Disclosures
(c) Disclose separately the percentage of its undrawn loan commitments included in the financed emissions calculation.	Assessment of Future Disclosures
4. The methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure.	4.3 Net-Zero Emission Data of Financial Business

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Official website

Sustainability