Taishin Holdings

2024

TCFD REPORT

Climate-related Financial Disclosure Report

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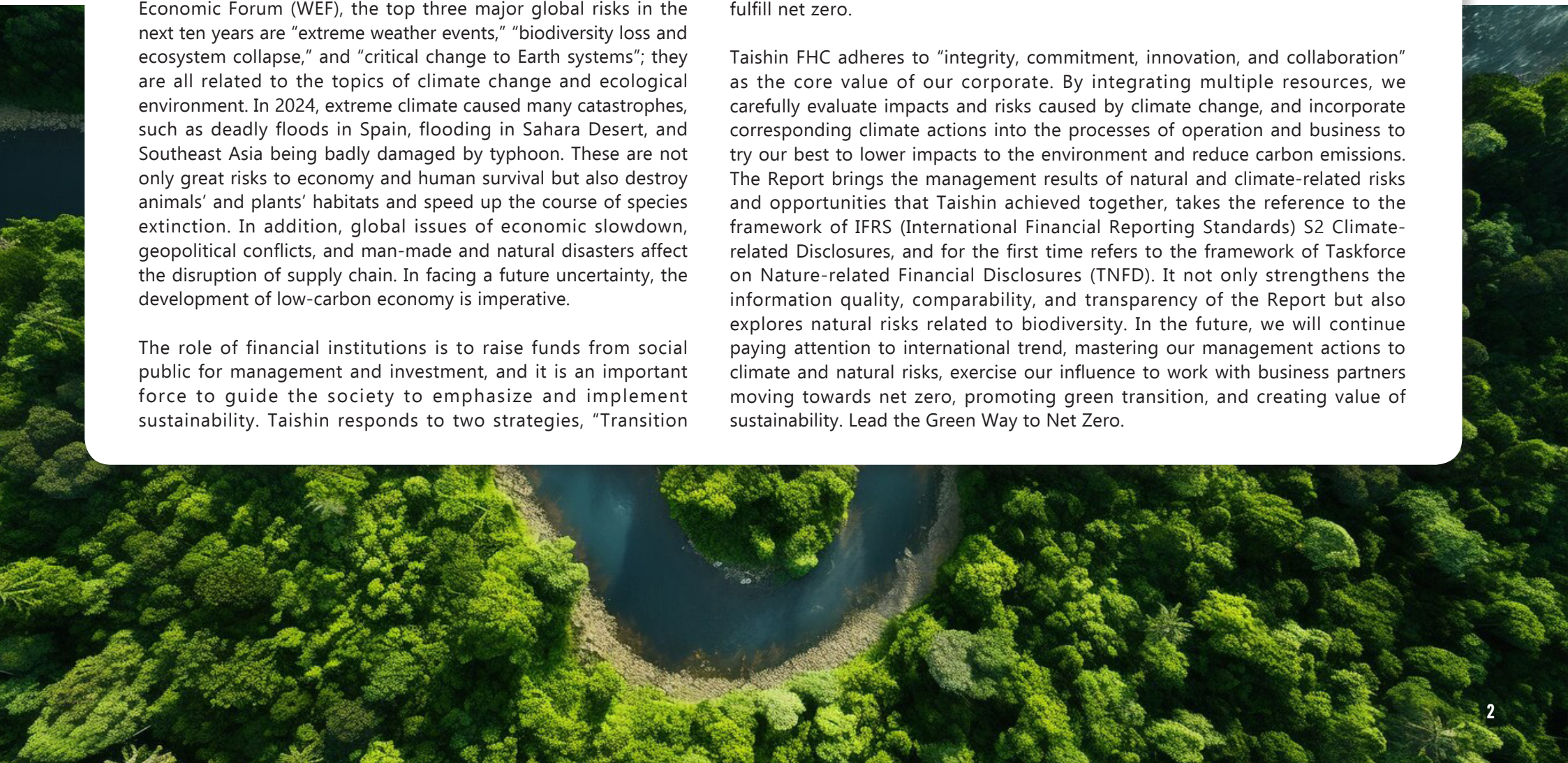
Foreword

Global temperatures exceeded 1.5℃ above pre-industrial levels in 2024 for the first time, and it has been confirmed the hottest year since records began. It is closer to go back on the commitment to "Paris Agreement on Climate Change 2015" than ever, which is to maintain the global temperature well below 2℃ above pre-industrial level and keep the rise of temperature within 1.5℃. According to the "Global Risks Report 2025" published by World Economic Forum (WEF), the top three major global risks in the next ten years are "extreme weather events," "biodiversity loss and ecosystem collapse," and "critical change to Earth systems"; they are all related to the topics of climate change and ecological environment. In 2024, extreme climate caused many catastrophes, such as deadly floods in Spain, flooding in Sahara Desert, and Southeast Asia being badly damaged by typhoon. These are not only great risks to economy and human survival but also destroy animals' and plants' habitats and speed up the course of species extinction. In addition, global issues of economic slowdown, geopolitical conflicts, and man-made and natural disasters affect the disruption of supply chain. In facing a future uncertainty, the development of low-carbon economy is imperative.

The role of financial institutions is to raise funds from social public for management and investment, and it is an important force to guide the society to emphasize and implement sustainability. Taishin responds to two strategies, "Transition Strategy of Own Operations" and "Net-Zero Carbon Emission in Financial Business", with actual actions and commits to the 2050 net zero as our long-term goal according to Science-based Targets (SBT net zero). The ratio of the use of renewable energy in Taishin in 2024 achieved 22%, and we hold regular supplier conference every year to discuss carbon reduction strategies with our supply chain partners. Moreover, we continue the promotion of digitalized credit card bill to fully commit to promote carbon reduction measures and fulfill net zero.

Taishin FHC adheres to "integrity, commitment, innovation, and collaboration" as the core value of our corporate. By integrating multiple resources, we carefully evaluate impacts and risks caused by climate change, and incorporate corresponding climate actions into the processes of operation and business to try our best to lower impacts to the environment and reduce carbon emissions. The Report brings the management results of natural and climate-related risks and opportunities that Taishin achieved together, takes the reference to the framework of IFRS (International Financial Reporting Standards) S2 Climate-related Disclosures, and for the first time refers to the framework of Taskforce on Nature-related Financial Disclosures (TNFD). It not only strengthens the information quality, comparability, and transparency of the Report but also explores natural risks related to biodiversity. In the future, we will continue paying attention to international trend, mastering our management actions to climate and natural risks, exercise our influence to work with business partners moving towards net zero, promoting green transition, and creating value of sustainability. Lead the Green Way to Net Zero.



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. We have made disclosures based on the TCFD framework every year. For detailed content over the years, please refer to the Taishin FHC Sustainability/TCFD Reports from 2018 to 2023. This report is the 2024 Climate-Related Financial Disclosure Report by Taishin Financial Holding Co., Ltd. (referred to as "Taishin FHC" or "Taishin"). Other than following the guidance for all sectors set forth by the TCFD, we also comply with the supplemental guidance for banks and insurance companies.

Scope of the Report

The content of the Report covers the same scope for the reporting boundary in the consolidated financial statements published by Taishin FHC.

Period of the Report and Publication

- **Edition** | the 3rd
- **Disclosure Period** | January 1, 2024, to December 31, 2024

  (focusing on the Group's TCFD initiatives and implementation outcomes achieved in 2024, incorporating climate-related actions from previous years)

Previous Publication	Current Publication	Next Scheduled Publication
June 2024	June 2025	June 2026

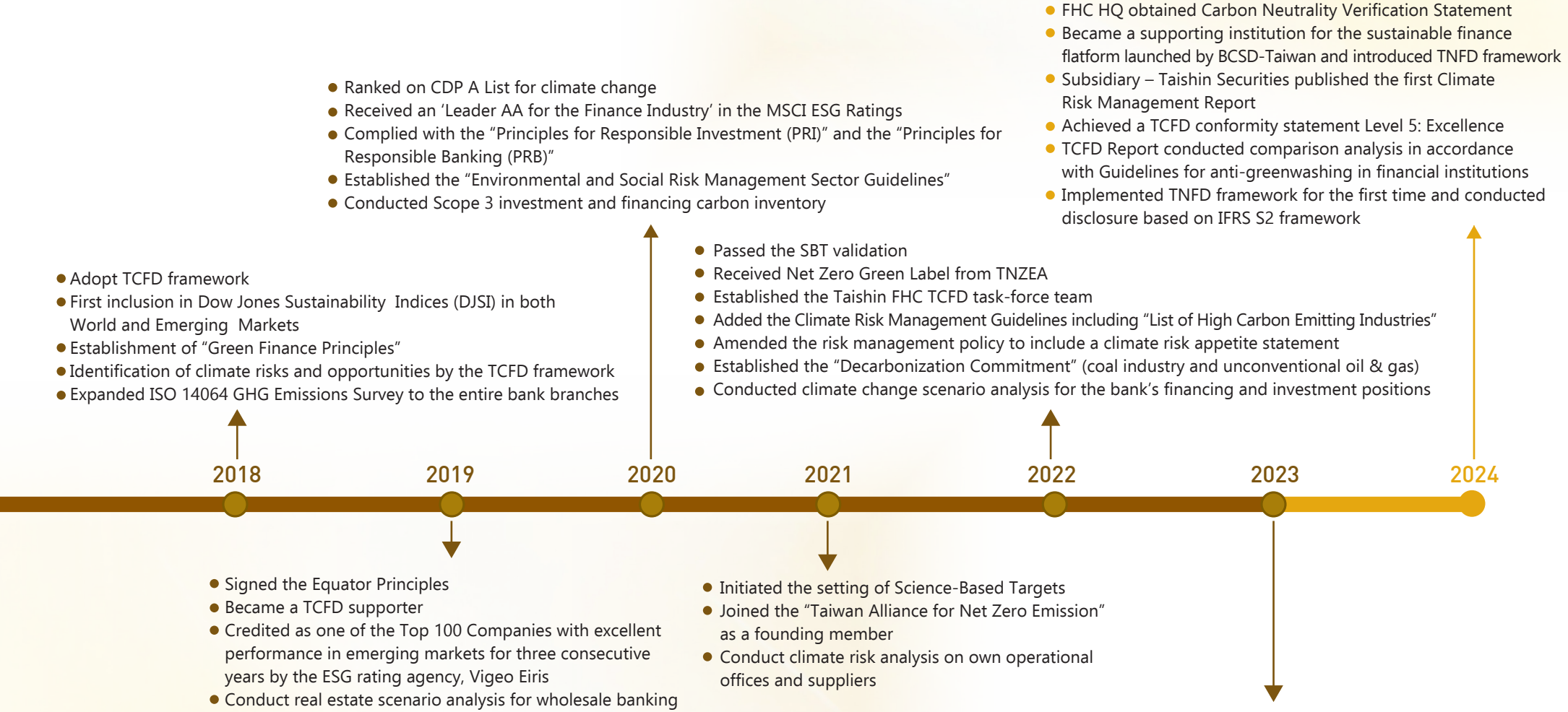
Both the Chinese and English versions are available at "Corporate Sustainability" section in the official website of Taishin FHC.

Report Verification

The 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 year.



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

- 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

2022

- 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

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

2024

- FHC HQ obtained Carbon Neutrality Verification Statement
- Became a supporting institution for the sustainable finance flatform launched by BCSD-Taiwan and introduced TNFD framework
- Subsidiary – Taishin Securities published the first Climate Risk Management Report
- Achieved a TCFD conformity statement Level 5: Excellence
- TCFD Report conducted comparison analysis in accordance with Guidelines for anti-greenwashing in financial institutions
- Implemented TNFD framework for the first time and conducted disclosure based on IFRS S2 framework

Goals and Performances Goals

2040

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

2030

● **Base year: 2019**

- Total own operational emissions reduction

reduction **46%**

- Commercial real estate loan emission intensity and target

reduction **59%** $kgCO_2e/m^2$

- Electricity generation related loan emission intensity and target

reduction **50%** tCO_2e/MWh

- Service-Buildings sector long term loan emission intensity and target

reduction **58%** $kgCO_2e/m^2$

- Iron and steel sector long term loan emission intensity and target

reduction **45%** tCO_2e/m^2

- Completely phased out investment and financing in the coal-related industries.
- Completely phased out financing for unconventional oil and gas industries extractio in ultra-deep water oil & gas.

2027

● **Base year: 2019**

Percentage of positions of fossil fuel sector long term loans with setting SBTi validated

targets **38%**

Percentage of positions in long term investment portfolio with setting SBTi validated

targets **38%**

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

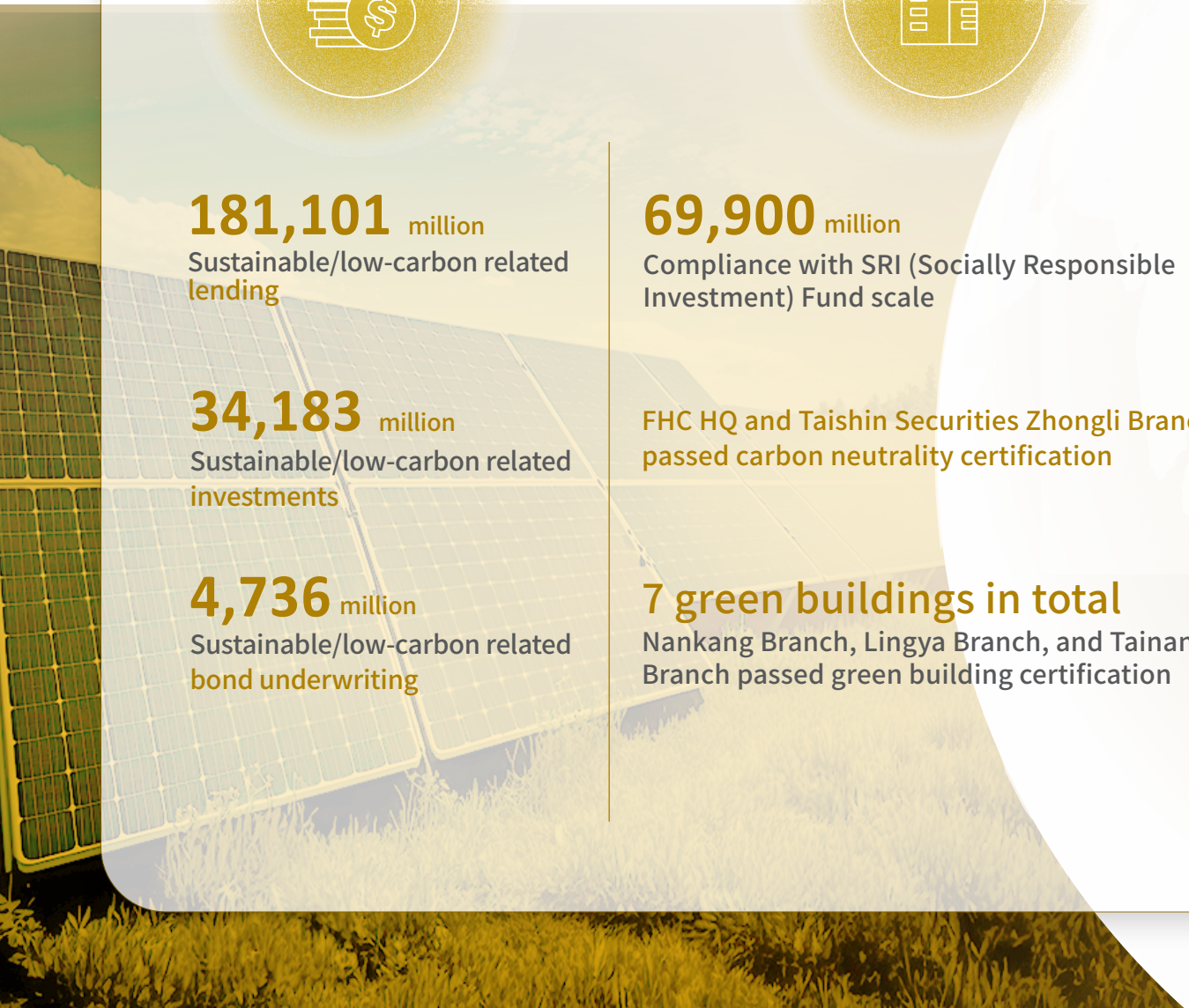
targets **42%**

2025

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

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

Key Performance in 2024



181,101 million
Sustainable/low-carbon related lending

34,183 million
Sustainable/low-carbon related investments

4,736 million
Sustainable/low-carbon related bond underwriting

69,900 million
Compliance with SRI (Socially Responsible Investment) Fund scale

FHC HQ and Taishin Securities Zhongli Branch passed carbon neutrality certification

7 green buildings in total
Nankang Branch, Lingya Branch, and Tainan Branch passed green building certification

Introduced the air-conditioning energy management system and the greenhouse gas inventory management system

More than **9.4** million kWh
Procurement of renewable energy and T-RECs

More than **226** million
Green procurement

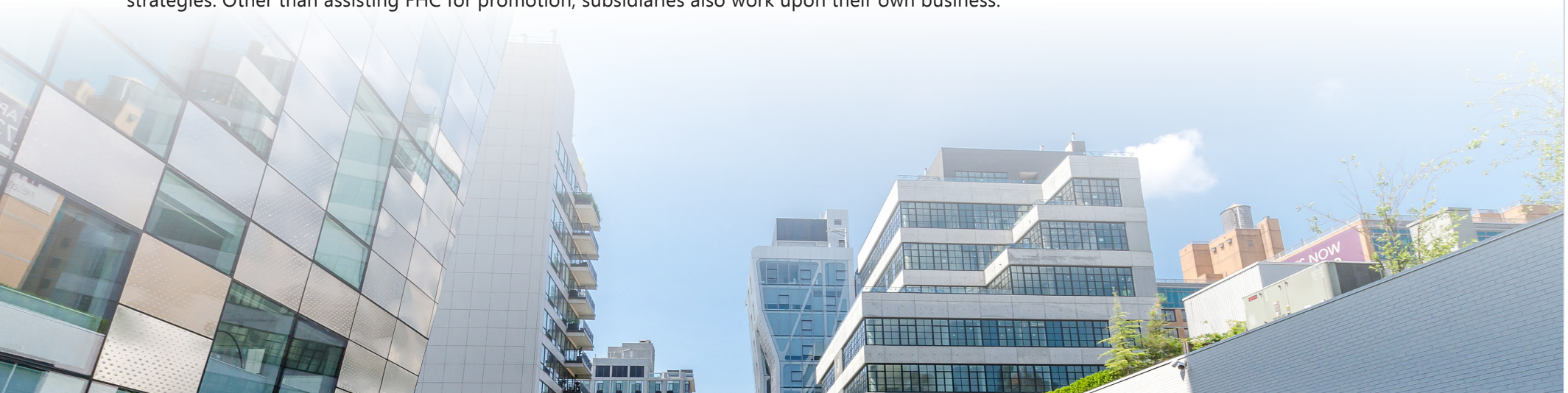
(Unit: NT$)

1.1 Climate Governance Framework

Taishin FHC adopts a top-down management approach and creates a comprehensive structure from the Board of Directors, management team to executing units. The Board of Directors and the functional committees under their direct supervision, 'Risk Management Committee" and "Corporate Sustainability Committee," are responsible for overseeing climate-related risks and opportunities. In addition, cross-department and cross-subsidiary Climate Task Force and ESG Teams are in place under the direct management of the President of FHC to formulate specific climate actions and ensure climate-related businesses being fully emphasized and managed by the highest management level.

1.2 Roles and Responsibilities of the Board of Directors and Management

Taishin FHC Board of Directors is the highest governance body for climate change and sustainability-related issues. The Risk Management Committee and Corporate Sustainability Committee under the Board's direct management supervise and manage topics related to climate and sustainability respectively. "Climate Task Force – TCFD team," "Climate Task Force – SBT team," and "ESG Teams" are in charge of project promotion and tracking performance according to different topics as well as integrate the Group resources to ensure the implementation of climate actions and sustainability strategies. Other than assisting FHC for promotion, subsidiaries also work upon their own business.



Governance

Taishin FHC Board of Directors

- The highest governance body for climate change and sustainability-related issues, responsible for overseeing and supervising the management of climate change and sustainability topics; under the Board, there are functional committees, including the "Risk Management Committee" and the "Corporate Sustainability Committee", to assist the Board in managing risks and sustainability-related issues.
- The Company's Board of Directors Meetings are to be held at least once per quarter and may be held at any time deemed necessary.
- The Company shall have a Board of Directors that comprises seven to nine members. The Company adopts a nomination system for director elections, the directors and independent directors shall be elected among shareholders from the candidate list in Shareholders' Meetings. In additional, the Board has established the Nomination Committee, which is responsible for recommend a list of director candidates for nomination to the Board.

Risk Management Committee

- Appointed by resolution of the Board of Directors; the committee consists of at least three members and more than half of them shall be independent directors.
- Meetings will be held at least twice a year, and additional meetings may be convened, as necessary.
- In charge of overseeing climate-related risks and opportunities and reporting to the Board of Directors regularly.
- Assisting the Board in managing the review of policies for risk management, regular examination of risk management report, and climate-related financial disclosure (TCFD).

Corporate Sustainability Committee

- Members of the ESG Committee are board directors from FHC and subsidiaries. They are appointed through a resolution by the Board of Directors. The committee shall comprise at least 3 members, one of whom must be an independent director of the Company.
- The ESG Committee shall convene at least two meetings a year. Extraordinary meetings may be convened as needed.
- To enhance the overall implementation of sustainability practices across the Company and its subsidiaries, the Committee is responsible for reviewing sustainability development policies and systems, evaluating strategic directions and annual sustainability plans, and approving other major sustainability-related matters. Resolutions on the aforementioned matters shall be adopted with the attendance of more than half of the Committee members and the approval of a majority of those present.

Management

Taishin FHC President

Corporate Sustainability Office

Climate Task Force – TCFD Team

- Convener: **Chief Risk Officer**
- Overseeing 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.
- Consolidation of climate-related risks and opportunities and the implementation outcomes of scenario analysis across subsidiaries.
- Promotion and supervision of climate-related risks and impact management across subsidiaries and various business sectors, including execution and monitoring of annual projects, disclosure of annual TCFD-related information, and implementation of scenario analysis and resilience assessment.

Climate Task Force – SBT Team

- Convener: **CEO of Wholesale Banking**
- Coordinating the execution progress of the FHC subsidiaries according to short-term, medium-term, and long-term goals and tasks.
- Reporting annual execution results to the ESG Committee and the Board of Directors based on relevant issues.
- Coordinating the carbon inventory results from various units.
- Collecting and consolidating externally-disclosed reports, various assessment results, and contents of questions related to SBT.
- Assisting and cooperating with the convening unit to execute annual work tasks.

ESG Teams

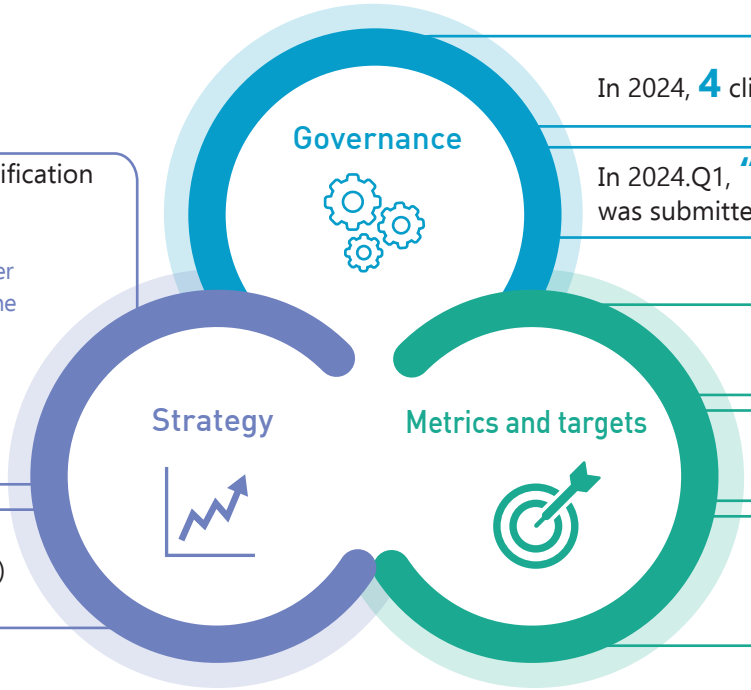
- To promote sustainable development needs, cross-company and cross-division ESG teams are formed within the Group, and the Corporate Sustainability Office coordinates and promotes cross-functional collaboration.
- The 6 ESG teams are Sustainability Governance, Smart Services, Responsible Finance, Employee Care, Green Operations, and Social Inclusion.
- In accordance with sustainability policies, strategic directions, and various ESG promotion needs set by the Corporate Sustainability Committee to plan relevant projects and compile related information on sustainable development.
- The "Green Operations" team is responsible for managing green operations, green procurement, and sustainability supplier management.
- The "Smart Services" and "Responsible Finance" teams ,based on domestic and international sustainable development trends, are responsible for promoting Fintech, digital innovation products and services of sustainable finance as well as managing financial businesses such as responsible investment, financing, insurance, underwriting, fundraising, ESG products and services.
- Report to the President on the progress of project implementation on a quarterly basis.

Joint promotion and implementation of climate-related issues by the Taishin FHC and its subsidiaries

Supervision to climate-related risks and opportunities by the board of director

Taishin FHC regularly reports of climate-related proposals to the Board of Directors, including the implementation status of TCFD projects every quarter, the monitoring the exposures of high-carbon emission and decarbonization industries in investment and financing positions by main subsidiaries quarterly and half a year respectively, annual TCFD Report to Taishin FHC, climate-related risks and opportunities, and the results of scenario analysis every year. Followings are the climate-related presented to the Board in 2024 and early 2025:

TCFD core elements
2024/ 2025 Main Climate-Related Proposals



In 2024, **4** climate risk monitoring reports were executed.

In 2024.Q1, **"Taishin FHC 2023 TCFD Report"** was submitted.

Results of climate risk and opportunity identification for 2024.
Based on the identification results of climate risks, a policy of sustainable finance was approved to lower the impact of climate risks to finance and increase the Company's resilience. Moreover, we proposed decarbonization commitments of fully eliminating investment and financing related to goal and in non-conventional petrochemical and oil & gas industries by 2040.

In 2024, a total of **4** monitoring reports of the exposures of high-carbon emission industries were submitted.

In 2024, a total of **2** monitoring reports of the exposures of decarbonization industries were submitted.

Report of annual climate change scenario analysis (investment and financing positions) results in 2024.

Results of **SBT implementation** and **scope 3 emissions of investment and financing positions** in 2024.

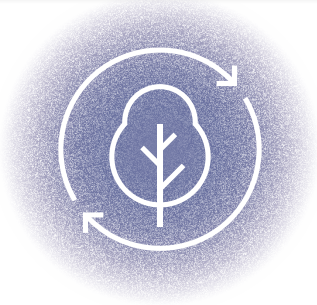
Performance and compensation consideration for the president, senior managers, and employees

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 Achieving 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, talent management and development, etc. As key members of Taishin FHC climate governance management team, the President, Chief Financial Officer, and Chief Sustainability Officer incorporate sustainability rating inclusion as a performance indicator, with a weighting of 5%. In addition, climate-related initiatives are embedded into the performance indicators of other management teams across subsidiaries. Through the reward mechanism, the execution of various climate-related projects and strategies is reinforced, thereby enhancing overall climate resilience.

Climate-related performance linkage mechanism

Strategy	Climate Issue	Rewarding Objects	Performance Indicators	Ratio of the Performance
Transition strategy of own operations	Climate change strategies	Chief Risk Officer of Taishin FHC	Continue to strengthen the climate-related financial disclosure (TCFD) mechanism to enhance financial resilience in operations.	**25%**
	Green operation	Director of Administration Division of Taishin Bank	The growth rate of the proportion of green procurement, the achievement rate of greenhouse gas emission reductions, and the scope covered by ISO inspections and verifications.	**30%**
Net-zero carbon emission in financial business	Sustainable finance	Chief Investment Officer of Taishin FHC (including the responsible officer for Taishin Bank, Taishin Life, Taishin Securities, Taishin Securities investment trust)	ESG Driven- Sustainable Investment Management	**3%**
		CEO of wholesale banking	ESG Driven-Carbon Emission Management	**3%**

In addition, regarding employee performance and compensation, each unit incorporates business responsibilities—including risk management (covering climate change) and green operations management—into employee performance evaluations. The assessment results serve as a reference for bonus distribution, encouraging all employees to actively contribute to and grow together with the Company's sustainability policies.



1.3 Climate Capability Building

To grasp the trend of climate topics, Taishin FHC proactively encourages directors, managerial officers, and employees to participate in internal and external educational training courses to develop relevant knowledge, skills, professional capabilities, and experience. In 2024, directors of Taishin FHC participated in a total of 54 hours of sustainability and climate-related courses; employees participated in more than 58 courses related to sustainability and climate with a total of 13,256 people completed trainings.

Directors and senior managers

- 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.
- Taishin FHC, Taishin Bank, the Chinese National Association of Industry and Commerce, and Wealth Magazine worked together to hold "2024 Taishin Net Zero Summit," and it invited government and domestic and overseas industrial representatives to unfold conversations on the reformation of capital market in Taiwan and in Japan as well as the assistance to enterprises for the creation of sustainability value.

Professional skills and capabilities related to climate equipped by directors in Taishin FHC

Title	Name	Professional Capability in Climate	Courses Related to Sustainability and Climate Taken in 2024 (hours)	Competence or Experience in Climate Change
Chairman	**Wu, Tong-Liang**		**9**	While assuming chairmanship position in the Chinese National Association of Industry and Commerce (CNAIC), Chairman Wu, Tong-Liang led CNAIC to kick off "1.5℃ Climate Action Declaration" and stated the support from all CNAIC member enterprises to international sustainability trend of net zero as well as made a commitment to cooperate with 2050 Net Zero Pathway planned by the government by integrating industrial and commercial resources for the implementation of industrial low-carbon transition.
Director	**Wu, Cheng-Ching**		**6**	As a representative of TASCO Group, Director Wu, Cheng-Ching attaches great importance to topics related to environmental protection. He urges TASCO Group to keep improving process technology and upgrade to energy-efficient equipment to enhance energy efficiency, reduce production cost, lower greenhouse gas emissions, and build a green industrial system that is friendly to the environment.
Director	**Kuo, Jui-Sung**		**9**	Director Kuo, Jui-Sung believes "green energy is the only weapon to deal with climate change". While serving as the Chairman of TECO technology Foundation, he established and launched TECO Creativity Contest. From 2020, it started to focus on the issues of energy depletion, global warming, and human sustainability. With a change to the topic of "Green Tech," it initiated scientific research in energy conservation and carbon reduction among domestic universities and vocational colleges. It has received high attention from international academic and education circles.
Director	**Wang, Chu-Chan**		**6**	Director Wang, Chu-Chan values the renewable energy industry. He served as a director at the enterprise related to green energy and invest in relevant industry actively.
Independent Director	**Wang, Mei-Hua**		**9**	When Independent Director Wang, Mei-Hua served as Minister of Ministry of Economic Affairs, cooperated with the national policy in 2050 Net Zero Emission and considered that "without green electricity, Taiwan will have no competitiveness in the world," she worked hard in promoting the development of renewable energy, and industrial net-zero transition as well as enhanced the policy in water resource resilience.
Independent Director	**Kuan, Kuo-Lin**		**6**	When Independent Director Kuan, Kuo-Lin served as the Chairman of Citibank, the Bank he published the first Citibank Social Responsibility Report to active promote green innovation and pursue environmental sustainability.
Independent Director	**Chang, Min-Yu**		**9**	Independent Director Chang, Min-Yu is an Executive CPA registered in CPA Associations R.O.C.(TAIWAN). Because of the need of work, she focuses on the issues of IFRS Sustainability Disclosure Standards, assurance process and international trend of carbon trading, and impact of net-zero carbon emissions to financial statements, and keep continuous tracking, training, and analysis.

General employees

- To implement climate risk management in daily operations, Taishin FHC conducts "General Risk Education Training" through its internal e-learning system. It covers climate-related risks and has been included as a mandatory course for new employees in every branch from November 2024. New employees must pass all the relevant training before completing assessment. It strengthens new employees' awareness in climate risk management.
- For the TCFD contacts, Taishin FHC 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 natural and climate-related impact, ensure all business contacts equipped with necessary professional knowledge and skills, and evaluate coping strategies to fulfill net-zero transition.

Sustainability and climate-related education training in 2024

Course		Number of courses	Number of participants
	Natural and climate-related	14	12,693
	Sustainable finance	13	161
	Other topics related to ESG	31	402
	Total	**58**	**13,256**

Note 1: Statistics of educational training in Taishin FHC include 13 subsidiaries and second-tier subsidiaries; they are Taishin International Bank , Taishin Life Insurance , Taishin Securities , Taishin Securities Investment Trust , Taishin Securities Investment Advisory , Taishin Venture Capital Investment , Taishin D.A. Finance , Taishin Real-Estate Management , Taishin Financial Leasing (China) , Taishin Securities Venture Capital , Taishin Futures , Taishin Capital , and Taishin Sports Entertainment .

Note 2: The source of information of the number of courses and number of participants in above table is the data from "Taishin University" learning platform, including internal physical/ online courses, training at external institutions, and external seminar/ forum.

Sustainable Finance Related Course	Number of Employees Passed the Course in 2024
Basic Test on Sustainable Development	20
Certified Professional in Sustainable Finance-training course	1
Advanced Capability-Sustainability Module	1
Advanced Capability-Sustainability Module	1

Strategy

2.1 Climate-Related Risks and Opportunities
2.2 Climate Strategy and Actions
2.3 Climate Change Scenario Analysis and Resilience Assessment

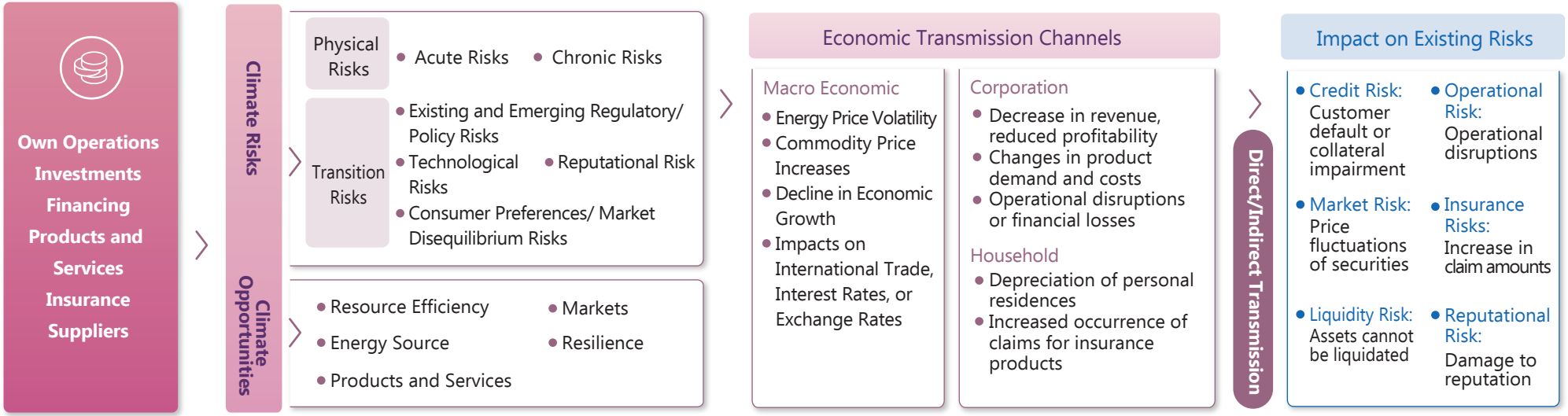
2

In October 2024, Financial Supervisory Commission launched "Green and Transition Finance Action Plan," expecting to lead all sectors move towards net-zero transition through financial support. Taishin sets forth from two key strategies, "transition strategy of own operations" and "net-zero carbon emissions in financial business," and responds to material risks and opportunities identified with specific action plans. Through scenario analysis of climate change, we conduct quantitative assessment on impacts caused by climate change and measure the resilience of relevant business to enhance 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 directly or indirectly through different transmission channels in the microeconomics and macroeconomics. For instance, more frequent heavy rainfalls or flooding may damage the company's own equipment at operating sites and cause an increase in operational costs, or bank credit customers may face the imposition of carbon fee issues and cause the rise of production costs, leading to increased credit risks.

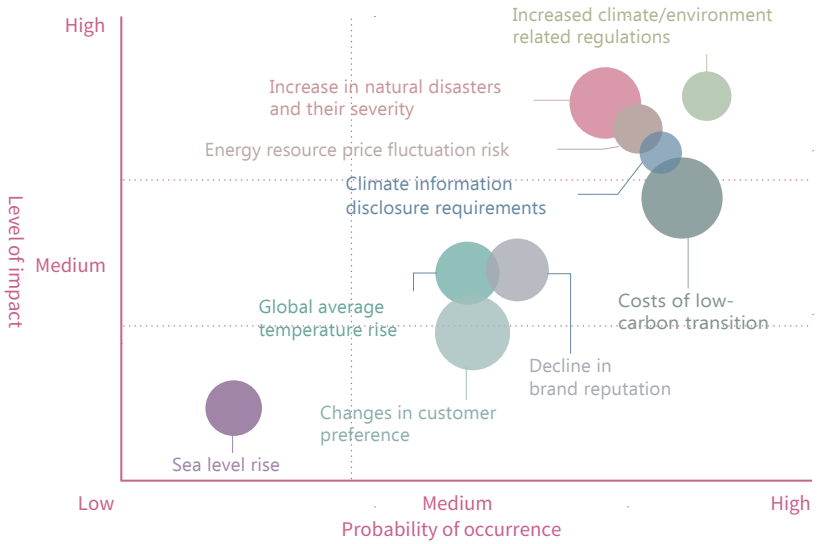


To realize the impact of climate change on Taishin, we collected domestic and overseas topics and industrial trends related to climate change, took reference to the type of climate risks and opportunities suggested by TCFD framework, an followed the applicability of each disclosure topic specified in "IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures Volume 15- Asset Management & Custody Activities, Volume 16- Commercial Banks, Volume 17- Insurance, Volume 18- Investment Banking & Brokerage, and Volume 19- Mortgage Finance" with a comprehensive consideration on the type of business and screening out 9 risks and 7 opportunities. The impacts to the value chain were also identified, including suppliers, own operations (including real estate), investment, financing, collaterals, and underwriting.

2.1.2 Climate-Related Risks and Opportunities Identification Results

With a climate risk and opportunity matrix, Taishin sorted the climate-related risks and opportunities identified according to two dimensions, "probability of occurrence" and "impact level," and displaying the "controllability" of each risk and opportunity with varying bubble sizes. Next, we consolidated the identification results and the existing strategies to formulate future response plans and management mechanisms and continue refining climate-related actions. In terms of time scale, it is classified into short term (1-3 years), medium term (3-5 years) and long term (more than 5 years).

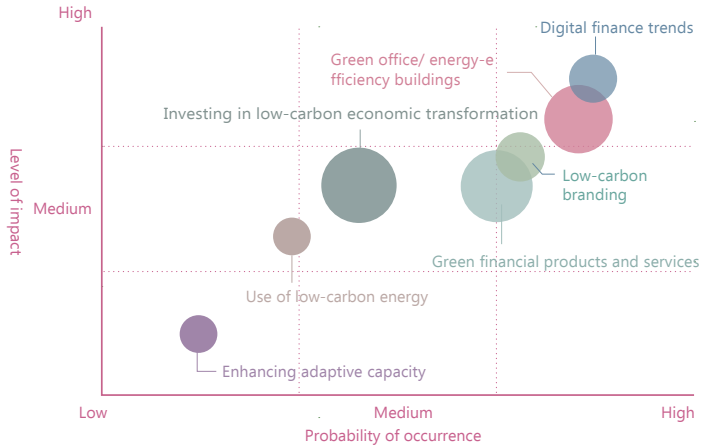
Climate risk matrix



Code	Type of Risk	Climate Risk	Impact of the Risk	Existing Risk Corresponded	Time Scale	Value Chain					
						Suppliers	Own operations	Investment	Financing	Collaterals	Insurance Underwriting
R1	Transition-regulations and policies	Increased climate/ environment related regulations	**Customers**: Along with the continuous development of domestic and overseas climate change related policies and regulations (such as the imposition of carbon fee), it generates additional costs on investment and financing customers.	Market risk Credit risk	Short term			●	●		
R2	Physical-acute	Increased natural disaster and increased level of severity	**Suppliers and own operations**: The increased frequency of natural disasters (such as heavy rainfall and drought) and increased level of severity cause the interruption of operations at suppliers' and Taishin. **Customers**: The increased frequency of natural disasters (such as heavy rainfall and drought) and increased level of severity cause business interruption to investment and financing customers as well as the damage to collateral and even endanger personal safety of underwriting.	Operational risk Credit risk Insurance risk	Short term	●	●	●	●	●	●
R3	Transition-market	Energy resource price fluctuation risk	**Suppliers, own operations, and customers**: According to the data provided by Taiwan Power Company, electricity fees may be increased when the nuclear power is replaced with renewable energy and coal fired is replaced with gas fired in Taiwan in the future. It will then cause suppliers, Taishin and customers increased operational costs.	Operational risk Market risk Credit risk	Short term	●	●	●	●		

Code	Type of Risk	Climate Risk	Impact of the Risk	Existing Risk Corresponded	Time Scale	Value Chain					
						Suppliers	Own operations	Investment	Financing	Collaterals	Insurance Underwriting
R4	Transition-regulations and policies	Requirements of climate information disclosure	**Own operations and customers**: In terms of the response to the net-zero goals promoted by the government and the pressure of climate information disclosure at home and abroad (such as greenhouse gas emission disclosure, IFRS S2 disclosure in the annual report, and sustainable finance assessment), Taishin and customers may be sanctioned/ face lawsuit if failed to perform the requirements, increasing operational costs.	Operational risk Market risk Credit risk	Short term		●	●	●		
R5	Transition-technology	Costs of low-carbon transition	**Suppliers**: To mitigate impacts caused by climate change, manufacturers develop products/ adopt measures for low-carbon transition, increasing their operational costs, and the additional cost may be transferred to Taishin. **Own operations and customers**: To mitigate impacts caused by climate change, Taishin and our investment and financing customers develop products/ adopt measures for low-carbon transition, increasing the operational costs.	Operational risk Market risk Credit risk	Short term	●	●	●	●		
R6	Transition-reputation	Decline in brand reputation	**Own operations**: According to the trend of international supervision and the pressure of from various domestic and international climate rating and commitments (such as SBTi net-zero goals, CDP and DJSI), if Taishin fails to perform well in managing risks related to climate and environment/ to achieve goals, it may lower the trust of stakeholders (such as customers and investors). It negatively impacts towards brand reputation and may cause decline in revenue and loss of goodwill.	Reputation risk	Long term		●				
R7	Physical-chronic	Rise of global average temperature	**Own operations**: The rise of global average temperature may cause the increase of electricity consumption in Taishin and further increases operational costs. **Customers**: The rise of global temperature and continuous high temperature may cause enterprise difficulty in responding or impacts to health leads to the drop of labor force. It will cause reduction of output and revenue from investment and financing customers .	Operational risk Market risk Credit risk Insurance risk	Long term		●	●	●		
R8	Transition-market	Change of customer preference	**Customers**: The attention on the topics related to climate issue is increasing at home and abroad. If customers fail to pay attention to the trend of carbon reduction, they may be eliminated from the market.	Market risk Credit risk	Long term			●	●		
R9	Physical-chronic	Rise of sea level	**Own operations and customers**: Climate change presents threat of the rise of sea level at the operating sites located along the coast. It increases operational risk to Taishin and to customers and even affects the value of collateral.	Operational risk Credit risk	Long term		●		●	●	

Climate opportunity matrix



Code	Type of Opportunity	Climate Opportunity	Impact of the Opportunity	Time Scale	Value Chain					
					Suppliers	Own operations	Investment	Financing	Collaterals	Insurance Underwriting
O1	Resilience	Trend of digital finance	**Own operations and customers**: Through increased adoption of digital technology, Taishin reduces consumption of energy resources during the process of financial services and lowers operational costs.	Short term		●	●	●		●
O2	Resource efficiency	Green office/ energy-efficient building	**Suppliers**: Manufacturers adopt measures of green office, including paperless, renewable energy, recycling, enhancement of equipment and energy resource efficiency, and reduction of operating costs to further advance the competitiveness of price. **Own operations**: Taishin adopts measures of green office, including paperless, renewable energy, recycling, enhancement of equipment and energy resource efficiency as well as increases the number of green building certification to reduce operational costs.	Short term	●	●				
O3	Market	Low-carbon brand image	**Own operations**: Through ESG assessment, it helps Taishin to build low-carbon brand image as well as enhances opportunities of funding from customers and investors to increase operating income.	Short term		●				
O4	Product and service	Products and services of green finance	**Own operations and customers**: In response to the trend of international markets, Taishin increases products and services of green finance (including green credit, green loan, underwriting low-carbon securities or green bonds) to increase green financial business income and effectiveness of operating.	Short term		●	●	●		
O5	Market	Investing in low-carbon economy transition	**Own operations and customers**: Taishin enhances operating income for us and our customers through investment corporates that support sustainability topics for a long time.	Short term		●	●			
O6	Source of energy	Use of low-carbon energy	**Own operations**: Taishin develops management mechanism for internal low-carbon energy to reduce the risk of operational interruption and the fluctuation of renewable energy price in order to lower operating costs.	Short term		●				
O7	Resilience	Enhancing adaptative capacity	**Own operations**: Taishin builds adaptative capacities to respond to climate change by identifying and managing risks of climate change in advance, establishing prevention measures and emergency strategies in order to reduce additional costs to operations caused by physical risks and transition risks.	Short term		●				

Responding actions to risks and opportunities and financial impact assessment

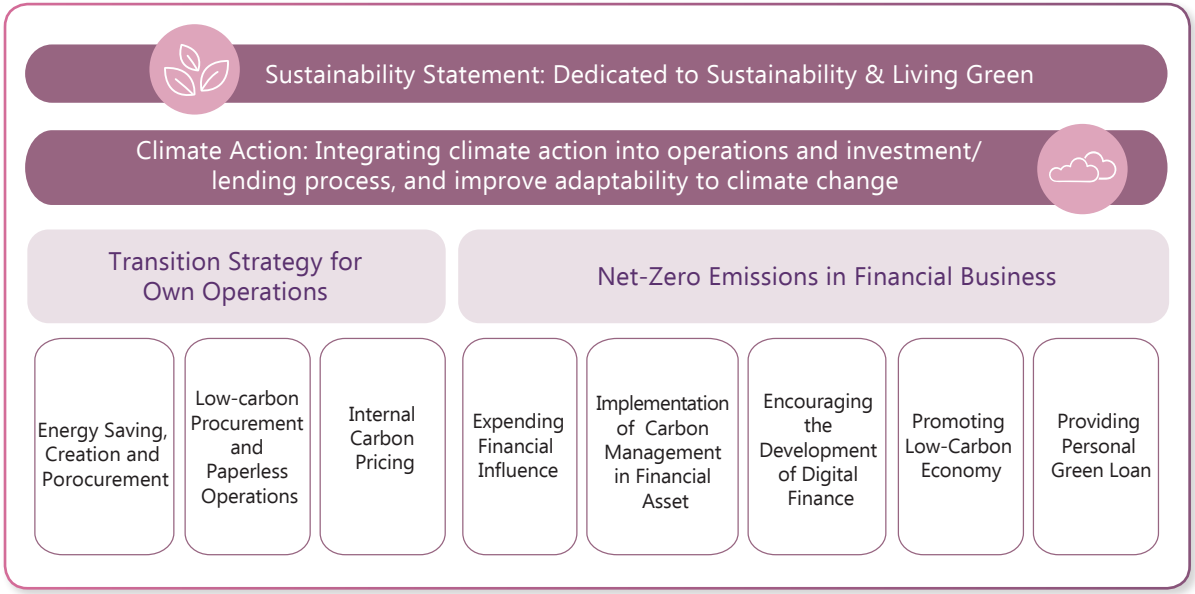
For the top three material climate risks and opportunities identified, Taishin evaluated its individual impact to climate strategies and opportunities according to the seven key dimensions recommended by TCFD, including product & service, supply chain and/or value chain, adaptation and mitigation activities, R&D investment, business operations (including business type and facility location), acquisitions & asset divestitures, and access to capital. Besides, we follow IFRS S2 principles to evaluate expected the financial impact. For non-material risks, we follow the existing risk management procedures and continue paying attention to the level of impact to monitor each climate topic and strengthen adaptative capacity to climate risks.

Risk	Existing Response Strategy	Strategic Response to Capital Allocation	Indicator and Goal Management
R1 Increased climate/ environment related regulations	• Following SBT goals to gradually achieve the transition of ecarbonization in the portfolio of investment and financing. • 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. • Establishing "list of high carbon emission industries" to monitor and the transition risks of investment and financing regularly. a. Each responsible business unit in subsidiaries uses the "list of high carbon emission industries" as one of risk evaluation factors for business dealing and transaction decision making as well as integrates it into the approval procedures or the decision management mechanism. b. Reporting risk exposure of high carbon emission industries every quarter at monthly risk management meeting, committee meeting, and the board meeting. Through reviewing the changes on the exposures, we continue managing transition risks.	**Adaptation and mitigation activities, supply chain and/ or value chain** **Costs input to R1 in 2024 were around NT$8.57 million:** • Expenditure of engagement with investment and financing target with high carbon emissions. • Implementation of investment and financing evaluation for the commitments to decarbonization as well as personnel costs revised for the internal regulations. • Personnel costs for the implementation of pre-investment/pre-loan and post-investment/post-loan assessment for high carbon emission industries. • Fees for the establishment of PCAF inventory and system. • Project costs for SBT goal assessment. • Personnel costs for climate scenario analysis in the investment and financing positions.	**Please refer to Chapter 4.1.**
R2 Increased natural disasters and level of severity	• Established "Business Continuity Management Policy" to timely activate emergency response procedures and business recovery procedures. • Conducted physical risk analysis on assets owned by FHC to evaluate the level of impact on the own operating sites by physical risks. • Evaluating physical risks according to the internal regulations for mortgage and property collateral to conduct control on financing strategies. • Arranging re-insurance on all the insurance products to distribute the insurance claim risks as well as arranging catastrophic reinsurance to transfer catastrophic risks.	**Adaptation and mitigation activities, and business operation** **Costs input to R2 in 2024 were around NT$9.67 million:** • Costs for natural disaster drills and educational training. • Personnel costs for retail consumer banking and corporate banking appraisal units. • Personnel costs for climate scenario analysis on collateral. • Repair costs for operational restoration.	**Please refer to Chapter 2.3 and Chapter 3.2.**
R3 Risk of energy resource price changes	• Installation of solar panel on self-owned buildings. • Introduction of ISO environment-related verification systems. • Promotion of replacing energy-consuming equipment. • Hosting energy-saving activities or educational training for employees. • Introducing internal carbon pricing to the Group. • Implementation of carbon footprint projects.	**Adaptation and mitigation activities** **Costs input to R3 in 2024 were around NT$66.38 million:** • Electricity and T-RECs expenses. • Costs for the replacement of energy-consuming equipment. • ISO related certification fees	**Please refer to Chapter 4.1.**

Opportunity	Existing Response Strategy	Strategic Response to Capital Allocation	Indicator and Goal Management
O1 Trend of digital finance	• Promotion of internal e-strategies. • Service of securities settlement account (securities tank). • Promotion of e-bill. • Implementation of pay+ services. • Adoption of e-policy and remote video service.	**Product & service, R&D investment, and supply chain and/or value chain** **Costs input to O1 in 2024 were around NT$3.96 million:** • Costs for promoting the strategy of "electronic and greening." • Maintenance cost for the digital service platform. • Personnel costs for managing e-policy.	**Please refer to Chapter 2.2.**
O2 Green office/ energy-efficient building	**A. Improvement of equipment and energy resource efficiency:** • Replacing company cars with hybrid cars and electric cars. • Increasing the number of electric car charging piles. • Increasing the number of gogoro battery swapping stations. • Launched the program of trading old vehicles in for electric scooter in that year. **B. Recycling:** • Annual performance of smart recycling machine. **C. Measures of green office:** • Green procurement. • Carbon credit procurement for the building of carbon neutrality. **D. Increasing the number of self-owned buildings that follow the standards of green building and energy efficiency:** • Provision of green building design to be used on new self-owned buildings. **E. Renewable energy:** • Procurement of renewable energy and certificates.	**Adaptation and mitigation activities, and business operation** **Costs input to O2 in 2024 were around NT$255.43 million:** • Purchase costs of hybrid cars and electric cars. • Green procurement. • Expenditure of renewable energy electricity and certificates. • Subsidy for employees trading their old vehicles in for electric vehicles. • Smart resource recycling equipment maintenance fees. • Carbon solutions purchase expenses. Because of the implementation of energy-efficient measures, the cost of energy resource reduced NT$2.47 million compared to that in the previous year.	**Please refer to Chapter 2.2.1.**
O3 Low-carbon brand image	• Participation to domestic and overseas rating related to climate: including Taishin FHC (DJSI,CDP,MSCI), Bank, Securities and Investment Trust (sustainable finance assessment). • Participation to associations/ organizations related to climate: including Taishin FHC (Taiwan Net Zero Emissions Association, Taiwan Alliance for Net Zero Emission, BCSD Taiwan). • Disclosure of TCFD reports.	**Adaptation and mitigation activities** **Costs input to O3 in 2024 were around NT$5.03 million:** • Registration fee and consultation fee for domestic and international rating related to climate. • Registration fee for climate-related awards. • Membership fees for climate-related associations. • TCFD report consultation and verification fees.	**Please refer to Chapter 2.2.2.**

2.2 Climate Strategy and Actions

Taishin carries "Dedicated to Sustainability & Living Green" as the core concept for sustainability and focuses on three key topics, "Climate Action," "financial co-prosperity," and "enabling sustainability" for the continuous promotion of relevant plans and implementation. In terms of "Climate Action," Taishin integrates climate topics into operations and investment and financing decisions to enhance its capability to respond to climate change. In addition, corresponding to the identification results of climate risks and opportunities and the main goal of "Net-Zero by 2050," we established net-zero transition plans according to two key strategies, "Transition Strategy for Own Operations" and "Net-Zero Emissions in Financial Business," as well as planned mitigation and adaptation measures step by step. At the same time, We are active in exploring business opportunities brought by climate change and guiding investment and financing targets to adopt carbon reduction and transition actions in order to strengthen climate resilience in our own operations and financial business.



Summary of climate actions and goals

Existing Climate Actions			Goals
Transition Strategy for Own Operations	Energy Saving, Creation and Procurement	Energy-Consuming Equipment Replacement	In 2025, the utilization rate of energy-efficient air conditioners is targeted to reach 90%. In 2026, the usage rate of LED lamps in office areas is expected to achieve **100%**.
		Green Building Label	The feasibility of obtaining green building certification for **Taishin FHC's self-owned buildings** and premises is under evaluation, with certification to be scheduled and completed progressively by 2030.
		Renewable Energy Usage	Based on the planned use of renewable energy, the annual consumption of green electricity will be increased. The renewable energy usage ratio is targeted to reach **26%** in 2025 and **46%** in 2030.
		Official Vehicle Replacement	By 2025, hybrid and electric vehicles are expected to account for **46%** of company's car fleet.
		Electricity Saving Competition	Electricity-saving competitions are held across subsidiaries, including Bank, Securities, and Life Insurance. The electricity-saving target is set at a minimum of **1%**.
	Low-Carbon Procurement and Paperless Operations	Ratio of Green Procurement Amount	In 2025, the ratio of green procurement is targeted to be at least **5%**.
		Optimizing Customer Experience on The Platform	In 2025, the percentage of policy changes made via the online service platform (eService – Policyholder e-Zone) is aimed to increase to **28%**.
	Internal Carbon Pricing	Implementing Internal Carbon Pricing	The "Internal Carbon Pricing Guidelines" will continue to be followed when making capital expenditure decisions. Additionally, electricity-saving effects will be evaluated based on carbon reduction goals, with a provisional estimate of carbon pricing applied.

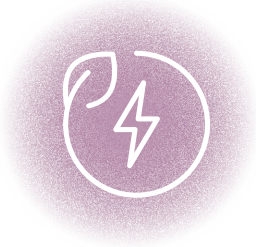
Existing Climate Actions			Goals
Net-Zero Emissions in Financial Business	Expanding Financial Influence	Climate-related Actions Initiatives, Seminars, and Forums	• Continuously participating in domestic and overseas climate-related initiatives (such as: PCAF, SBTi and BCSD Taiwan) to monitor the trend of transition and net-zero actions. • Continuously participating in or holding climate-related seminars and forums (such as Net-Zero Summit, net-zero transition seminar, the launch of "Net Zero Guidebook" in Chinese Version), to promote exchange in the industry or cross-industry and industry-government-academic exchange.
	Implementation of Carbon Management in Financial Asset	Collaboration with Business Partners	In 2025, we have scheduled 37 sessions of engagement activities.
		Investing Green Products	Continuously increasing the scale and number of investments in green products.
	Encouraging the development of digital finance	Digital Services, Activities, and Bills	• The targeted penetration rate of digital bills in Taishin Bank in 2025 is set to **75%** . The goal of using mobile insurance in 2025 is **65%**. • The number of e-policy in Taishin life in 2025 is aimed to **9,685** policies. In 2025, we plan to continue increasing the connection with 8 new additional channels for mobile insurance.
	Promoting Low-Carbon Economy	Sustainability-related Loan	Continuously increasing the total lending balance for sustainability infrastructure loan. The number of sustainability-linked loan in 2025 is aimed at **145** customers.
		Sustainability Bond Underwriting	Continuously increasing the underwriting amount of sustainability bonds.
		Investing/ Issuing ESG Funds	In 2025, Taishin Investment Trust is planned to achieve a total scale of ESG fund investment in NT$**69,900** million.
	Providing Personal Green Loan	Green Building Mortgage	In 2025, the new appropriation amount of green building mortgage is aimed to achieve NT$**1,056** million.
		Electric Vehicle Loan	In 2025, the new appropriation amount of electric vehicle loan is aimed to achieve NT$**552.6** million.
		Preferential Green Loan	In 2025, the new appropriation amount of preferential green loan is aimed to achieve NT$**15.4** million.

2.2.1 Transition Strategy for Own Operations

Taishin develops specific action plans from two key dimensions, "energy saving, creation, and procurement" and "low-carbon procurement and paperless." At the same time, we also introduce an internal carbon pricing system to include greenhouse gas emissions into the cost consideration. Moreover, we combine energy-saving measures and energy management strategy to ensure the implementation of SBT carbon reduction goals.

2.2.1.1 Energy Saving, Energy Creation, and Energy Procurement

Facing the increasing legal regulations related to environment and the challenge of increasing operating costs, Taishin proactively promotes energy-saving and carbon reduction measures to improve energy efficiency and reduce greenhouse gas emissions.



Measures for energy saving and carbon reduction

Supporting "Earth Hour", promoting electricity-saving action, and replacing with energy-efficient equipment

- In 2024, Taishin (FHC, Bank- 101 branches, Securities, and Life Insurance) participated in the global voluntary carbon reduction action "**Earth Hour**" for four years in a row.
- In 2024, we published 9 reports of "**Friendly Workplace Carbon Detection**" to share the results of energy-saving projects with employees and promote workplace safety to enhance their awareness of and participation in carbon reduction.
- In 2024, FHC completed the replacement of energy-efficient air conditioner at one location and LED energy-efficient lamps at **29** locations.
- Taishin Bank held a competition activity "Electricity-Saving Teamwork" in all the branches. From August to December, the total electricity saved over all branches was **28.2%**. It saved around NT$**9,966,768** in electricity fees. In 2025, we will expand the competition to Banks, Securities, and Life Insurance.
- Taishin Life Insurance promoted the activity of closing one elevator after 5pm every Wednesday and Friday to encourage employees using stairs. A total of **16,189** people/ time participated in the activity. It reduced **265** $kgCO_2e$, around the carbon absorption by **22** trees in a year.

Green building certification and carbon neutrality verification

- From 2020, Taishin started to apply Green Building Label for self-owned buildings. By 2024, we have obtained Green Building Label for seven buildings and passed carbon neutrality verification for three buildings.

Establishing systematic energy and carbon emission management

- Continuing ISO 14064-1 Greenhouse Gas Inventory Standard Verification (boundary listed in the consolidated statements), ISO 14001 Environmental Management Verification (the whole FHC, including subsidiaries), and ISO 50001 Energy Management System Verification (the whole FHC, including subsidiaries) as well as providing relevant educational training to monitor the status of greenhouse gas emissions.
- Introducing air-conditioning energy management system to monitor the consumption of electricity. Through the system, the power consumption on equipment is monitored and adjusted in real time. It is expected to save **206,000** kWh of electricity consumption in a year. For more efficient management of carbon emissions, Taishin also introduced a management system for greenhouse gas inventory to collect and analyze the data of energy resources in line with the goal of **2050 net zero**.

Promoting the replacement of company cars and package measures related to electric vehicles

- From 2022, we only purchase hybrid and electric vehicles as company cars.
- In 2024, we had **8** charging stations in accumulation for electric cars.
- In 2024, the number of people received incentives for trading old motorcycles in for electric vehicles, including employees, their spouses, and the first-degree relatives was **33** people .

Smart recycling machine

- In 2023, Taishin was ahead of the enterprises in the financial industry to introduce "smart recycling machine." Ten self-owned operating sites in the north, middle, and south of Taiwan were installed with the machine for employees and the public to use. It provides 24-hour PET bottle and battery recycling service at a fixed location. In 2024, twelve more units of smart recycling machine were installed, including nine at university campus in the north, middle, and south of Taiwan and three at the station of New Taipei Metro. Besides, it has additional service of aluminum can recycling to enhance the convenience for recycling.

Participating in the pilot-run project of Digital Tracking Mechanism for Employee Commuting Emissions launched by Ministry of Transportation and Communications

- In 2024, we were invited by Taiwan Institute of Economic Research to participate in "Digital Tracking Mechanism for Employee Commuting Emissions Pilot-Run Project" launched by Ministry of Transportation and Communications. In the three-month pilot project, the employee commuting footprint inventory will be recorded online to exchange the certificate of green transportation mileage. In accumulation, we achieved 624.87 kilometers of green transportation mileages in total and created effect of carbon reduction in **55.14** $kgCO_2e$.

Energy creation and procurement

Taishin not only improves energy efficiency and reduces energy consumption through energy-saving measures but also proactively promotes "energy creation" and "energy procurement" to enhance the ratio of using renewable energy and reduce dependence on traditional energy.

Energy Creation

Solar panels have been installed on the rooftops of self-owned buildings to supply electricity and increase the ratio of renewable energy use. By the end of 2024, a total of 10 locations were installed with solar power system.

Energy Procurement

In line with SBT goals, Taishin FHC has been purchasing renewable energy certificates (T-REC) since 2017, and from 2022, has signed green electricity purchase contracts with renewable energy power sellers to increase the use of renewable energy year by year. In 2024, Taishin FHC purchased a total of 9,389,918 kWh of renewable energy electricity and certificates, progressively increasing the use of renewable energy to achieve net-zero emissions at its facilities according to the pathway.

2.2.1.2 Low-Carbon Procurement and Paperless

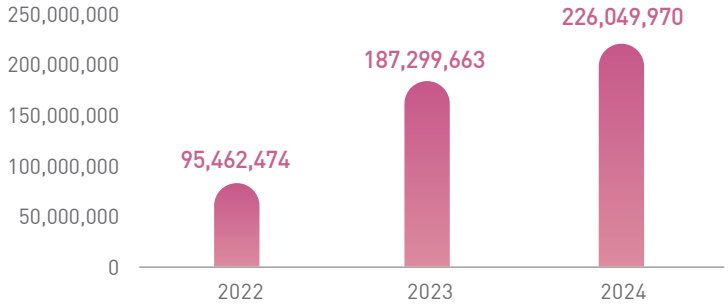
Low-carbon procurement

Year over year, Taishin has seen growth in the amount of green procurement. In 2024, the total amount of green purchases was NT$**226,049,970** (an increase of 20.6%), with green purchases accounting for 6.5% of the total procurement amount. In August, Taishin was recognized by the Ministry of Environment with a certificate of excellence for private enterprises and groups that made over NT$50 million in green purchases. In the 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 to implement the concept of environment-friendly into the system. Through the cooperation with upstream and downstream suppliers, we create green supply chain together.

Paperless operations

Starting with process re-engineering, Taishin FHC, together with its subsidiaries, make traditional manual paper processes changed to electronic, enhancing the usage rate of electronic forms. By the end of 2024, the total paper consumption reduced over the subsidiaries was **5,529,612** pieces of paper. It not only saved significant paper consumption & printing costs and enhances document processing efficiency but also generates positive effect to the environment.

Results of green procurement by Taishin FHC



Note: Taishin focuses on the items of green procurement in IT products, energy-efficient appliances, office supplies, and power for electric vehicles and renewable energy. In 2024, we added items like employee uniform with eco-friendly materials and business card with FSC certification. In the future, we will keep searching new opportunities for green procurement.

Items of Green procurement	Total Amount of Green Procurement	Item with the Highest Ratio in the Amount of Green Procurement
Computer & IT related, renewable energy, transportation, construction & maintenance project, printing supplies, office supplies	226,049,970	Computer and IT related

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 NT$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. In 2024, the internal carbon pricing was used to evaluate **20** cases of procurement. The items included computer equipment, video conference equipment, main host of air conditioning, firewall equipment and LED lamps. Up to December 2024, the annual electricity consumption saved through the evaluation of internal carbon pricing was **230,461** kWh. We expect to implement internal carbon pricing as the response to the legal regulations related to climate change, to change internal behaviors, and guide energy efficiency and low-carbon investment. Relevant pricing will be reviewed and adjusted every year according to the actual implementation or trend.

2.2.2 Net-Zero Emissions in Financial Business

2.2.2.1 Expanding Financial Influence

Taishin actively participates in domestic and overseas climate-related initiatives to update with international transition trends and work with partners of initiatives to move towards the goal of net zero.

Climate-related initiatives

bcsd Taiwan | WBCSD Global Network

In 2023, we joined BCSD Taiwan and participated in the "Taiwan Nature Positive Initiative." Through working with BCSD and the topics were emphasis on sustainability and natural with enterprises in Taiwan, we ensure that the updated information we received are in line with the international development trend.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Since initiating the implementation of TCFD framework in 2018 and officially became a supporter of the TCFD in 2019, Taishin has demonstrated its commitment to addressing climate issues. It has continuously refine its management for climate-related risks and opportunities. In 2024, Taishin achieved Level 5+: Excellence rating in TCFD compliance verification.

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

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.

CDP

Since 2015, Taishin has participated in the Carbon Disclosure Project (CDP), continuously improving its carbon management through self-assessment questionnaires. In 2024, our climate change rating was on the "A List."

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Taishin proactively set Science-based Targets (SBT), and in 2022, our carbon reduction targets were approved by the Science Based Targets initiative (SBTi), making us the fifth financial institution in Asia and the third in Taiwan to have its SBT targets approved. In 2023, we further made our commitments to SBT net zero.

PCAF Partnership for Carbon Accounting Financials

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 transition through financial influence.

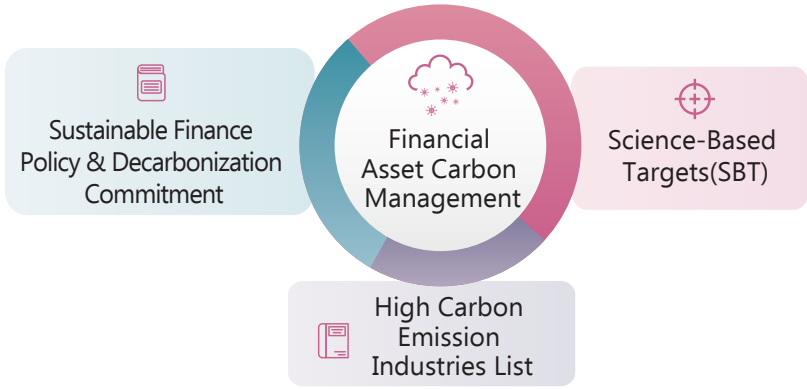
On October 7, 2024, Taishin FHC invited Taishin Bank and the Chinese National Association of Industry and Commerce, Taiwan to host "2024 Taishin Net Zero Summit." We especially invited the President & CEO of Tokyo Stock Exchange, Moriyuki Iwanaga, and the Chairman of Taiwan Stock Exchange, Lin Hsiu-Ming, to deliver a conversation about the capital market reform in Taiwan and in Japan and how these reforms assist enterprises in creating sustainability value. 2050 net zero is a global trend, national policy, and also a joint responsibility and goal for enterprises. Taishin FHC is committed to promoting green finance and leads the industry to move toward a net-zero transition. The seminar gathered domestic pioneer enterprises in green transition to share their experiences. On-site and online, approximately 2,000 directors, supervisors, and middle and senior managers at different enterprises to participate in the event. Taishin hosts the net zero summit every year and works with enterprises to establish green growth strategies covering multiple dimensions in order to embrace a low-carbon future.
In addition, Taishin FHC actively supported the World Business Council for Sustainable Development (WBCSD) in releasing the Traditional Chinese version of the Net Zero Guidebook in 2024. With concrete steps and guidance, we help companies to start net zero work and implement sustainable transition.

▲ From left to right: President & CEO Chairman of Tokyo Stock Exchange, Moriyuki Iwanaga; the Director of the Chinese National Association of Industry and Commerce, Taiwan & Chairman of Taishin FHC, Thomas D.L. Wu; Director of Wealth Magazine, Hsieh Chin-Ho; Chairman of Taiwan Stock Exchange, Lin Hsiu-Ming.

▲ (Left)Chief Sustainability Officer of Taishin FHC, Masson Li; (Middle)President of Taishin FHC, Welch Lin; (Right)Secretary-General of BCSD Taiwan, Tony Mo

2.2.2.2 Implementation of Carbon Management in Financial Assets

Taishin pushes forward carbon management in financial assets and works with the value chain to reduce physical and transition risks faced by investment and financing targets. The coping measures include (1) incorporating ESG-related risks into the consideration of decision through the policy of sustainable finance and making commitments to decarbonization to schedule years of elimination of coal-related industries and unconventional oil and gas industries; (2) following SBT pathways to engage with investment and financing targets and promote carbon reduction actions and transition strategies; (3) establishing the high-carbon emission industries list and including it into the investment and financing approval procedures or the decision management system used in each subsidiary to carefully evaluate the counterparty's climate risks. Taishin reduces impact of risks through above management mechanisms and continues pushing low-carbon transition. Please refer to Chapter 3.2.2 Investment and financing risk management for more details.



Collaboration with business partners

Object	Method of Engagement in 2024	Quantified Engagement in 2024	Description
Upstream supply chain	Supplier Conference with a theme of "green procurement"	1 session	Taishin has hosted the supplier conference from 2019 for six years in a row. The topics over the years focused on "sustainable procurement and carbon management trend," "human rights management," "dedicated to sustainability, moving towards net zero" and "internal carbon pricing" for continuous promotion in order to enhance suppliers' knowledge in sustainability. In 2024, Taishin used "green procurement" as the key topic and invited nearly 100 suppliers and procurement units for participation. In the conference, we introduced the history of green procurement, method of declaration and standards of recognition as well as explained how to apply the green label for products that meet regulations. While promoting friendly to the environment, we created added value for the brand and products. 
Downstream investment targets	Taishin Life interacts and engages with the invested companies through the discretionary stock management mechanism to facilitate industry commitments to change.	**30 cases**	Taishin Life focuses on domestic stocks for stock investment and interacts with the invested companies with the discretionary stock management mechanism. By selection of invested companies, monthly review, disclosure of engagement records, and performance control & implementation, we encourage industries committed to changes and work with enterprises to fulfill sustainability policy. **(1) Selection of investment targets**: Whether ESG assessment is included in the key items of selection during the investment process and specified in the discretionary investment contract to exercise Taishin Life Insurance's influence on the Company's ESG actions. **(2) Monthly review**: Fully entrusting investment targets to disclose the distribution of ESG indicator rating for the investment portfolio in the "investment review report" every month and discuss relevant risks. **(3) Data disclosure**: Complete engagement records shall be disclosed on the official website to provide specific systematic and qualified data, engagement content, and subsequent follow-up and impact. **(4) Performance control**: The number of engagement cases in the year will be listed in KPI for senior managers to push forward Taishin Life Insurance's continuous implementation and refining the sustainability policy in the future. **Selection of investment target**: • Including ESG assessment in the key items of selection during the investment process and specifying it in the discretionary investment contract. → **Regular onitoring**: • The institution that operates discretionary investment shall disclose the rating of ESG indicators on the investment portfolio in the "investment review report" every month and discuss relevant risks. → **Data disclosure**: • Complete engagement records shall be disclosed on the official website to provide specific systematic and qualified data, engagement content, and subsequent follow-up and impact. → **Performance control**: • The number of engagement cases in the year will be listed in KPI for senior managers.

Investing products of green finance

To continuously promote low-carbon economy, Taishin Bank, Taishin Securities and Taishin Life invested multiple bonds in 2024. By the end of 2024, we have invested 36 green bonds with NT$13,806 million in total and 18 sustainability bonds with NT$11,007 million in total as well as supported the equity of constituent stocks that are selected by sustainability related indexes or ratings with an investment of NT$5,936 million in total.

	Green bonds	Sustainability bonds	Equity in constituent stocks of sustainability-related indices or ratings
Number of Instruments	36	18	85
Total Amount in 2024 (NT$ million)	13,806	11,007	5,936

Moreover, in response to the investment trend in environmental sustainability and climate change, Taishin Bank followed the "Sustainable Finance Policy" to establish relative rules and incorporate environmental and social risks into the review of financial management products. Products of sustainable finance are added into the review to avoid providing enterprises with negative ESG appraisal and dispute as targets. We expand products linked with environmental sustainabilityto offer bank customers channels for direct investment in ESG industries, hoping to enhance sales revenue through ESG-linked products.
Before investment, Taishin Bank takes ESG into consideration. For equity investment, we choose companies from ESG constituent stocks that are with good corporate governance (for example, reference to MSCI ESG rating) and meet high financial transparency with strong financial position, such as steady growth of net profit for three years in a row or with liability lower than the average figure in the industry, as the investment targets. For bond investment, we also take reference to Bloomberg ESG rating to pick up issuers who have ESG rating above the standard in the industry and with lower sustainability risks.

Status of implementation in 2024

By December 31, 2024, the scale of investment in ESG funds was around NT$**20,304** million in total.

- Taishin ESG Emerging Markets Bond Fund (the fund invests a certain proportion in non-investment grade high risk bonds, and the source of interest dividend may be from the principal): NT$**2,223** million.
- Taishin ESG Global Environmental Growth Equity Fund: NT$**943** million.
- Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF Fund: NT$**17,138** million.

By December 31, 2024, the scale of investment meeting SRI (including public offering of fund, privately offered fund, and discretionary investment management): NT$**69,900** million.

2.2.2.3 Encouraging the development of digital finance

Digital finance is an important tool to promote green finance and to strengthen responding strategies of climate change. Taishin enhances the accessibility of green investment through promoting digital services and innovating digital technology and improves carbon asset management to encourage individuals and enterprises moving towards low-carbon transition.

Promoting digital services

(1) Taishin's digital banking brand, Richart, applies financial applications in diverse scenes of life and continues developing applications of green finance. In 2022, we launched the securities settlement account service ('Securities Can') so that users can manage securities settlement payments in a separate, dedicated account through our Banking App. Moreover, it irregularly provides selected ESG targets in Taiwan stocks for scheduled dollar cost averaging to assist customers fulfill the concept of sustainable investment. Taishin Bank also creates an ecosystem of sustainable living through Richart Life by adding sustainable business discount products and establishing a curating zone of "sustainable living" to work with partners promoting net zero and sustainable development. The platform is also upgraded to launch a dedicated zone of "AI Health." Through designing multiple tasks, like walking and exercise, that link with multiple data of health, it supports energy saving and carbon reduction. In addition, it combines with Taishin Point Reward to enhance participation. By the end of 2024, there were more than 100 thousand people participating in the tasks of health to guide users for their implementation of sustainable living.

(2) The credit card publication published by Taishin Bank also has digital version for customer to review. Most of the advertisement promotion and communication with customers are through the channels of EDM and SMS to reduce physical printings. To reduce the distribution of physical free gifts, free gifts for each marketing activity will be replaced with Taishin Point. It reduces carbon reduction significantly.

Status of implementation in 2024

The penetration rate of digital bills ↑ increased from **69.7%** to **72.7%**, expecting to reach **75%** in 2025

Currently, there were **1.9** million cardholders switched to digital bills. It ↓ reduces **45.60** million copies of paper bills, around carbon reduction of **656.6** tCO_2e every year.

Note: Paper carbon reduction factor refers to the latest assessed value of Chung Hwa plain copy paper from virgin fiber (2018) published in Carbon Footprint Information Platform by Ministry of Environment. The carbon footprint is around 0.0072 $kgCO_2e$/ per sheet.

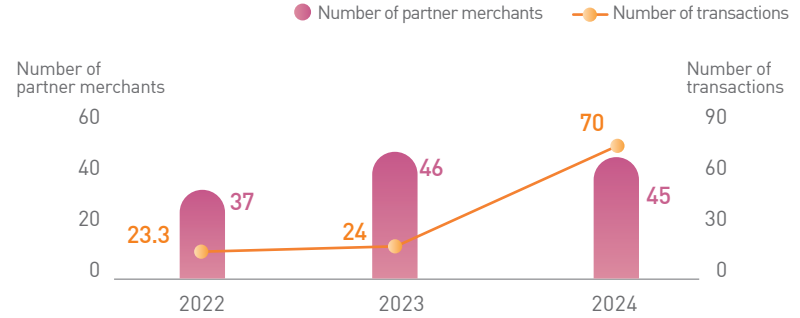
Taishin Rose Giving Card obtained the "Product Carbon Footprint Label"

Taishin Rose Giving Card successfully obtained the "Product Carbon Footprint Label" awarded by Environmental Protection Administration in March 2023. Taishin Bank also made a commitment to reduce its emissions by 3% within five years. The methods of execution include 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 to reduce carbon emissions from the manufacturing process.

(3)Taishin provides the pay+ service to merchants to integrate various mobile payment services for them and set up merchant wallets. For pay+ digital carbon reduction products, as of 2024, the accumulated supporting wallets has reached 45 merchants with more than 70 million transactions in total (the annual growth rate YoY of transactions was 47%). It is effective in reducing cash payment and paper-based transactions to assist merchants in achieving digital transformation. Moreover, Taishin worked with Gogoro in October 2022 to launch Gogoro Rewards Co-Branded Card. By the end of 2024, the number of people applying the co-branded card was nearly 150,000. More than 40,000 new customer purchased electric scooters with the co-branded card; reducing air pollution and carbon emission.

pay+ cumulative partner merchants and transaction

Unit: number of merchants / million transactions



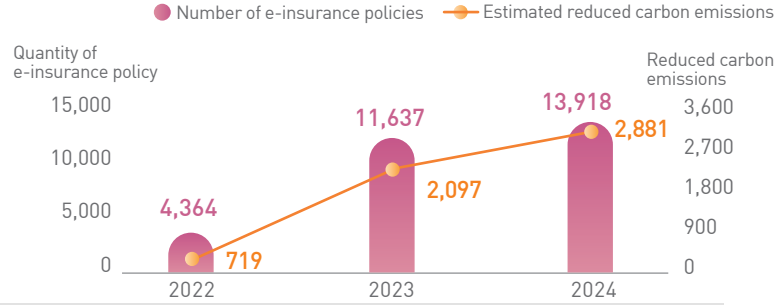
(4) Taishin Bank conducts insurance services online through online insurance platform, "e-Fun Insurance" to reduce paper-based operations through paperless services.

Status of implementation in 2024

The number of electronic insurance policies handled was **13,918**, reducing paper usage by approximately **400,149** sheets, equivalent to a reduction of approximately **2,881.1** $kgCO_2e$.

E-insurance policies and estimated reduction in carbon emissions

Unit: quantity/ /$kgCO_2e$



	2022	2023	2024
Number of sheets	99,842	291,273	400,149

Note: Paper carbon reduction factor refers to the latest assessed value of Chung Hwa plain copy paper from virgin fiber (2018) published in Carbon Footprint Information Platform by Ministry of Environment. The carbon footprint is around 0.0072 $kgCO_2e$/ per sheet.

	Electronic Notification	Mobile Insurance Application	Customer Online Change Service	Taishin Life officially activated the service of electronic policy
Method	Replacing paper notifications/ forms with electronic delivery to reduce printing and mailing costs.	Digital methods are used for solicitation and insurance underwriting to reduce the use of paper documents with an expectation to achieve a paperless insurance application process.	Provide customers with online change services to reduce paper applications and enhance customer convenience.	In 2023 to encourage policy holders to apply digital insurance contract instead of traditional paper-copy insurance policy. In 2024, the contribution to carbon reduction was around
Effect of carbon reduction in 2024	**1,701.5** $kgCO_2e$	**3,966.7** $kgCO_2e$	**2,391.3** $kgCO_2e$	**2,621.4** $kgCO_2e$

Note: Paper carbon reduction factor refers to the latest assessed value of Chung Hwa plain copy paper from virgin fiber (2018) published in Carbon Footprint Information Platform by Ministry of Environment. The carbon footprint is around 0.0072 $kgCO_2e$/ per sheet.

2.2.2.4 Promoting Credit & Investment Related to Green Energy and Sustainability

Taishin provides diverse products of sustainable finance, including green loan, ESG industry loan, sustainability infrastructure financing, and sustainability-linked loan, to support enterprises on their low-carbon transition and sustainable development.

Unit: NTD

Classification	Lending balance by the end of 2023	Ratio of ESG products in 2023 (%)	Lending balance in 2024	Ratio of ESG products in 2024 (%)
Renewable energy power generation lending	6,136,446,604	0.9%	13,470,111,336	1.79%
ESG industry lending	48,096,399,780	7.05%	50,025,340,689	6.64%
Sustainable infrastructure financing	45,979,420,384	6.74%	55,662,026,915	7.38%
Sustainable water source and waste water treatment	-	-	272,774,149	0.04%
Clean transportation	-	-	274,555,791	0.04%
Sustainability-linked loan	17,924,906,267	2.63%	44,394,490,700	5.89%
Total	**118,137,173,035**	**17.32%**	**164,099,299,580**	**21.77%**

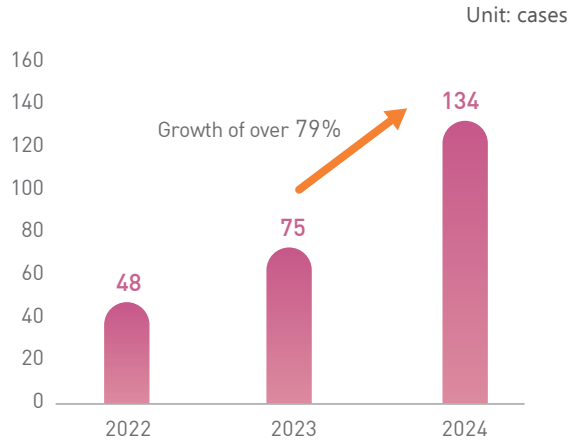
Promoting sustainable industrial transformation

(1) Promoting sustainable infrastructure loans, providing corporate loans to environmentally or socially friendly infrastructure-related industries such as waste treatment, pollution remediation, medical institutions, and urban renewal of old buildings, in response to the sustainable trend. In 2024 the loan balance was NT$55,662 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 2024

The number of sustainability-linked loan clients was **134**, with a total loan balance of NT$**44,394** million, representing a growth of over **79%** from 2023.

Number of sustainable-linked loan customers



(3) ESG bonds underwriting

Performance in 2024

Taishin Bank underwrites NT$**4,736** million green bonds, accounting for **18.11%** of the total bond underwriting amount. It increased more than **20%** compared to that in 2023.

Unit: NT$ million

Type of Bond	Issuance in 2023	Ratio in the Total Bonds Underwriting Amount	Issuance in 2024	Ratio in the Total Bonds Underwriting Amount
Green bond	3,922	9.57%	4,736	18.11%

Supporting the development of green energy industry

(1) In response to the six core strategic industry initiatives promoted by the Government, Taishin established the "Guidelines for Solar Power Plants Financing" to encourage financing aimed at the construction, acquisition, and compensation of solar power plants. Taishin Bank supports the development of the renewable energy generation industry in real actions by taking the lead to be the first bank in Taiwan offer power plants full financing on renewable energy. 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 2024

- Starting from October 2023, **100%** of power plant financing activities have been for renewable energy.
- Solar power plants loan balance NT$**6,579** million.
- Total installed capacity achieved **2,649** MW, approximately avoiding **123,829** tCO_2e.

Note: Calculated based on 2023 power emission factor of 0.494 $kgCO_2e/kWh$ published by the Energy Administration, Ministry of Economic Affairs.

(2) Taishin Life implements responsible investment by supporting the renewable energy industry. In 2024, it invested NT$384 million in renewable energy power plants, with an installed capacity of 375 MW. The actual power generated in the whole year was 83,831 MWh. Taishin Life Insurance will continue monitoring plants under construction and investing in potential renewable energy power plants in the future.

(3) Taishin Venture Capital continues paying attention to renewable energy, smart grids, and green electricity trading. By the end of 2024, a total of NT$70 million has been invested. Taishin Venture Capital supports the development of companies in the relevant industries with capitals.

Guiding funding to the ESG industries

Taishin Securities Investment Trust launched "Taishin ESG Global Environmental Growth Equity Fund," "Taishin ESG EM Bond Fund (which invests a significant portion in high-risk, non-investment grade bonds, and the dividends may come from the principal), and "Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF Fund (The fund's dividends source may be paid from income equalization and the fund has no guaranteed income or dividends)." To compliance with SRI (Socially Responsible Investment), Taishin Investment Trust has included quality companies that meet ESG criteria in the Taiwan Stock MainList (stock pool) for Taiwan equity fund and when operating discretionary government fund accounts to prioritize these companies meeting ESG criteria as investment targets. It will be reviewed and adjusted every quarter.

2.2.2.5 Providing Personal Green Loan

Encouraging transformation in public living

(1) In coordination with the policy of net-zero carbon emission buildings promoted by Ministry of the Interior, Taishin introduced preferential loan rates for real estate linked to the "Building Energy Efficiency Label." Properties purchased with new disbursement or mortgage collaterals for new disbursement that receive high energy efficiency rating with building efficiency label within 3 points (included) issued by the Ministry of the Interior are applicable to the preferential loan rate.

Performance in 2024

The new disbursement amount for green building mortgage reached NT$**2,037** million, accumulating a total of NT$**5,094** million since 2022.

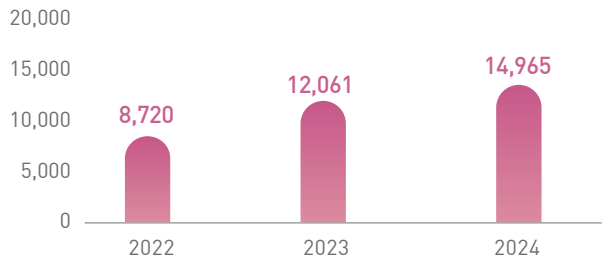
(2) Taishin Bank launched the "Energy-saving and Carbon Reduction Preferential Auto Loan Program," offering special interest rates for consumers purchasing electric or hybrid vehicles, as well as the "Preferential Green Loan" for purchasing energy-saving or water-saving labeled appliances.

Performance in 2024

- The new disbursement amount for electric vehicle loans reached NT$**14,965** million, accumulating a total of NT$**37,332** million since 2019.
- The new disbursement amount for preferential green loan reached NT$**14** million, accumulating a total of NT$**32.33** million since 2019.

New disbursements for electric vehicle loan

Unit: NT$ million



2.3 Climate Change Scenario Analysis and Resilience Assessment

To quantitatively measure the impact of climate-related risks on Taishin FHC, 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.

Material areas of uncertainty considered when evaluating scenario analysis and resilience of climate change

Changes in policy

The policy of net zero emissions established by key countries in the world changes along with geopolitics, economic and trade situation, and status of climate change. Process of relevant development may be hampered.

Development of technology

If the technology developed is unable to be used widely, it may increase the price of renewable energy and lead to inflationary spike.

Changes in market demand

Market demand in low-carbon products and services may change along with the time and macroeconomic environment. The performance of future revenue achieved by our investment and financing corporates is unable to be estimated.

2.3.1 Scenario Analysis for Investment and Financing Positions

We refer to "Operation Plan for Domestic Banks Handling of Climate Change Scenario Analysis (2024 Edition) (hereinafter referred to as "Supervision-based Climate Scenario Analysis"), the short-term scenario of domestic carbon fee imposition Note and the short-term scenario of the return of Typhoon Morakot with intensity adjusted (25% more of rainfall) to estimate the potential loss within the coming year. In addition, we adopt climate scenario data of NGFS and IPCC to estimate the expected loss caused by climate risks in different scenarios in 2030 and 2050. To facilitate subsequent climate risk management in investment and financing positions, we further analyzed the level of climate risks for the industries in the risk positions and established a list of high carbon emission industries to conduct monitoring on those positions. (Please refer to Chapter 3.2.2 Investment and financing risk management in the Report.)

Note: It assumed all the domestic industries facing the collection of carbon fee in 1,000 TWD/tCO_2e.

Explanation of scenario assumption

NGFS	IPCC	Goal of warming control
Net Zero 2050	SSP 1-1.9	< 1.5° C
Delayed Transition	SSP 1-2.6	< 2° C
Fragmented World	SSP 2-4.5	< 3° C

Orderly Transition Scenario	Scenario parameters	GDP growth rate (%)	Unemployment rate (%)	Inflation rate (%)	Long-term interest rate (%)
Through strict policy and innovative technology, we aim to achieve net zero carbon emissions in 2050 and effectively control global warming within 1.5°C.	2030	3.50	1.31	1.58	2.15
	2050	1.98	2.82	2.32	2.05
Disorderly Transition Scenario	**Scenario parameters**	**GDP growth rate (%)**	**Unemployment rate (%)**	**Inflation rate (%)**	**Long-term interest rate (%)**
Carbon emissions all over the world fails to be reduced before 2030. Subsequently, along with strict policy in carbon reduction by each country, global warming is controlled within 2°C.	2030	3.13	4.90	1.84	2.07
	2050	1.98	4.18	2.20	2.15
Fragmented World Scenario	**Scenario parameters**	**GDP growth rate (%)**	**Unemployment rate (%)**	**Inflation rate (%)**	**Long-term interest rate (%)**
Countries that have set goals for net zero only achieve part of their goals while the rest of countries maintain their original policy. The delayed and divergent climate policy causes higher risks.	2030	3.13	4.54	1.85	2.09
	2050	1.86	6.16	2.33	2.14

Summary of short-, medium-, and long-term scenario analysis results

Results of short-term scenario analysis:

	Transition Risk Scenario- Carbon fee	Physical Risk Scenario- Strength Adjustment	Comprehensive Loss Scenario Note 3
The ratio of the expected loss to the income before tax in the base year	27.52%	30.35%	30.42%
The ratio of the expected loss to the net value	2.93%	3.23%	3.24%

Results of medium- and long-term scenario analysis:

Baseline Scenario	Orderly Transition Scenario		Disorderly Transition Scenario		Fragmented World Scenario	
	2030	2050	2030	2050	2030	2050
29.30%	32.73%	40.33%	40.05%	46.18%	38.82%	58.32%
3.12%	3.49%	4.29%	4.26%	4.92%	4.13%	6.21%

Note 1: Method of "Supervision-based Climate Scenario Analysis" uses the following time span: Baseline scenario is short term (within 1 year); 2030 is regarded as medium term (<=2030); 2050 is regarded as long term (>2030).
Note 2: Scope of assessment covers Taishin Bank- domestic and overseas financing, banking book bonds, bills and equity investments, Taishin Securities- domestic and overseas FVOCI and FVPL bonds, bills and equity investments, and Taishin Life Insurance- domestic and overseas AC, FVOCI, and FVPL bonds, bills and equity investments. In addition, based on "Supervision-based Climate Scenario Analysis", the short-term scenario only includes domestic investment and financing positions.
Note 3: Comprehensive Loss scenario considers both scenarios of "carbon fee imposition" and "adjustment of intensity of Typhoon Morakot."
Note 4: Under the short-term scenario, the expected loss for transition risk is around NT$7,028.30 million, and the expected loss for physical intensity adjusted scenario is around NT$7,750.86 million.

According to the results, under the short-term scenario of domestic investment and financing positions impacted by climate change within one year, the expected loss in the scenario of intensified strength of Typhoon Morakot is higher than the scenario of carbon fee imposition. In the three medium- and long-term climate scenarios, we can find out the expected loss in 2050 is higher than that in 2030 in the three scenarios. Besides, the orderly transition scenario is immediate and promotes policies related to carbon reduction step by step. The complementary measures adopted during the process of transition are more complete with relatively gentle impact to the overall economy. Therefore, the expected loss in the scenario is less than that in the disorderly transition. In addition, in a passive transition scenario without any measures for transition, government has no restriction on carbon emissions at all. There will be no carbon fee, carbon tax system, and additional emission costs. It leads to the failure of global carbon reduction and uncontrolled rise of temperature. The expected loss of physical risk in 2050 is the most significant.

Identification of climate risks in specific industries and resilience assessment

Under the global trend toward net-zero emissions, governments and regulatory institutions are formulating related policies and actions to achieve carbon reduction targets. This pushes industries toward a low-carbon transition, potentially impacting business operations, especially industries with high-carbon emission and high 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 Taishin. To further control the impact of climate risks, we conducted risk identification and resilience assessment on high climate risk industries in the positions of corporate financing by Taishin Bank and bonds and equity investments by Taishin Bank, Taishin Securities, and Taishin Life Insurance.

Identification of industry risk concentration

- **Scope** : All credit and investment exposures of Taishin Bank, Taishin Life, and Taishin Securities
- The matrix of Top 25% of exposure proportions and classifying industry carbon intensity referenced from "the Climate Change Scenario Analysis Operation Planning".
- In accordance with the "High-Carbon Emission Industries List" established by Taishin FHC.

Climate scenario analysis for high-carbon emission industries

- **Method**:"the Climate Change Scenario Analysis Operation Planning" is adopted for expected loss assessment in different scenarios.
- **Scope**: It covers Taishin Bank- domestic and overseas credit, domestic and overseas bankbook bonds and bills & equity securities; Taishin Securities- domestic and overseas FVOCI and FVPL bonds and bills & equity securities; Taishin Life- domestic and overseas AC, FVOCI and FVPL bonds and bills & equity securities. In addition, short-term scenarios only focus on domestic investment and financing positions according to the operational plans.

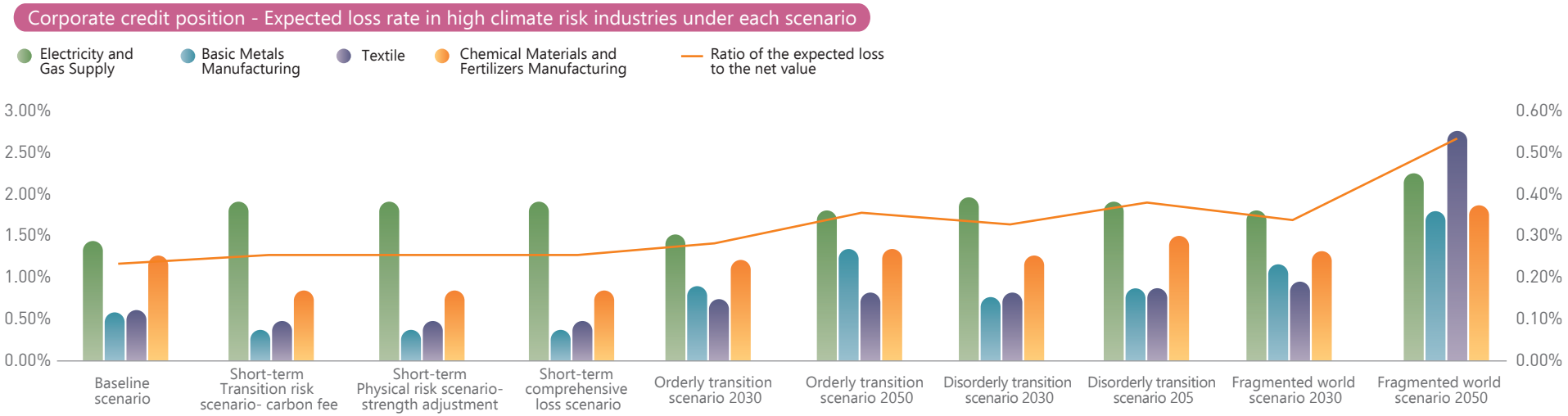
Note 1: The scale of risk exposure adopted the credit and investment amount to each industry by the end of December 2024.

Corporate credit positions- identification and resilience assessment of industry carbon emission intensity and exposure concentration

According to above method of identification, Taishin Bank screened out "electricity and gas supply industry," "basic metal manufacturing industry," "textile industry," and "chemical materials and fertilizer manufacturing industry" in the positions of corporate credit as high carbon emission industries. Climate scenario analysis was conducted for assessment.

The result shows in the short-term scenario, the average loss rate of the three scenarios increased around 3-4 basis points compared to the baseline scenario. Besides, in the long-term scenario of 2050, the average loss rate in the high climate risk industries, "electricity and gas supply industry," "basic metal manufacturing industry," "textile industry," and "chemical materials and fertilizer manufacturing industry" under the three scenarios increased around 49-130 basis points compared to that in the baseline scenario. In terms of the passive transition scenario, because of slow policy transition and the expectation of unable to achieve the goal of temperature rise, enterprises face serious risks with significant increase in the loss rate. Furthermore, in all the scenarios of short term, orderly net zero, disorderly transition, and passive transition, the expected loss in high carbon emission industries accounted less than 1% of net value. The financial impact to the whole FHC is limited; it reveals the current asset portfolio of high carbon emission industries is with climate resilience.

Expected loss rate in high climate risk industries under each scenario and the ratio of the expected loss to the net value



Note 1: Net value is the total figures listed in 2024 Q4 parent company only financial statements by Taishin Bank, Taishin Life Insurance and Taishin Securities.

Management mechanism

When handling corporate banking credit applications, Taishin Bank reviews the sustainability (ESG) and climate-related risks of credit clients and applications as a crucial reference for assessing credit business dealings. When submitting credit applications, "ESG Checklist for Corporate Banking Credit Application" must be attached for careful evaluation on risks of the credit subject. In addition, since October 2023, Taishin Bank has fully supported the development of the renewable energy industry, and all of financing business for power plants are 100% dedicated to renewable energy. Moreover, the policy of sustainable finance has clearly specified the complete elimination of coal-fired power plant financing by 2030. It is estimated financial impacts caused by transition risks can be gradually reduced. Other industries in the list of high-carbon emission industries will be monitored regularly by the Risk Management Department for the status of risk exposure. The results will be reported at the risk management monthly meeting as well as to the Risk Management Committee, and the Board of Directors.

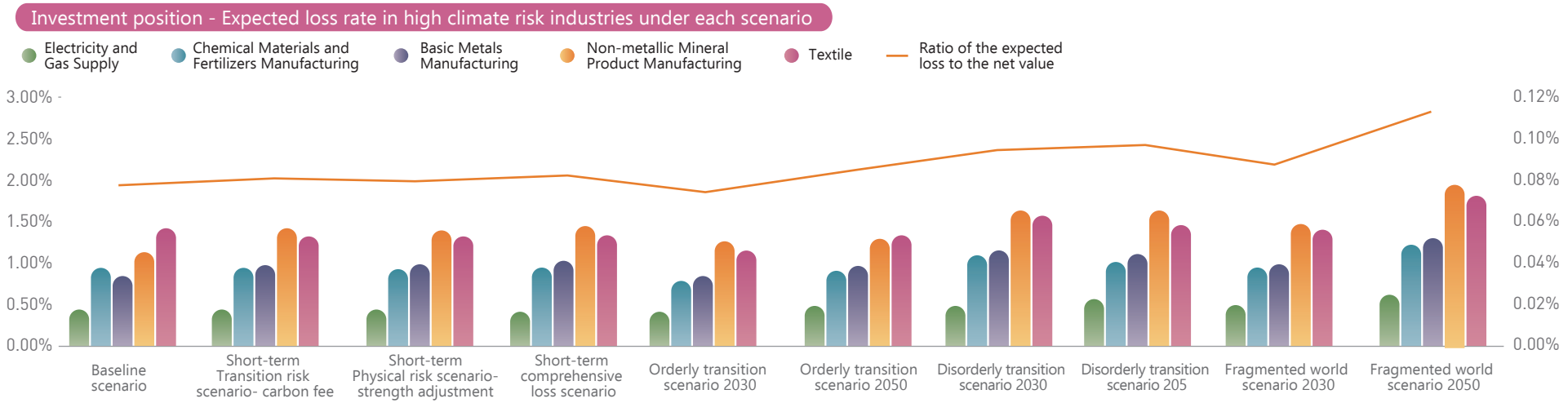
Implementation, management, and assessment plans established according to the results of scenario analysis

Taishin FHC has passed the SBTi validation, declared various carbon reduction targets, established an SBT task force, planned annual target to be achieved, and regularly reviewed and reported the implementation status. Besides, it follows "Sustainable Finance Policy," "Climate Risk Management Guidelines," and "Guidelines of Environmental and Social Risk Management by Sectors" to conduct risk control during the credit review process. Moreover, to encourage enterprises to move towards sustainability transition, Taishin Bank established "Corporate Banking Sustainability-linked Loans Business Guidelines" to discuss credit terms linked to ESG performance with credit subjects. If conditions are met, preferential credit interest rates are offered. The establishment of climate-related goals and the implementation of the management mechanism are aimed at mitigating the impacts caused by climate change as the final goal.

Investment positions- identification and resilience assessment of industry carbon emission intensity and exposure concentration

According to above method of identification, Taishin Bank, Taishin Life Insurance, and Taishin Securities screened out "electricity and gas supply industry," "chemical materials and fertilizer manufacturing industry," "basic metal manufacturing industry," "non-metallic mineral products manufacturing industry," and "textile industry," in the positions of bond and equity as high carbon emission industries. Climate scenario analysis was conducted for assessment. In the short-term scenario, the average loss rate of the three scenarios increased around 9-10 basis points compared to the baseline scenario. In the medium-term scenario of 2030, the enforcement of carbon-related policies by the government has significant impact to the overall economy, Therefore, the expected loss in the disorderly transition scenario is the most significant among the three scenarios, increasing 23 basis points compared to the baseline scenario. An observation of the long-term scenario in 2050 shows the impact caused by the passive transition scenario is the most significant, increasing 44 basis points compared to the baseline scenario. Furthermore, in the all scenarios of short term, orderly net zero, disorderly transition, and passive transition, the expected loss in high carbon emission industries accounted less than 1% of net value. The financial impact to the whole FHC is limited; it reveals the current asset portfolio of high carbon emission industries has climate resilience.

Expected loss rate in high climate risk industries under each scenario and the ratio of the expected loss to the net value



Note 1: Net value is the total figures listed in 2024 Q4 parent company only financial statements by Taishin Bank, Taishin Life Insurance and Taishin Securities.

Management mechanism

Taishin Bank has revised the "Pre-investment Assessment and Post-investment Management Regulations" for stock and bond investment and incorporated the decarbonization commitment and high carbon emission industries specified in the policy of sustainable finance established by FHC as one of the investment considerations. Thus, investment positions in high climate risk industries can be controlled within a certain proportion compared to the overall risk exposure. The impact caused by climate change is relatively smaller, and the climate risks are controllable.

Implementation, management, and assessment plans established according to the results of scenario analysis

Taishin Life Insurance has revised the "Pre-investment Assessment and Post-investment Management Regulations" for stock and bond investment to incorporate the decarbonization commitment specified in the policy of sustainable finance by FHC as one of the investment considerations. In 2024, relevant evaluation and management process for high carbon emission industries was included in above regulations. Hence, investment positions that are more susceptible to climate risks can be continuously monitored to note the change of risks.

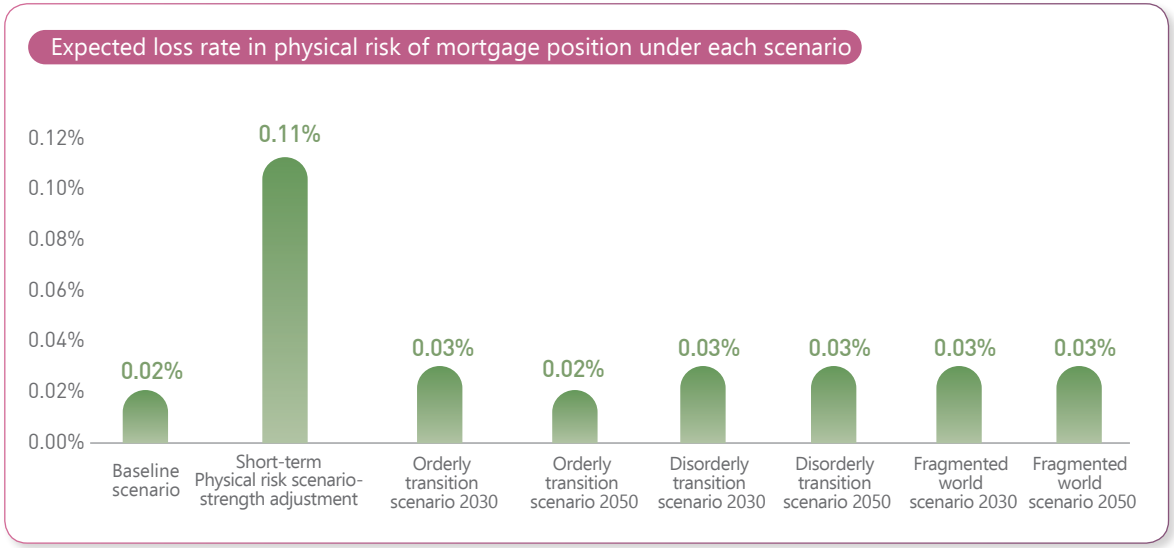
Taishin Securities established "Methods for Underwriting and Position Management by Capital Marekt Business Division" for underwriting business to incorporate the decarbonization commitment and high carbon emission industries specified in the policy of sustainable finance by FHC as one of considerations for underwriting business. All the investments follow the goal of decarbonization specified in FHC policy of sustainable finance as well as the elimination schedule to reduce impacts caused by climate-related risks.

"Mortgage"- physical risks identification and resilience assessment

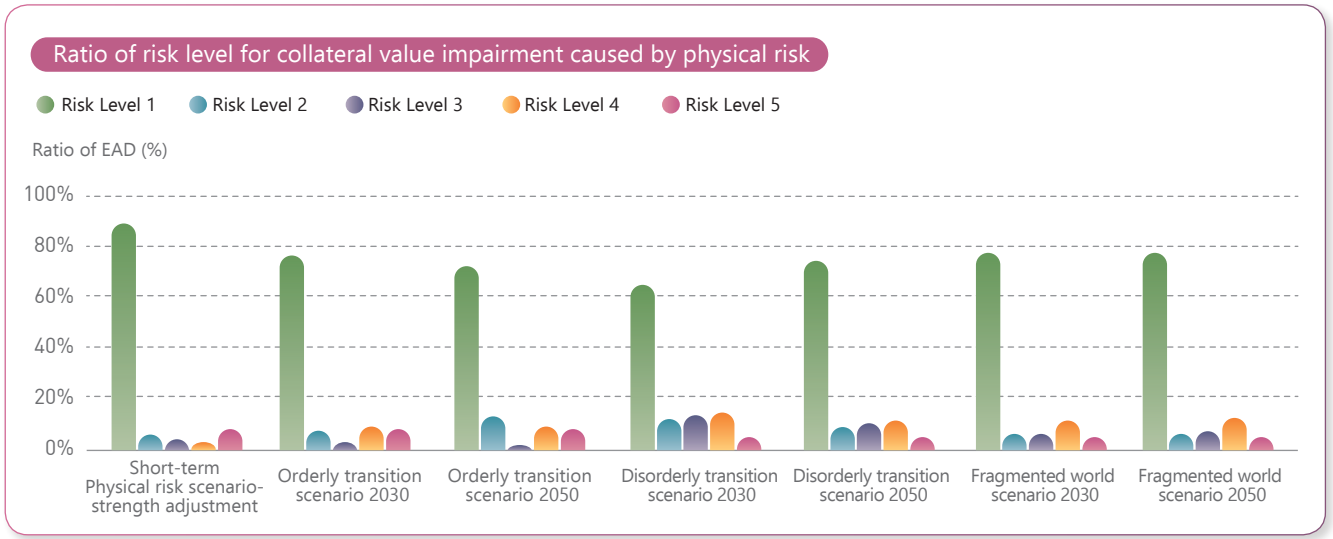
"Financial Industry Climate Physical Risk Information Platform" established by Join Credit Information Center was formally launched in January 2024. It provides one-stop climate physical risk information inquiry or downloading to facilitate the management of climate change risks. The position of mortgage in the business of the Bank faces physical risks, such as flooding and landslide caused by heavy rainfall causing value impairment on collateral; it brings financial loss to the Bank. Along with the more and more frequent events of extreme heavy rainfall caused by climate change, the intensity often exceeds the standard safety threshold of the original infrastructure. For this, Central Weather Bureau, Ministry of Transportation and Communications added the warning of "the accumulated rainfall above 200 mm within three hours" to enhance the awareness towards short-duration intense rainfall events among the public and all sectors.

Taishin Bank refers to the latest "Domestic Banks Handling Climate Change Scenario Analysis Guidelines" published by the Bankers Association of the Republic of China to classify collaterals Taishin Bank receives into five level of physical risks (level 1-5) according to the city, county, and town located to conduct relevant scenario analysis.

Expected loss rate on the positions of domestic mortgage under each scenario



In the scenario of short term with intensity adjusted, through the simulation of intensified strength of Typhoon Morakot and increased rainfall, the impairment of collateral value is increased, causing significant rise of the expected loss rate. Besides, the result of long-term scenario analysis shows in the scenario of orderly net zero assuming orderly transition to 2050 net zero, the expected loss rate rises first in 2030 and then slightly declines in 2050. In the scenario of disorderly transition, the start of transition is delayed; the expected loss rate rises in 2030 but doesn't decline significantly in 2050. In the scenario of passive transition, the start of transition is delayed and thus it fails to achieve the goal of carbon reduction and bring more serious warming situation instead. The expected loss rate increases along with the length of time.



Resilience assessment and management mechanism

According to "Consumer Banking Real Estate Appraisal Regulations," Taishin Bank classifies real estate in cities and towns all over Taiwan into Zone A, Zone B, and Zone C based on the supply and demand (including population & density, transaction price up/down over the past three years, and the judgement from the appraisers at Consumer Banking Credit Management Division) of the market situation of real estate. The information will be updated timely by the appraisal responsible units at the Consumer Banking Credit Division. According to the theory of urban structure concentric zone, the three zones are corresponded to urban, suburb, and rural area (including agricultural development area, coastal area, and slope land) for differential credit business management.

In addition, to comply with the obligation protection specified in the credit 5P principles, the appraisal responsible units in the Consumer Banking Credit Management Division will keep a special mark on residential communities located in the medium and large-scale slope land area that suffered the disasters of heavy rainfall, mudflow caused by typhoon, and landslide from time to time in the consumer banking property appraisal system. Or, a reminder that the location of the collateral has had climate disaster, like flooding, recently when evaluation to request a careful assessment during the on-site investigation in order to perform the role of monitoring and warning. When the credit unit conducts due diligence, they will follow the special remark in the system or relevant description on the property transaction contract to compulsorily request the submission of the latest document of "slope land housing safety checklist" to ensure the value of the collateral will not be impaired by constant climate disasters.

Moreover, Taishin Bank established relevant credit policies (including system adjustment) according to the results of above scenario analysis. The details are as follows.

- June 2023: The level of climate physical risk was added to the appraisal approval form in the consumer banking housing appraisal system, and the credit standards for mortgage were included into the consideration of climate physical risk level.
- January 2024: Items of urban/ town zoning and level of climate physical risk were added to the estimation sheet in the consumer banking housing appraisal system.
- May 2024: Level of climate physical risk was added to the consumer banking mortgage IPMS system.

Above measures help mortgage sales, appraisal personnel, and credit personnel to identify the climate physical risk on the collateral in the first place to facilitate business development and credit judgement. In the future, we will continue exploring the integration of data on "Financial Industry Climate Physical Risk Information Platform" published by Join Credit Information Center in the scenario analysis and mortgage credit business.

According to the existing credit standards for mortgage, for the collateral classified in Zone C for the urban and town zoning, the corresponding credit control measures contain the following three categories. The table shows in Zone C with climate physical risk in level 4 or 5, which is the area with high climate physical risks, the underwriting by Taishin Bank was very low. In 2023 and 2024, the total was less than 1% of the total disbursement amount of the year respectively. The figure in 2024 was lower than that in 2023.

Collateral Classification	Definition of Property Mortgage Credit Standards	Credit Control Measure	Ratio to the Total Disbursement Amount in 2023	Ratio to the Total Disbursement Amount in 2024
Zone C with physical risk in level 1-3	Collateral must be cautiously evaluated.	Maximum loanable amount is **60%** of the appraised net value.	**0.84%**	**0.70%**
Zone C with physical risk in level 4	Collateral must be cautiously evaluated.	Maximum loanable amount is **50%** of the appraised net value.	**0.59%**	**0.37%**
Zone C with physical risk in level 5	Collateral shall not be undertaken.	In principle, it will not be accepted.	**0.14%**	**0.00%** (0.0038%; 0.00% after rounding)

Note 1: In 2023 and 2024, the total amount of consumer banking mortgage was NT$169,046 million and NT$157,600 million respectively.

2.3.2 Scenario Analysis for Own Operating Offices and Suppliers

2.3.2.1 Physical Risk- "Own Operating Sites and Suppliers"

Taishin FHC conducted physical risk analysis based on the extreme rainfall caused by climate change as the hazard, the flooding, landslide, and mudflow triggered by extreme rainfall as vulnerability, and location of operating sites as the exposure. The assessment of hazard took the reference to the sixth assessment report published by UN IPCC. In the setup of climate change scenario, it combined results published by many research communities in international climate change research circle and adopted several shared socioeconomic pathways (SSP) matched with representative concentration pathways (RCP) to estimate extreme rainfall hazard under a portfolio of four scenario matrixes (SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, and SSP5-RCP8.5) in different time scales (short term: 2021–2040, midterm: 2041–2060, medium to long term: 2061–2080, and long term: 2081–2100). In terms of vulnerability, the disaster map published by the government units was used to conduct analysis on the scope and severity of disaster. As for exposure, it evaluated the 46 assets (including Bank, Life Insurance, Securities, and Asset Management) in Taiwan owned by Taishin, the 176 sites of our suppliers (only key suppliers for Bank, Life Insurance, and Securities).

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.

Results of physical risk analysis for own operating sites and responding measure

35 locations (76%) of assets owned by FHC have no flooding, mudflow, or landslide potential in the scenario of climate change. Therefore, they are classified in the level of no risk. The risk factor for the rest 11 locations (24%) identified is the risk of flooding. Among them, the number of locations with low risk and medium risk maintains at 2 places and 9 places in different scenarios of climate change and in different periods. Only in the SSP5-RCP8.5 long-term scenario, the number of locations with low risk is reduced to 1 place while the number of locations with medium risk is increased to 10 places. It demonstrates the impact of extreme rainfall caused by climate change to the physical risk at the operating sites.

Taishin will continue monitoring the change of disaster potential at locations identified with medium risk, including regular reviews of building protection measures and safety, and strengthening disaster/flood response equipment and backup plans.

Table 1 Level of risk at assets owned by Taishin in different scenarios of climate change and in different periods

Level of risk	Responding measure adopted	SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
		Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term
No risk	Maintain the location, monitor changes in disaster potential, and regularly review risks.	35				35				35				35			
Low risk		2				2				2				2			1
Medium risk	Maintain the location, pay increased attention to changes in disaster potential, and develop emergency plans and risk management measures.	9				9				9				9			10
High risk	Activate emergency plans and risk management measures, and implement disaster reduction measures	-				-				-				-			
Total		46				46				46				46			

Note 1: Different time scales are short term (2021-2040), medium term (2041-2060), mid-long term (2061-2080), and long term (2081-2100).

Physical risk level distribution map under three vulnerability conditions in our operating sites

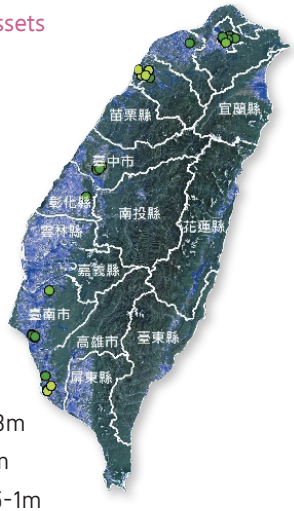
Vulnerability level of flooding

Distribution of own assets at Taishin

- Fifth Level
- Fourth Level
- Third Level
- Second Level
- First Level
- Potential: N/A

Potential Flood Distribution

- Fifth Level >3m
- Fourth Level 2-3m
- Third Level 1-2m
- Second Level 0.5-1m
- First Level 0.3-0.5m
- Potential: N/A



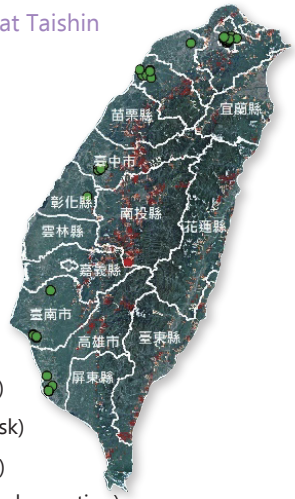
Vulnerability level of mudflows

Distribution of own assets at Taishin

- Fourth Level
- Third Level
- Second Level
- First Level
- Potential: N/A

Landslide Potential Streams

- Fourth Level (High risk)
- Third Level (Medium risk)
- Second Level (Low risk)
- First Level (continuous observation)
- Potential: N/A



Vulnerability level of landslides

Distribution of own assets at Taishin

- First Level (with interaction)
- Intersection: N/A

Landslide and Geological Sensitive Areas

- First Level (with interaction)
- Potential: N/A

Results of physical risk analysis for suppliers' operating sites and responding measure

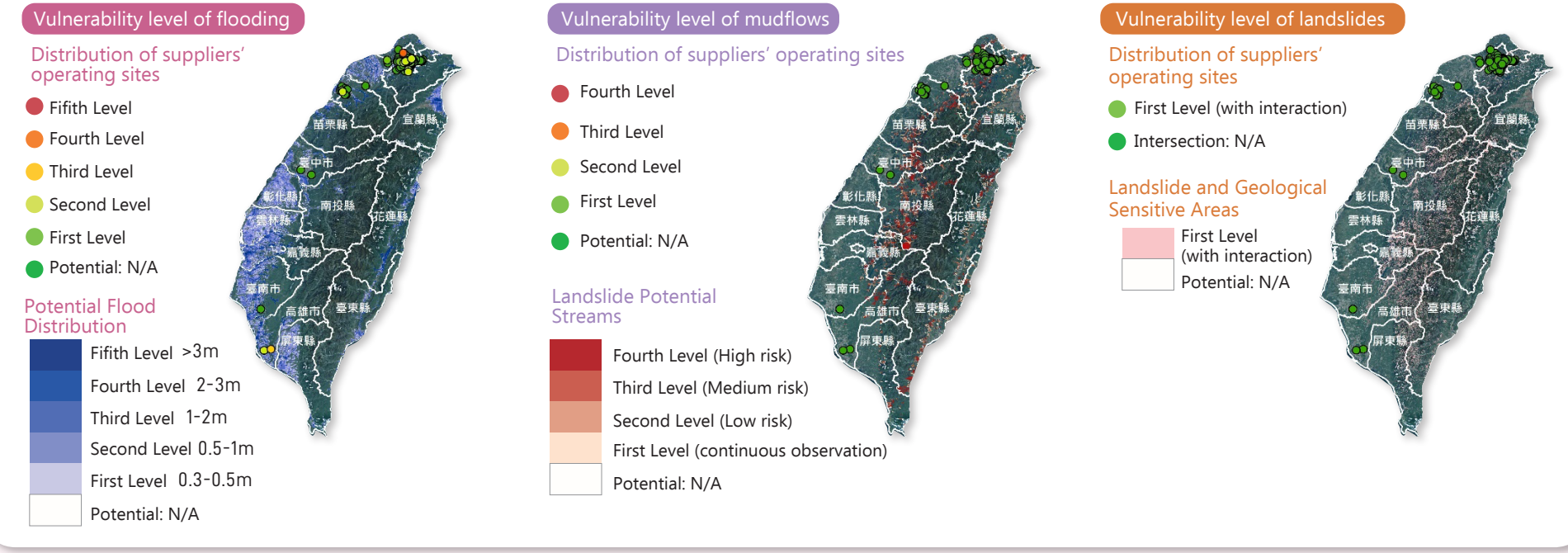
129 locations (73.3%) of FHC suppliers' operating sites have no flooding, mudflow, or landslide potential. Therefore, they are classified in the level of no risk. The risk factor for the rest 47 locations (26.7%) identified is the risk of flooding. Among them, the number of locations with low risk and medium risk is at 30-40 places and 5-16 places respectively in different scenarios of climate change and in different periods. The number of locations with high risk is 1 place in most of the scenarios. In the SSP3-RCP7.0 long term and SSP5-RCP8.5 mid-long term scenario, the number of locations with risk is increased to 2 places. It demonstrates the impact of extreme rainfall caused by climate change to the physical risk at the operating sites.
Location with high risk in each period above is an engineering company in Daliao District, Kaohsiung. The evaluation shows its impact to Taishin's business is smaller, and we will continue monitoring the change of disaster potential at all sites.

Table 2 Level of risk at sites owned by Taishin suppliers in different scenarios of climate change and in different periods

Level of risk	Responding measure adopted	SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
		Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term
No risk	Normal cooperation	129				129				129				129			
Low risk		35	34	41	41	30	41	39	35	34	40	35	34	41	40	40	33
Medium risk	Normal cooperation and strengthen monitoring the change of disaster potential.	11	12	5	5	16	5	7	11	12	6	11	11	5	6	5	13
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.	1				1				1	1	1	2	1	1	2	1
Total		176				176				176				176			

Note 1: Different time scales are short term (2021-2040), medium term (2041-2060), mid-long term (2061-2080), and long term (2081-2100).

Physical risk level distribution map under three vulnerability conditions in suppliers' operating sites



Analysis of water shortage risk

Except the terrain of high gradient and swift velocity of river in Taiwan makes it difficult for water storage, the research shows the annual rainfall and river flow in Taiwan changes more frequently, and it will affect the allocation of water resource in the year. Because of this, Taishin divided all of the operating sites into seven zones according to the reservoir for water supply to evaluate the frequency of water shortage at each reservoir in the past as well as the frequency of potential water shortage caused by climate change. The definition of historical water shortage event refers to the situation that the reservoir is unable to supply water as normal due to the insufficient water storage. It usually happens on the measure of reducing water pressure for water supply adopted when the water level of the reservoir or reservoir capacity is lower than the rule curve of the reservoir. The probability of water shortage caused by climate change uses Standardized Precipitation Index (SPI) as reference index. SPI has been widely used as the index to evaluate drought over a period of time, and it can be interpreted as standard deviations to the long-term average rainfall in that period of time. According to SPI figures for different time scales, short-term figure usually reflects the level of soil humidity while long-term figure can be used to evaluate the change of underground water and water storage capacity of the reservoir. Therefore, when SPI figure is greater than 0, it means it is more humid than the average and is with no risk of water shortage. If it is smaller than 0, it means it's drier; a figure less than -1 means it is in the state of even drier and is regarded in a risk of water shortage. Lastly, we follow the estimation based on the historical water shortage frequency in the reservoir and the probability of water shortage caused by climate change, matching with the water shortage risk matrix, to evaluate the level of risk in each climate change scenario and in each period.

Results of water shortage risk at owned assets and supplier's locations

According to the distribution of Taishin FHC owned asset and suppliers, the areas with water shortage in high risk are mainly in Taoyuan City, New Taipei City (2), and Kaohsiung City. Taishin will continue promoting the conservation of water resources and will establish methods of water resource regulation when necessary to reduce the dependency to water supply by reservoir.

Table 3 Level of water shortage risk in each area under the climate change

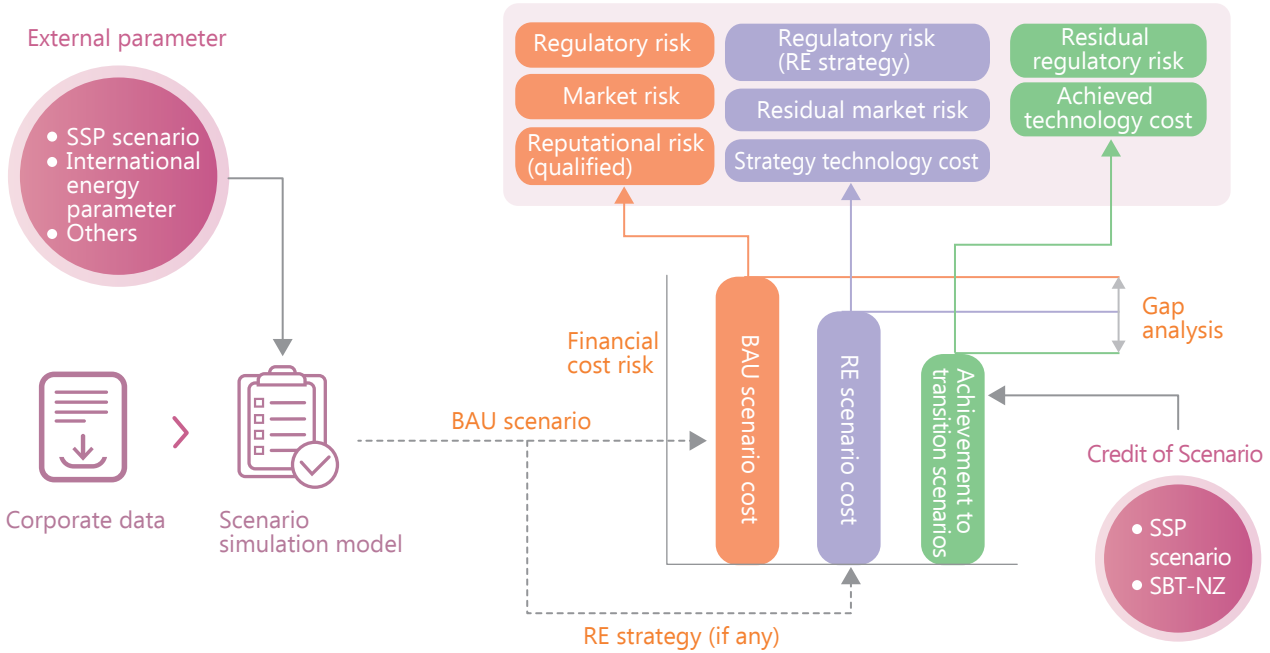
Area	Quantity		SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
	Owned assets	Supplier	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term	Short term	Medium term	Mid-long term	Long term
Taipei City, New Taipei City (1)	14	155	Low	Low	Low	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Low	Low	Medium	Medium
Taoyuan City, New Taipei City (2)	1	3	High	High	Medium high	High	High	High	High	High	High	High	High	High	High	High	High	High
Hsinchu County/ City	7	11	Low	Low	Low	Low	Low	Medium	Medium	Low	Medium	Medium	Medium	Medium high	Low	Medium	Medium	Medium
Taichung City	9	2	Low	Low	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium high	Medium	Low	Medium	Medium
Changhua County	1	0	Medium	Medium	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium high	Medium high	Medium high	Medium	Medium	Medium	Medium
Tainan City	6	3	Medium high	Medium high	Medium	Medium high	Medium high	Medium high	Medium high	Medium high	Medium high	High	Medium high	High	Medium high	Medium high	Medium high	Medium high
Kaohsiung City	8	2	High	High	Medium high	Medium high	High	High	High	High	High	High	High	High	High	High	High	High

Note: New Taipei City (1): Including administrative districts in Zhonghe, Banqiao, Shulin, Tucheng, Xinzhuang, Sanchong, Sanxia, Yingge, Taishan, Wugu, Luzhou, and Bali.
New Taipei City (2): Including Linkou District.

2.3.2.2 Transition risk- "own operation"

Taishin FHC's climate transition framework is shown below. This analysis assesses 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 framework of transition risk in the own operation



Note: Based on IPCC AR6 SSP scenarios, international credible reports - including IRENA, IEA, etc., energy factors of the Energy Administration, Ministry of Economic Affairs and the Taiwan Power 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.

Assessing scope and boundary of scenario analysis

External transition scenario	Description	Cost classification	
		Financial impact	Management costs
Local government scenario	Taiwan: 2050 net zero pathway	1.Carbon fee/ carbon tax 2.Market risk	1. Costs input to the existing electricity-saving measures. 2. Green electricity costs and benefits. 3. BVCM (Beyond Value Chain Mitigation) cost: e.g. carbon removal technologies or related actions such as corporate purchase of carbon offsets.
SBT-NZ	Estimation based on the scenario of achieving SBT net zero.		

Evaluation of Taishin BAU strategy and different external scenarios

1. Local government scenario: 2050 net zero pathway

Financial impact analysis

Because the government in Taiwan currently offers free emission credits of 25,000 metric tons for the collection of carbon fee, carbon emissions generated by Taishin under the existing strategy is lower than free emission credits. Therefore, there is no financial impact.

Green electricity gap analysis

1. The main strategy adopted by Taishin to achieve 2050 net zero pathway is through the procurement of green electricity. In 2024-2025, our existing strategy and expected reduction on electricity factor have been able to satisfy the emission of transition goal. It is estimated that around 45 million kWh of green electricity will be required in 2050.
2. For the year in 2050, enterprises will have to provision additional cost of around US$2.5 million as electricity cost. It is estimated with the price for the most expensive renewable energy (feed-in tariff of geothermal power in Taiwan) in 0.17 USD/kWh to evaluate the maximum value. Therefore, the actual procurement cost of green electricity will be lower than that.

2. SBT-NZ scenario: Estimation based on the scenario of achieving SBT net zero

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.

Financial impact analysis

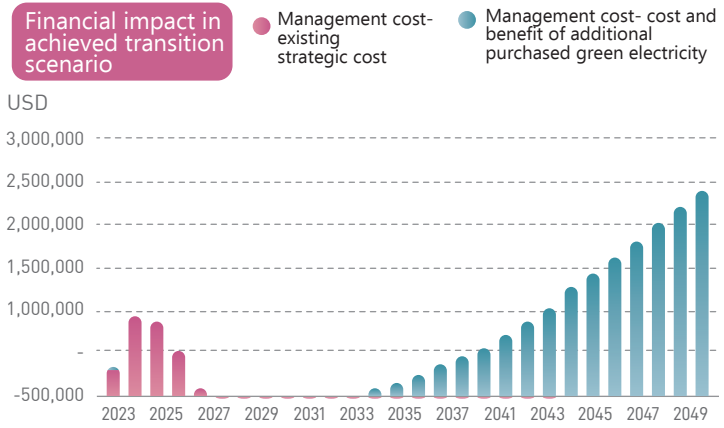
Carbon fee calculation is based on the price of SSP1-1.9. Because Taishin will continue purchasing green electricity according to SBT scenario, with an expectation of achieving SBT requirements, there will be no expenditure on carbon tax.

Green electricity gap analysis

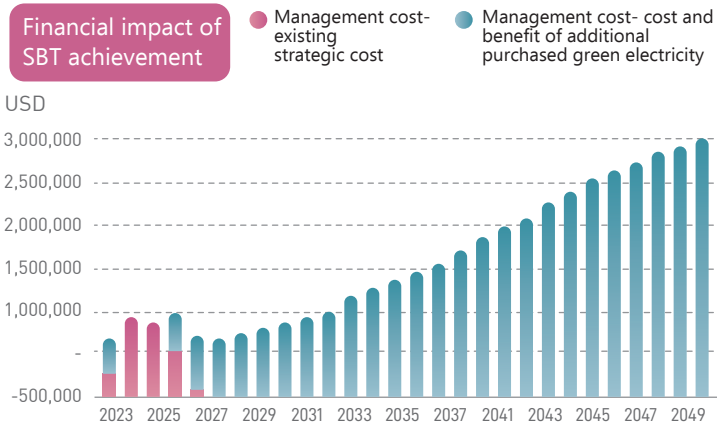
It is estimated that about 55 million kWh of green electricity will be needed in 2050.

1. The main strategy adopted by Taishin to achieve SBT-NZ scenario is through the procurement of green electricity. After 2026, continuous purchase of green electricity will still be required to achieve SBT. It is estimated around 55 million kWh of green electricity will be required in 2050.
2. For the year in 2050, enterprises will have to provision additional cost of around US$3 million as electricity cost. It is estimated with the price for the most expensive renewable energy (feed-in tariff of geothermal power in Taiwan) in 0.17 USD/kWh to evaluate the maximum value. Therefore, the actual procurement cost of green electricity will be lower than that.

Analysis of total cost estimation in the scenario of Taishin achieved transition required by the local government



Analysis of total cost estimation in the scenario of Taishin achieved SBT-NZ



Risk Management

3.1 Climate Risk Management and Framework
3.2 Climate Risk Management
3.3 Biodiversity Risk

3

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

3.1 Climate Risk Management and Framework

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.

Taishin FHC Risk Management Policy

When Taishin and its subsidiaries deal with various business, the association between climate-related and existing risks shall be identified. Climate-related risks shall be incorporated into the existing structure of risk management to develop relevant management mechanism. Main subsidiaries follows the principle established by the holding company and include climate-related risks in their risk management policy to develop their management measures.

Climate-related risk appetite

Taishin has introduced the Task Force on Climate-related Financial Disclosure (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 caron emission industries list.

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 investment and financing in tar sands, shale oil, liquefied natural gas, Arctic oil and gas extraction, and ultra-deep-water extraction by 2040.

Taishin FHC Climate and Natural Risk Management Guidelines

To assess of potential risks from climate change and environmental degradation, we further promote FHC and its subsidiaries to develop appropriate climate-related risk mitigation and adaptation measures for the enhancement of overall management in climate-related and natural risks. Taishin FHC has established "Climate and Natural Risk Management Guidelines" for the implementation of climate-related and natural risk management mechanism. The content covers the identification, monitoring and scenario analysis of climate-related, natural risk, high carbon emission industries, and nature-sensitive industries. Besides, we manage relevant risks according to the three lines of defense in internal control as well as report the risk and formulate disclosure mechanisms.

High carbon emission industries

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.

Taishin Subsidiaries Climate and Natural Risk Management Mechanism

It specifies the definition of climate change risks, assesses potential risks and opportunities related to climate change, divide climate change risk management organizational structure and responsibilities, and develop mitigation and adaptation measures related to climate risks.

- **Investment risk management**
- **Financing risk management**
- **Insurance risk management**
- **Own operations risk management**
- **Supplier risk management**

Roles and responsibilities of the three-lines 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.

Identification

Each responsible unit, based on business characteristics, conducts annual identification of climate-related risks.

Evaluation

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

Management and monitoring

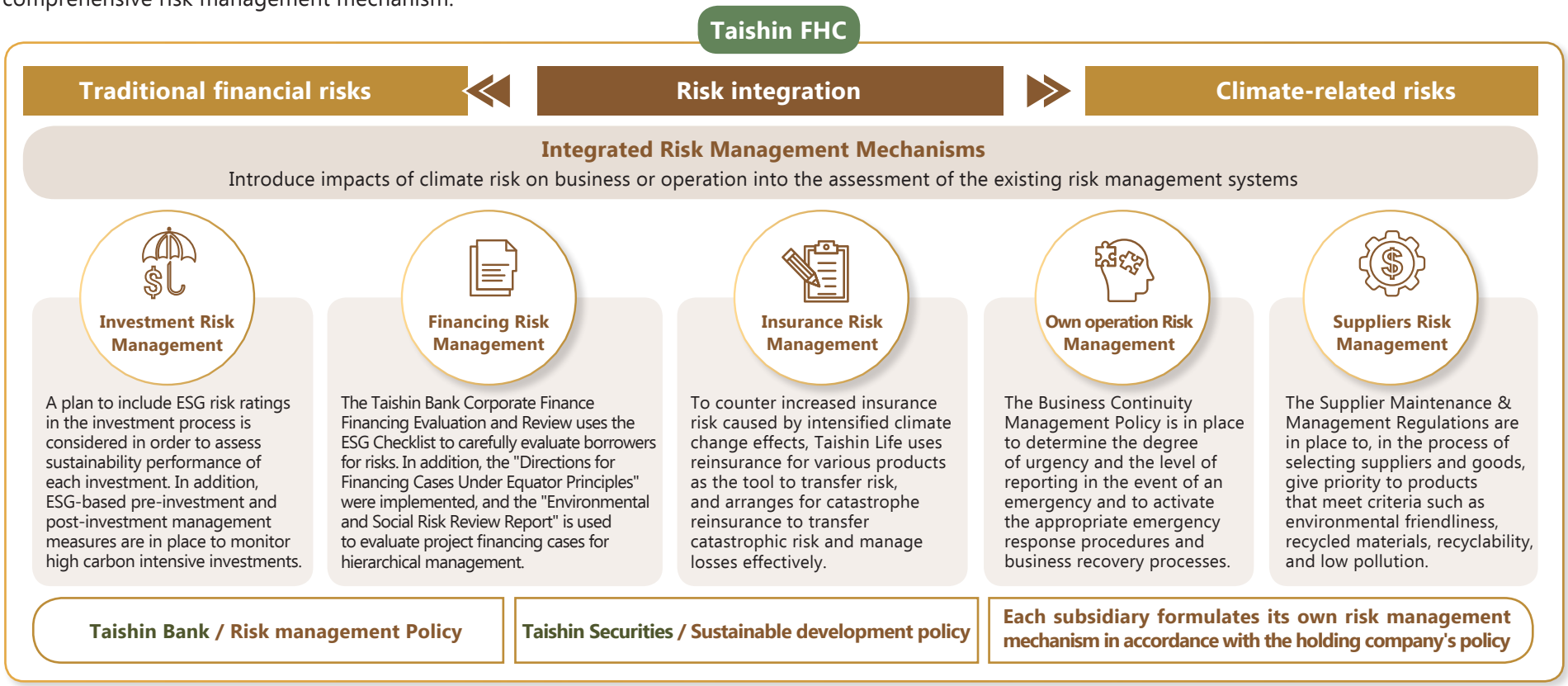
After assessing the impacts of climate-related risks, each responsible unit will develop related management measures and continue analysis and monitoring.

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 as well as report to 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. Through integrating with traditional risks, they aim to establish 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 rights and 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. To ensure business continuity of important business and the effectiveness of related backup mechanisms in the event of sudden disasters and uncontrollable factors, Taishin FHC holds regular on-site drills every year. In addition, physical risk assessment and its adaptation plans have been introduced and completed at all operating sites of own operations (including new sites of operation) from 2021.

Taishin FHC BCM Framework

BCM governance	Business impact analysis	Business continuity plan (BCP)	Regular on-site drills , tests, and discussion for improvement	Notification mechanism
Taishin FHC supervises each subsidiary to establish its own business continuity management norms or plans according to the regulations of their supervisory authorities, operational scale, and internal management needs.	An important initial step in the BCM cycle, used to determine the Recovery Time Objective (RTO), the Recovery Point Objective (RPO), recovery priority, and to assess the minimum resources required for recovery in preparation in advance.	The recovery operation procedures planned in advance to respond to sudden disaster events aim to ensure that key services can be provided to important clients continuously at an acceptable minimum operational level. When usual business locations become unusable or are completely/partially damaged due to a sudden disaster, the BCP should be immediately activated.	The purpose of BCP drills are to ensure that the BCP can be immediately activated and executed effectively when a disaster occurs, allowing key operations to restore to acceptable minimum operational level within the RTO.	When a disaster occurs and requires the Business Continuity Plan (BCP) to be fully or partially activated, the units responsible for supervision and management should be notified immediately. If necessary, significant information should be released and it should be reported to the competent authority.

Own Operational Risk Adaptation Plans for Taishin FHC and Its Subsidiaries

	Actions taken		
Item	**Ongoing**	**Regularly**	**Annual**
Operating sites and owned property	1. 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. 2. 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.	1. To prevent flood disasters during the plum rain season and typhoons, drainage ditch desilting operations are performed annually on owned buildings at moderate risk. 2. 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	1. Require suppliers to sign "Supplier Commitment Statement", achieving a **100%** signing rate 2. In 2024, a supplier conference was held with a participation rate of **87%**, and assessment were conducted on **105** suppliers to monitor their operational status and respond to potential risks	Supplier commitment statement signing rate reaches **100%**	Holding supplier assessment and supplier conference
Expected new operating sites	Purchase related insurance for the site	Purchase related insurance for the site	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.

Decarbonization Strategy

Gradual Divestment

- Coal-related Industries
- Unconventional Oil and Gas Industries

1 Decarbonization Strategy

Taishin comprehensively sets timetable for no new 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

Science-Based Targets (SBT) for carbon emissions reduction

- Phased Carbon Reduction Goal Setting
- Adjustment of Investment and Financing Strategies
- Annual Public Disclosure of Achievement Status

2 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, a target of reducing the greenhouse gas emission intensity and engagement by 45%-59% across industry by 2030 compared to 2019 has also been set. 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.”

High carbon emission industries

- Electricity and Gas Supply Industry (excluding green power generation)
- Extraction of Crude Petroleum and Natural Gas Industry
- Petrochemicals-related Industry
- Manufacture of Pulp, Paper, and Paper Product Industry
- Basic Metals Manufacturing Industry
- Manufacture of Textiles Industry
- Cement Industry

3 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, whereas Taiwan's carbon fee is also published 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.

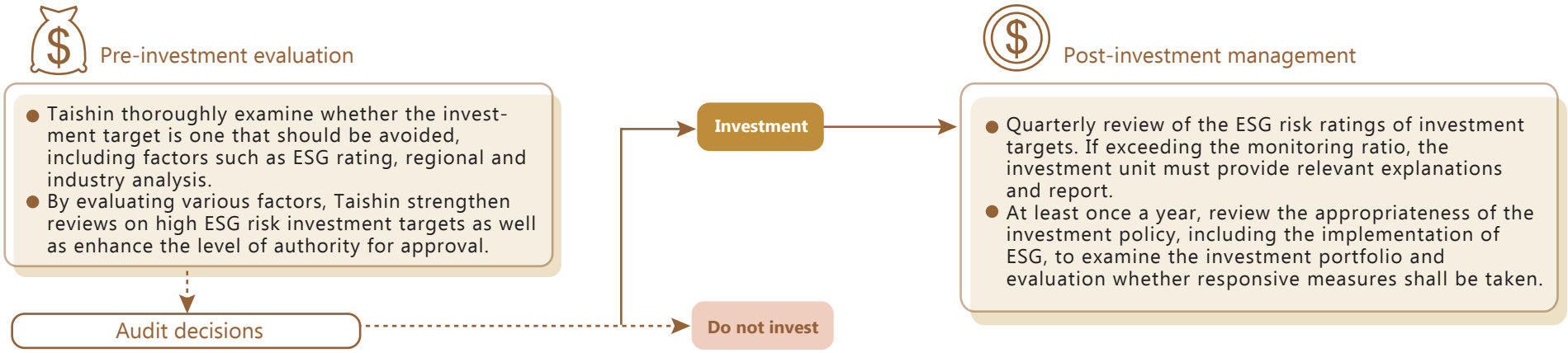
Risk management on investment positions

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.

Taishin FHC

Subsidiary	Type of Own Asset	Responsible Investment Management
Taishin Bank	Stock, bond	● Reviewing the list of investment targets to be avoided. Specific industries will be conducted selection and assessment on ESG risk rating/ CSR report or relevant information. For targets with high ESG risks, it will be conducted reinformed reviewing and enhanced authority level of approval. ● Implementing tracking control after investment. Rating of ESG risks on the investment targets shall be reviewed every quarter, and the appropriateness of ESG implementation specified in the investment policy shall be reviewed at least once every year.
Taishin Securities	Stock, bond	● In accordance with the "Taishin Securities Proprietary Trading Operation Management Guidelines," ESG issues must be incorporated into the investment analysis and decision-making process prior to investing in investment-type products, in order to enhance investment value. ● After the investment, the ESG rating of the investment positions shall be reviewed quarterly and handled in accordance with relevant regulations, serving as a reference for position adjustments.
Taishin Life	Stock, bond	● The "Pre-Investment Evaluation and Post-Investment Management Guidelines" have been established to integrate ESG indicators into the investment decision-making process. The ESG risk rating of the issuer, guarantor, or the parent company of the group (as applicable) is reviewed as part of the evaluation. For investment targets identified as having high ESG risk, stricter review process are implemented, and the approval authority level is elevated accordingly. ● Post-investment monitoring is conducted on a quarterly basis to review the ESG risk ratings of investee entities. Regular assessments are carried out to evaluate whether these companies are effectively upholding and implementing ESG principles.
Taishin Securities Investment Trust	Stock (fiduciary)	● Reducing ESG risks on the investment targets through "Taishin Securities Investment Trust Green Finance Evaluation Form." Separate documentation shall be formulated on assets and industrial classification to review relevant risks. ● Conducting tracking control after investment as well as reviewing and adjusting investment targets every quarter.

Non trading purpose Investment Before and After Management Process



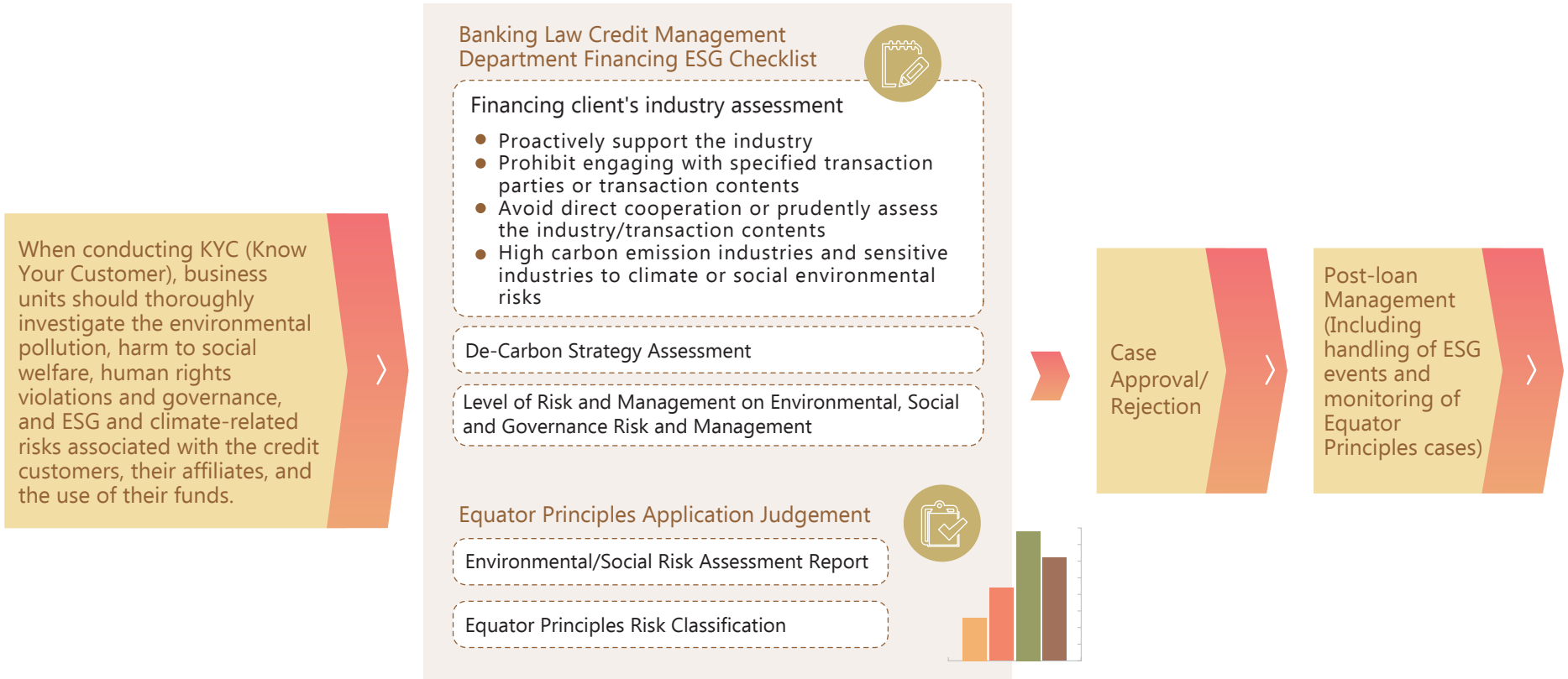
Risk management on financing positions

Taishin also proactively follows the United Nations Principles for Responsible Banking (PRB) to promote more responsible financial services and standards with a sustainable development framework and has signed the Equator Principles. The Corporate Banking Credit Management Division has established "Equator Principles Financing Operation Guidelines" to conduct risk assessments and classification management for financing cases related to equator principles through the "Environmental and Social Risk Assessment Form."

Taishin Bank revised the "Credit Business Guidelines" to include provisions of assessing ESG risks on new credit business and the relevant related checklist and to integrate ESG, climate and carbon related factors, and the Equator Principles into the credit review process. During the process of communicating ESG-related risks and opportunities with clients, reports form Joint Credit Information Center are considered in every case for risk assessment. Through the control mechanism of KYC (Know Your Customer) before loan, tracking control is carried out after loan to monitor the related ESG credit risks in highly sensitive industries.

In addition to the above processes, we also follow research reports from Taishin Investment Consulting. Before drafting, the research team conducts on-site visits to company factories or participates in the investor conference to assess the overall situation of the company operations and industry dynamics, including sustainability-related topics, corporate integrity, social responsibility, and the environmental impact by business activities. Next, the environmental and social risk team reviews and confirms these assessments to approve credit application according to the relevant regulations formulated by Taishin Bank. Moreover, for positions of specific high-carbon industries, funds will be directed to assist companies in the reduction transition. Targets and timelines of elimination that have been scheduled for positions committed to decarbonization, ongoing control is in place to reduce exposure and actively strengthen the management of transition risks.

Taishin Bank corporate finance financing evaluation and audit process diagram



3.2.2.2 Adaptation of Physical Risks

Credit risk management of personal finance housing loans

In 2024, global surface temperature exceeded 1.5□ above the pre-industrial level for the first time. Global extreme climate is getting worse, and it makes the assessment of climate change risks more difficult. In May 2024, Retail Banking Credit Division published "Standard Operating Procedure for ESG Risk Assessment in Retail Credit Applications" to strengthen the reviewing of ESG risk on credit cases, including whether the collateral is located at an area with high climate physical risks, as importance reference for the assessment of credit business. Besides, for several communities that were damaged badly by typhoon, like "Hongxi Villa" in Zhushan Township, Nantou County (loss of roadbed in the front door) and "Bisha Shanshui" in Zhongzheng District, Keelung City (rear slope landslide), a control setting has been done on the retail banking mortgage appraisal system to continue observing handling status after the disaster. Through the dynamic management and differentiated credit business management on areas with high climate physical risks specified in the mortgage credit guidelines, the two measures working in parallel shall be effective in reducing potential loss to retail banking mortgage granted by Taishin Bank caused by climate disasters.

Corporate Financial Collateral Risk Management

Taishin monitors changes in the financial and business conditions of credit clients closely, regularly reviews their financial statements, and reflects the result in the clients' credit ratings. For post-loan control, we pay attention to any significant negative information from time to time and regularly review the financial statements published by 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.

In the appraisal process for the collateral received in credit business of wholesale banking credit, the factor of price impact in different region has been considered. Compared to general property of real estate, lands used for forestry or areas prone to landslides are likely to be damaged or destroyed by natural disasters caused by climate anomalies. These types of property have been specified in the "Overseas Business Division Property Collateral Appraisal Procedures" that such properties should not be solicited as collateral. Moreover, for property collateral in flood-prone areas, each case will be carefully evaluated or the loan-to-value ratio will be reduced to mitigate potential losses to the company caused by physical risks.

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 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.
	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 reinsurance arrangements by Taishin Life Insurance.
B: Accidental disasters causing multiple people to claim at the same time, leading to a large amount of claims payments in a short period.	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 per capita for the currently insured, the catastrophe reinsurance arranged by Taishin Life Insurance 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.

3.3 Biodiversity Risk

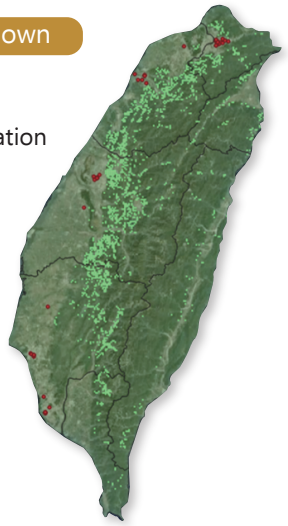
According to "Global Risk Report" published by World Economic Forum (WEF) in 2025, it warns us the impact of impairment of ecological services to enterprises is increasing every day. The ranking of the threat by the loss of biodiversity and ecological collapse in long-term risks (within 10 years) rises to second place. In December 2022, UN Biodiversity Conference (COP 15) approved "Kunming-Montreal Global Biodiversity Framework (GBF) to urge governments, enterprises, and investors emphasize on the issues of destruction of natural and ecological system and decline in biodiversity. The framework requests the evaluation of impact to natural environment and biodiversity to avoid negative impacts, implementation of recovery, protection, and regeneration, and pursuit of economically and environmentally sustainable development. WEF estimated over half of global economic output value rely on the resources and functions provided by natural and ecological systems. Without solutions to the issue of the loss of natural capital, enterprises may face material shortage, reduction of productivity, change of operating environment, and other challenges.

3.3.1 Impact Analysis on Biodiversity

Taishin refers to the methods of Locate, Evaluate, Assess, and Prepare (LEAP) published by the Taskforce on Nature-related Financial Disclosures (TNFD) and follows the steps of Locate to adopt Taishin FHC's operating sites in Taiwan and the operating sites of investment and financing clients in nature-related sensitive industries as the targets. With "Taiwan Ecological Network Biodiversity Hotspot Map
published by Forestry and Nature Conservation Agency, we estimate hotspots of animal biodiversity according to grid of 1X1Km before conducting guild classification in forest, open habitat, and stream wetland. "Habitat Guild Animal Biodiversity Hotspot" is then created by overlapping above animal biodiversity hotspots to analyze whether any of Taishin FHC's and investment and financing targets' operating sites overlap with the biodiversity hotspot.

Operating site of our own

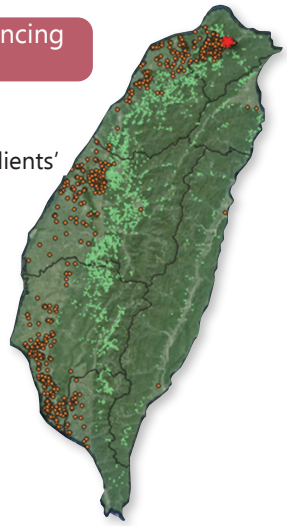
- Biodiversity hotspot
- Location of own operation



Within **500** meters from the **48** operating sites run by Taishin FHC, none is located in the biodiversity hotspot.

Operating sites of financing clients

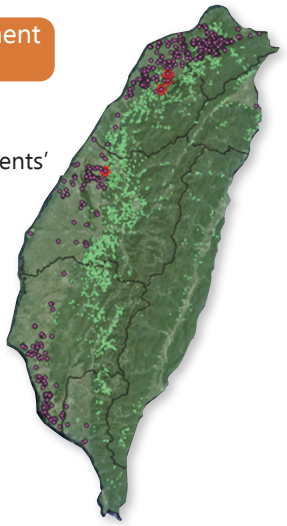
- Biodiversity hotspot
- Location of financing clients'
- Overlapped sites



Within **500** meters from the **944** operating sites run by FHC financing clients, one is located in the biodiversity hotspot.

Operating site of investment clinets

- Biodiversity hotspot
- Location of investment clients'
- Overlapped sites



Within **500** meters from the **1,040** operating sites run by FHC investment clients, four are located in the biodiversity hotspot.

Taishin FHC signed Equator Principles in 2019 and established "Guidelines for Loan Applications Applicable to the Equator Principles" to conduct additional review and management on environmental and social risks on cases applicable to Equator Principles. In 2023, we became the supporting institution to Taiwan Nature Positive Initiative launched by BCSD Taiwan and support and pay attention to environmental and ecological conversation, energy conservation and carbon reduction, and protection to biodiversity and natural resources.

3.3.2 Dependency and Impact Analysis of Investment and Financing Portfolio

Taishin FHC follows the steps of Evaluate to evaluate interaction between own operations and the four key areas of natural environment (land, ocean, freshwater, and atmosphere) from dependency and impact to confirm nature-related risks and opportunities. Among them, we refer to ENCORE Database to analyze the level of dependency and impact of the 16 sensitive nature-related industries suggested by TNFD. Global Industry Classification Standard (GICS) is adopted for the classification of industries, and it is presented in the table below in five levels, very high, high, medium, low, and very low. The table also shows the statistics of the ratio of investment and finance to the industry by the Company.

Very Low **Low** **Medium** **High** **Very High**

Nature-related Sensitive industries	Service of supply					Service of regulation and maintenance																Ratio of total investment/ financing amount(%)
	Direct resource input					Required for production process						Mitigating direct impact				Protection measures for destruction to environment						
	Animal-based energy	Fibres and other materials	Genetic material	Ground water	Surface water	Nursery and habitat maintenance services	Pollination	Soil and sediment retention	Air filtration	Water flow regulation	Water purification	Bioremediation	Dilution by atmosphere and ecosystems	Filtration	Sensory Effects Modulation	Material Flow Buffering and Attenuation	Global climate regulation	Disease regulation	Flood and strom mitigation	Slope and Coastal Stabilization	Pest Control	
Oil, Gas and Consumable Fuels																						0.51
Chemical Industry																						1.62
Construction Materials Industry																						0.50
Containers and Packaging Industry																						0.07
Metals and Mining Industry																						1.95
Paper and Forest Products Industry																						0.31
Construction Services (Including metal product manufacturing)																						6.81
Wastewater Treatment, Waste Collection, Treatment and Disposal																						0.12
Transportation and Related Services (Including Air Transport)																						0.81
Automobile Industry																						0.11
Textiles, Apparel and Luxury Goods																						1.17
Beverage and Food Industry (Including Agriculture)																						1.10
Personal Care Goods																						0.15
Pharmaceuticals																						0.95
Semiconductors and Semiconductor Equipment																						0.15
Public Utilities (Including power generation, natural gas, independent power plants, renewable energy generation and hydropower)																						1.98
Sum of Nature-related Sensitive Industries																						18.31

Note 1: Statistics of risk exposure by FHC include the investment and financing positions from Taishin Bank, Taishin Life Insurance, and Taishin Securities by the end of December 2024.
Note 2: Investment include equity and debt.
Note 3: Calculation of total amount (%) of investment and financing: total amount of investment and financing in nature-related sensitive industries/ total amount of investment and financing.

Nature-related Sensitive industries	Water Consumption	Land Ecosystem Utilization	Freshwater Ecosystem Utilization	Marine Ecosystem Utilization	Other Resource Utilization	Greenhouse Gas Emissions	Non-Greenhouse Gas Air Pollution	Water Pollutants	Soil Pollutants	Solid Waste	Sensory Disturbance	Ratio of total investment/ financing amount(%)
Oil, Gas and Consumable Fuels												0.51
Chemical Industry												1.62
Construction Materials Industry												0.50
Containers and Packaging Industry												0.07
Metals and Mining Industry												1.95
Paper and Forest Products Industry												0.31
Construction Services (Including metal product manufacturing)												6.81
Wastewater Treatment, Waste Collection, Treatment and Disposal												0.12
Transportation and Related Services (Including Air Transport)												0.81
Automobile Industry												0.11
Textiles, Apparel and Luxury Goods												1.17
Beverage and Food Industry (Including Agriculture)												1.10
Personal Care Goods												0.15
Pharmaceuticals												0.95
Semiconductors and Semiconductor Equipment												0.15
Public Utilities (Including power generation, natural gas, independent power plants, renewable energy generation and hydropower)												1.98
Sum of Nature-related Sensitive Industries												18.31

Note 1: Statistics of risk exposure by FHC include the investment and financing positions from Taishin Bank, Taishin Life Insurance, and Taishin Securities by the end of December 2024.
Note 2: Investment include equity and debt.
Note 3: Calculation of total amount (%) of investment and financing: total amount of investment and financing in nature-related sensitive industries/ total amount of investment and financing.
Note 4: ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool jointly developed by Global Canopy, United Nations Environment Programme Finance Initiative (UNEP FI), and UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). Financial institutions use it to map the physical impact and dependency relationship to the nature.

3.3.3 Nature-Related Risks and Opportunities

Taishin FHC follows the steps of Asses and refers to the definition of nature-related risk factors by TNFD to initially identify nature-related risks and opportunities faced by Taishin FHC as well as describes the FHC businesses and time scale impacted by these nature-related risks and opportunities.

Type Of Risk	Natural Risk	Impact	Existing Risk Corresponded	Time Scale	Value Chain					
					Suppliers	Own Operations	Investment	Financing	Collaterals	Insurance Underwriting
Transition-technology	Transition of new products and new technology	**Supplier**: During the process of developing new products or services, manufacturers have to invest additional capital to reduce the dependency and impact to the nature. The cost will eventually be transferred to Taishin. **Own operation and customer**: During the process of transition, Taishin and customers of investment and financing have to invest additional costs in developing new products of innovative services to reduce the dependency and impact to the nature. If failing to catch up the transition, there will be a risk of being eliminated from the market now or in the future.	Operational risk Market risk Credit risk	Medium term	●	●	●	●		
Physical-immediacy	Poor forestry, water, and soil conservation	**Supplier and own operation**: If any of the operating sites run by suppliers or Taishin is close to slope or in the area prone to landslide or fallen trees, it may cause interruption to own operation and even endanger the safety of employees'. **Customer**: If any of the operating sites run by customers is close to slope or in the area prone to landslide or fallen trees, it may cause interruption to their operation and even endanger the safety of customers'.	Operational risk Credit risk Insurance risk	Long term	●	●	●	●	●	●
Transition-market	The rise of market demands in environment- and nature-friendly products and services	**Supplier, own operation and customer**: If suppliers, Taishin, and customers of investment and financing fail to timely respond to the market demands in environment- and nature-friendly products and services, they will be at risk of losing competitiveness and market share.	Operational risk Market risk Credit risk	Long term	●	●	●	●		

Type Of Opportunity	Natural Opportunity	Impact	Time Scale	Value Chain					
				Suppliers	Own Operations	Investment	Financing	Collaterals	Insurance Underwriting
Product and service	Nature-related financial products and services	**Own operation and customer**: To respond to the international trend towards conservation of natural environment and consumer behaviors, Taishin increased the development of and/ or nature-related solutions as well as nature-friendly products and services to expand scope of service and enhance the effectiveness of operation.	Short term		●	●	●		
Market	Initiatives and engagement actions	**Supplier, own operation and customer**: Through initiative and engagement actions, Taishin exercises our financial influence and communicate with stakeholder in the financial value chain for joint development of innovative finance related to nature to enhance profits.	Short term	●	●	●	●		
Resilience	Enhancing investment related to nature conservation	**Own operation and customer**: Taishin increases investment in those investment targets related to nature conservation to reduce environmental risks and create potential profits.	Medium term		●	●			

3.3.4 Human Rights Issues and Engagement with Local Communities

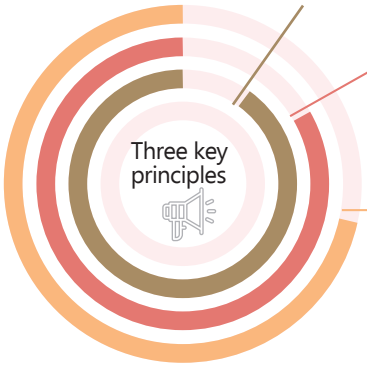
Taishin FHC complies with international regulations related to human rights, including Universal Declaration of Human Rights, International Labour Organization, United Nations Guiding Principles on Business and Human Rights, and Equator Principles to actively implement SDGs. Besides, we incorporate these into our own "Sustainable Finance Policy" to carefully review and avoid working with enterprises that are in question in human rights. After reviewing operational mode adopted by Taishin, it is found employees, customers (including borrowers), and suppliers are objects who are most relevant to human rights. Taishin formulated separate policies, statements, or guidelines as the highest directions for protection to human rights. With three key principles of communication, protection and supervision, we maintain stakeholders' rights and establish foundation of corporate ethics in Taishin.

Management regulations related to human rights in Taishin:

Employee
Taishin FHC Sustainable Development Best Practice Principles
Taishin FHC Statement on Human Rights

Customer
Taishin FHC Privacy Statement
Taishin FHC Sustainable Finance Policy

Supplier
Taishin FHC Supplier Management Regulations
Taishin FHC Supplier Commitment Letter



Communication
Taishin conveys human rights policies to stakeholders through education training, websites, and emails.

Protection
Taishin enforces human rights protection measures from daily operations to business activities.

Supervision
Human rights risk surveys are conducted on a regular basis to determine the level of risk exposure and explore mitigation measures.

Metrics and 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

4

In response to the commitment to achieve science-based targets (SBT) carbon reduction goal, Taishin FHC set relevant indicators and goals from two strategic perspectives: "Transition Strategy of Own Operations " and "Net-zero Carbon Emission in Financial Business " as well as discloses greenhouse gas emissions and other data.

4.1 Science-Based Targets (SBT) and Achievement

Taishin FHC became a founding member of the "Taiwan Net-Zero Emissions Association" in 2021 and was approved the SBTi review in July, 2022. In Scope 1 and Scope 2, it set a goal of limiting the rise of temperature within 1.5°C as greenhouse gas reduction strategy and aims to achieve the goal by 2030. For carbon emission, the goal is to reduce 46% of carbon emission from that in the base year, 2019 (emissions of 22,223 metric tons in 2019) , and it is equivalent to 4.2% carbon reduction every year. In terms of Scope 3, 2019 is also used as the base year (carbon emissions in investment and financing positions was 611,625 metric tons) to set the reduction goal as better than 2° C in financing and investment respectively. The SBT goals and the latest achievement status of assets possessed by Taishin FHC are as follows. Taishin FHC will disclose the achievement of disclosure goals every year and review the applicability of each goal every five years.

Strategic targets related to greenhouse gas and corresponding indicators and goals

Strategic target	Indicator			Base Year	Goal						
	Scope of the Target	Unit of measurement	Type		Purpose	Scope	Type	Duration	Method	SBT achievement in 2024	Milestone
2050 Net zero emissions	Ratio of total Scope 1 and Scope 2 greenhouse gas emissions	Percentage	Quantified	2019	Reduced greenhouse gas emission	Consolidated	Emission intensity	Until 2050	Absolute reduction	Reduced **21%**	In 2030, carbon emissions is reduced **46**%, compared to that in the base year, 2019.
	Ratio of companies that we invest for long term complete setting their own SBT								Engagement	Achieved **29%** on the positions	To achieve **38%** in 2027
	Setting different goals for different departments								Please refer to the table below for the mid-term goal of Scope 3 investment and financing portfolio.		

Mid-term goal for Scope 3 investment and financing portfolio

Department/ object	Scope	Method of financing	Type	Base year	Emission in the base year	Emission volume	Method	SBT achievement in 2024	Mid-term goal
Commercial real estate	Scope 3	Corporate loan	Emission intensity	2019	247.93	127.33	SDA	Reduced **49%**	To achieve **59%** in 2030
Power generation related	Scope 3	Corporate loan	Emission intensity	2019	0.36	0.00	SDA	Reduced **100%**	To achieve **50%** in 2030
Fossil fuel sector	Scope 3	Corporate long-term loan (Note 5)	Emission intensity	2019	-	-	Engagement	Achieved **0%** on positions (Note 7)	To achieve **52%** in 2030
Service/ commercial building industry	Scope 3	Corporate long-term loan (Note5 and Note 6)	Emission intensity	2019	75.55	45.92	SDA	Reduced **39%**	To achieve **58%** in 2030
Steel sector	Scope 3	Corporate long-term loan (Note 5)	Emission intensity	2019	2.39	0.40	SDA	Reduced **83%**	To achieve **45%** in 2030
"Semiconductor Secotr," "Liquid Crystal Panel and Components," "Computers, Electronic and Optical Products Manufacturing," "Other Electronic Parts and Components Manufacturing," and "Bare Printed Circuit Boards Manufacturing" industries	Scope 3	Corporate long-term loan (Note 5)	Emission intensity	2019	-	-	Engagement	Achieved **40%** on positions	To achieve **56%** in 2030

Note 1: The inventory of carbon emission for Scope 3 investment and financing is based on the scope defined in SBT.
Note 2: SDA is Sector Decarbonization Approach.
Note 3: Taishin Life Insurance was consolidated to Taishin FHC on June 30, 2021; as a result ,investment carbon inventory data was included Taishin Life Insurance from 2022.
Note 4: Only SBT required items are included. Scope: Listed and OTC stock (common stock and preferred stock) and corporate bond, excluding sovereign bond, green bond, private equity, and derivatives.
Note 5: Long-term loan does not included SME loan and loan below one year.
Note 6: The scope of corporate loan in service/ commercial building sectors excludes the wholesale industry and retail industry.
Note 7: Because SBT does not publish goals for the fossil fuel industry, SDA approach for the industry is still under formulation. Therefore, no clients in the fossil fuel industry complete SBT setup.

Implementation status of climate-related goals (including performance and trend or change analysis)

Own operations

Base year | 2019
Scope 1 + 2

SBT goals	Methodology	SBT Achievement Status for 2024
Total carbon emissions reduce **46%** in 2030.	Absolute reduction	**Guidelines for energy conservation and carbon reduction:** • Increased green building certification • Introduced air-conditioning energy management system, greenhouse inventory system, and replacement of electricity-saving equipment • Increased renewable energy procurement (ratio of the electricity consumption with renewable energy: 22%) • Ongoing project of replacing existing company cars with hybrid electric vehicles or electric vehicles as well as installing charging points for electric vehicles

Financing

Base year | 2019
Scope 3

SBT goals	Methodology	SBT Achievement Status for 2024
Emission intensity ($kgCO_2e/m2$) of commercial real estate is aimed to reduce **59%** in 2030.	SDA	Coal mining field: No new coal mining field financing from 2022. **Coal-fired power plant:** • Taishin no longer engages in new project financing for coal-fired power plants from 2022. • All power plant-related financing by Taishin has been exclusively directed toward renewable energy, with fund usage restricted to renewable energy purposes only since October 2023 **Strategy for decarbonization (financing):** • Eliminated the whole coal industry in 2023 (By the end of 2023, Taishin FHC has engaged with no coal mining field product financing/ financing and coal-fired power plant project financing/ financing position). • Eliminating all unconventional oil and gas industries in 2040. **An ESG checklist for credit cases has been developed to guide capital allocation toward corporate transition and climate adaptation, with the aim of enhancing corporate clients' sustainability awareness, reducing greenhouse gas emissions, and continuously increasing the number of client companies participating in theSBTi.**
Emission intensity (tCO_2e/MWh) of loans related to power generation is aimed to reduce **50%** in 2030.	SDA	
Ratio of the positions of long-term loan companies in the fossil fuel sector completing their SBT goals setup is aimed to achieve **38%** in 2027.	Engagement	
Emission intensity ($kgCO_2e/m^2$) from long-term loan and in service/ commercial building industries is aimed to reduce **58%** in 2030.	SDA	
Emission intensity (tCO_2e/ tons) from long-term loan in the steel industry is aimed to reduce **45%** in 2030.	SDA	
Ratio of the positions of long-term loan companies in Semiconductor Sector," "Liquid Crystal Panel and Components," "Computers, Electronic and Optical Products Manufacturing," "Other Electronic Parts and Components Manufacturing," and "Bare Printed Circuit Boards Manufacturing" industries completing their SBT goals setup is aimed to achieve **42%** in 2027.	Engagement	

Investment

Base year | 2019
Scope 3

SBT goals	Methodology	SBT Achievement Status for 2024
Ratio of the position of long-term invested companies completing their SBT goals setup is aimed to achieve **38%** in 2027.	Engagement	No new coal mining field investment from 2023. No new coal-fired power plant (except green energy power investment) from 2025. **Strategy for decarbonization (investment):** • Eliminated the whole coal industry in 2030. • Eliminating all unconventional oil and gas industries in 2040. • Continue to monitor investee companies and take appropriate engagement actions.

4.2 Environmental Data of Own Operations

Taishin FHC has developed its own operational transition plan to address the climate-related risks and opportunities identified in Chapter 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:

Performance of energy-saving and carbon reduction actions

Taishin FHC continues reducing greenhouse gas emissions through three-stage net zero, including measures of energy-saving, energy-creating, and energy purchasing. Besides, we introduced internal carbon pricing to evaluate the decision that has the greatest effect on carbon reduction to carefully execute cost budgeting. In 2024, we invested a total of NT$74 million in energy-saving projects and created the effect of saving around 3.7 million in electricity fee every year. In 2024, project carbon emissions reduced 4,950 metric tons; it is 26.9% of the total emissions in Scope 1 and Scope 2 in 2024.

Summary of performance in carbon reduction action plans

Method	Action plan	Accumulated performance	Annual electricity consumption saved in accumulation (kWh)	Annual carbon reduction accumulated (tCO_2e)	Electricity consumption saved by projects in 2024 (kWh)	Project carbon reduction in 2024 (tCO_2e)	Cost input for projects in 2024 (NT$ million)
Energy conservation	Air-conditioning energy management system	1 location	206,000	102	206,000	102	19
	Replacement of energy-efficient air conditioners	49 locations	1,426,838	705	78,120	39	
	Replacement of energy-efficient lamps	39 locations	1,173,810	580	345,246	171	
	Green Building	7 buildings	Included the energy saving benefits of air conditioners or lightings	Included the energy saving benefits of air conditioners or lightings	-	-	
Energy procurement	Renewable energy certificates	389,000 kWh	-	192	-	42	55
	Renewable energy electricity	17,125,607 kWh	-	8,460	-	4,597	
Total			2,806,648	10,039	629,366	4,950	74

Note 1: The annual electricity saving and carbon reduction are estimated figures. The electricity emission factor follows 0.494 $kgCO_2e/kWh$ for 2023.

Note 2: The cost-saving effect is based on the calculation of NT$6, the average price for green electricity.

Historical data of energy consumption

The primary energy source in Taishin FHC 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	2022	2023	2024
Inside the organization	Renewable energy	Self-generated for internal use	kWh	16,300	33,506	33,506
		Purchased green electricity	kWh	680,000	7,140,689	9,304,918
		Purchased T-REC	kWh	63,000	73,000	85,000
		Subtotal	**kWh**	**759,300**	**7,247,195**	**9,423,424**
	Non-renewable energy	Gasoline	Liter	316,728	318,276	306,697
			kWh	2,872,652	2,886,692	2,781,669
		Diesel	Liter	11,781	8,655	5,516
			kWh	115,073	84,540	53,873
		Purchased electricity	kWh	41,857,060	35,757,074	33,252,300
		Subtotal	**kWh**	**44,844,785**	**38,728,306**	**36,087,842**
	Renewable energy + non-renewable energy	**Total**	**kWh**	**45,604,085**	**45,975,501**	**45,511,266**
	Electricity intensity		kWh/person	3,773.36	3,713.67	3,498.58
			kWh/NT$ million	641.40	615.07	492.75
Outside the organization(ATM)	Electricity consumption		kWh	7,114,639	6,947,204	6,955,890

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

Note 2: There are 10 of FHC's operating sites installed with solar panel on the roof. Among them, solar power generated in Neihu Building is in bulk sale to Taiwan Power. Solar power generated at the rest 9 locations is for internal use. Therefore, 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. The source of the fund for electricity intensity is from the net income listed in FHC Consolidated Financial Statements.

Note 4: Eight tier-2 subsidiaries of FHC's, including Taishin Sports and Entertainment, Taishin Daan Leasing, Taishin Financing Leasing, Taishin Futures, Taishin Securities Venture Capital, Taishin Capital Management, Taishin Health Investment, and Taishin Real Estate Management, and six operating sites of Taishin Bank were included to inventory in 2024; relevant figures of non-renewable energy in 2022~2023 were substituted with the figures in 2024.

Note 5: The degree calculation for electricity intensity includes both renewable and non-renewable energy. In 2024, the revenue per kWh was NT$2,029, which is an increase of 25% compared to the previous year.

Historical data of greenhouse gas emissions

In accordance with the SBT pathway, Taishin FHC 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 2024 is 18,382 tCO_2 e, which is a decrease of 6.18% compared with the total emissions in 2023.

1 Scope 1 and Scope 2

Scope	Unit	2022	2023	2024
1	tCO_2e	1,863	1,910	1,932
2 (location-based)		21,626	21,246	21,089
2 (market-based)		21,248	17,683	16,450
1+2 (location-based)		23,489	23,156	23,021
1+2 (market-based)		23,111	19,593	18,382
Emission intensity (market-based)	tCO_2e/person	2.05	1.69	1.51
	tCO_2e/NT$ million	0.35	0.28	0.21

Note 1: The scope of greenhouse gas emission covered by Taishin FHC is Scope 1 and Scope 2 emissions, including carbon dioxide, methane, and hydrofluorocarbons. Because Taishin FHC is classified as banking industry, we have no emissions of ozone depleting substances, nitric oxide & nitrogen dioxide, and sulfur dioxide. The electricity carbon emission factor follows 0.494 $kgCO_2e$/kWh published for 2023 as calculation basis.

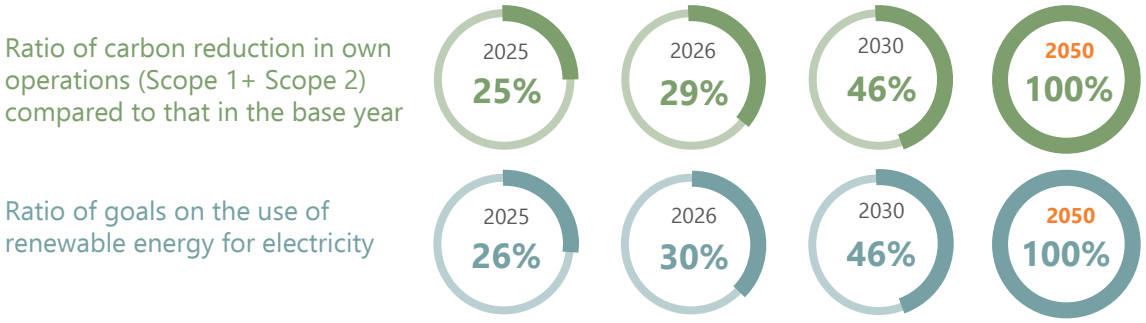
Note 2: Eight tier-2 subsidiaries of FHC's, including Taishin Sports and Entertainment, Taishin Daan Leasing, Taishin Financing Leasing, Taishin Futures, Taishin Securities Venture Capital, Taishin Capital Management, Taishin Health Investment, and Taishin Taishin Real Estate Management, and six operating sites of Taishin Bank were included to inventory in 2024; relevant figures of carbon emission in 2022~2023 were substituted with the figures in 2024.

Note 3: The number of people for carbon emission intensity calculation includes the total number of employees (full-time and part-time) in Taishin FHC and its subsidiaries. The source of the fund for carbon emission intensity is from the net income listed in FHC Consolidated Financial Statements.

Note 4: In 2024, the revenue per tCO_2e was NT$4,711,554, which is an increase of 32% compared to the previous year.

2 Goals of greenhouse gas reduction every year

In July 2022, we passed the audit of Science Based Targets initiative (SBTi). Adhering to a greenhouse gas reduction pathway that limits temperature rise within 1.5°C, with 2019 as the base year, it requires a 46% reduction in Scope 1 and Scope 2 by 2030, thus setting an average reduction target of 4.2% each year.



Note 1: Taishin FHC 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 as early as 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.

The use of carbon credit/ emission allowance in 2024

In 2024, FHC HQ in Taishin FHC Building and Taishin Securities Zhongli Branch passed PAS 2060 carbon neutrality by SGS Taiwan. Carbon credit of 70 tCO_2e and 20 tCO_2e were used respectively to offset remaining carbon emissions.

Type of carbon credit/ offset		Location of the project	Carbon credit vintage	Carbon credit validation	Remark
Nature-based or technology-based carbon removal	Removal/ reduction/ avoided emissions				
Technology-based carbon removal	Reduction	Landfill power capture	2022	GS	Taishin FHC HQ Website: GSF Registry
Technology-based carbon removal	Reduction	Wind power generation	2016	GS	Taishin Securities, Zhongli Branch Website: GSF Registry

4.3 Net-Zero Emission Data of Financial Business

Taishin FHC developed a net-zero transition plan for its financial services in response to the climate-related risks and opportunities identified in Chapter 2.1.2. It adopts greenhouse gas emission as a factor for investment and financing decisions to help the promotion of low-carbon transition in the industry. The data of relevant indicators is as follows:

4.3.1 Carbon Emissions from Investment and Financing Positions

Taishin FHC has conducted a carbon inventory calculation for Scope 3 investment and financing positions, and the data of carbon emissions over the years is shown in the table below:

1 Overview of Scope 3 carbon emissions, carbon footprint, and coverage rate

		2022	2023	2024
Investment positions	Carbon emissions (tCO_2e)	716,672	2,510,311	2,772,661.59
	Carbon footprint (tCO2e/ NT$ million)	2.52	4.00	3.83
Financing positions	Carbon emissions (tCO_2e)	632,736	1,857,227	2,015,166.37
	Carbon footprint (tCO_2e/ NT$ million)	2.77	1.71	1.71
Total carbon emissions from investment and financing positions		1,349,408	4,367,538	4,787,827.95
Total carbon footprint from investment and financing positions		2.63	2.55	2.52
Inventory coverage rate (%)		21.70	65.50	66.90

Note 1: The calculation of carbon emissions from investment and financing positions is based on the methodology published by the international organization, "Partnership for Carbon Accounting Financials" (PCAF).
Note 2: Investment and Financing Carbon Footprint = Carbon emissions from investment and financing positions/inventory balance of investment and financing positions.
Note 3: Inventory coverage rate (portfolio coverage) = Inventory balance of investment and financing positions/ FVPL, FVOCI, AC, short-term loans, medium-term loans, long-term loans, and collections in the balance sheet.
Note 4: From 2022, Taishin Life Insurance was included in the scope of carbon inventory. In 2024, the inventory of financial carbon emissions further included Taishin Venture Capital Investment, Taishin Asset Management, Taishin Securities Investment Trust, and Taishin Securities Venture Capital.
Note 5: Using 2019 as the baseline year, the carbon emissions from investment and financing positions were 611,625 tons CO_2e.
Note 6: Only the SBT required items were included in the scope of carbon inventory in 2022.
Note 7: Scope of calculation: listed and OTC company stocks (ordinary shares, preferred shares), corporate bonds, and sovereign bonds, excluding green bonds, private equity, and derivative financial products.
Note 8: In 2023, scope of financing carbon inventory also included corporate credit loan less than one-year, mortgage and motor vehicle loan.
Note 9: The discrepancy between the sum of individual items and the total is due to rounding.

② Scope 3 carbon emissions and carbon footprint (by asset/ industry/ region)

Carbon inventory on investment and financing positions in 2024: Classified by asset

Type of asset	Carbon emissions (tCO_2e)	Carbon footprint (tCO_2e/ NT$ million)	Carbon emission percentage (%)	Score of data quality
Equity investment in listed/unlisted companies	66,400.41	1.23	1.39	1.52
Corporate bond investment in listed/ unlisted companies	854,489.18	2.43	17.85	1.63
Commercial loan	1,756,369.86	2.82	36.68	3.28
Project investment and financing	0.00	0.00	0.00	3.00
Commercial property investment and financing	83,592.51	1.62	1.74	4.00
Mortgage	88,896.00	0.21	1.86	4.00
Motor vehicle loan	86,308.00	1.45	1.80	3.98
Sovereign debt investment (excluding LULUCF)*	1,851,772.00	5.83	38.68	1.26
Total	**4,787,827.95**	**2.52**	**100.00**	**2.79**

Note 1: Asset classification is based on the inventory classification listed in the practice manual for Domestic Bank Investment and Financing Portfolio Financial Carbon Emissions (Scope 3).
Note 2: Mortgage calculation factors refer to the latest electricity carbon emission factors published by Energy Administration, Ministry of Economic Affairs and the energy usage intensity (EUI) specified in 2019 Green Building Evaluation Manual published by Ministry of Interior. Calculation factors used for motor vehicle loan is the kilometers listed in 2022 Small Private Passenger Cars Survey Report published by Ministry of Transportation and Communications and the energy efficiency testing value specified in the latest Vehicle Fuel Consumption Guide published by Ministry of Economic Affairs.
Note 3: Data of sovereign bond calculated with LULUCF: (1) carbon emissions: 1,663,287 tons CO_2e ; (2) carbon footprint: 5.24 tons CO_2e/NT$ million).
Note 4: The discrepancy between the sum of individual items and the total is due to rounding.

Carbon Inventory on investment and financing positions in 2024: Classified by industry

Type of industry	Carbon emission (tCO_2e)	Carbon footprint (tCO_2e/NT$ million)	Percentage of carbon emissions (%)
Extraction of Crude Petroleum and Natural Gas	795.61	2.71	0.02
Electricity and Gas Supply	427,280.68	17.99	8.92
Manufacture of Basic Metals	585,168.03	42.78	12.22
Petrochemicals-related	294,494.30	14.32	6.15
Manufacture of Paper, and Paper Products	78,830.77	14.37	1.65
Manufacture of Textiles	19,586.99	2.00	0.41
Cement	292,872.28	54.79	6.12
Others	3,088,799.30	1.71	64.51
Total	**4,787,827.95**	**2.52**	**100.00**

Note 1: Industry classification is based on High-Carbon Emission Industries List prepared by Taishin FHC, and the classification follows the category of industry published by Directorate-General of Budget, Accounting and Statistics.
Note 2: Others includes sovereign bond, mortgage and motor vehicle loans that are not classified by industry.
Note 3: The discrepancy between the sum of individual items and the total is due to rounding.

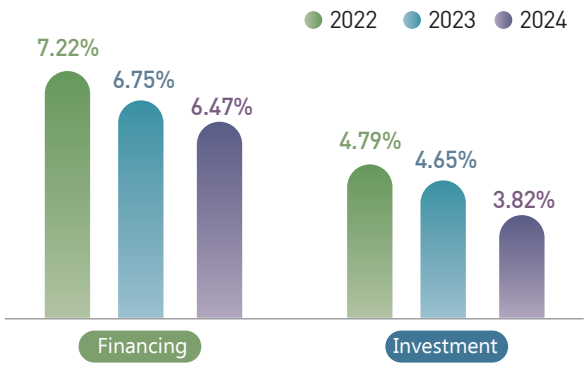
Carbon inventory on investment and financing positions in 2024: Classified by region

Region	Carbon emission (tCO_2e)	Carbon footprint (tCO_2e/NT$ million)	Percentage of carbon emissions (%)
Taiwan	2,317,639.60	1.93	48.41
Asia Pacific (excluding Taiwan)	869,053.33	3.95	18.15
America	1,344,294.54	4.16	28.08
Europe	14,703.71	0.18	0.31
Others	242,136.77	3.34	5.05
Total	**4,787,827.95**	**2.52**	**100.00**

Note 1 : The discrepancy between the sum of individual items and the total is due to rounding.

4.3.2 Exposure to High-Carbon Emission Industries

The company formulated "Climate Risk Management Guidelines" to industries with high-carbon emissions. We carefully assess the climate risks of counterparts during business transactions and decision-making. Risk exposure of high carbon emission industries is monitored by quarter, and the result will be reported at the risk management monthly meeting and to the Risk Management Committee and the Board of Directors. The inventory result of investment and financing positions from 2022 to 2024 shows a decreasing trend of risk exposure in high carbon emission industries. In terms of overall investment and financing, the ratio of risk exposure of high carbon emission industries reduced from 4.79% and 7.22% respectively in 2022 to 3.82% and 6.47% in 2024. The decrease in the exposure ratio of financing high-carbon emission industries was mainly due to the decrease in exposure to extraction of crude petroleum and natural gas industry, electricity and gas supply industry and manufacture of textiles industry; the decrease in the exposure ratio of investing in high-carbon emission industries was mainly due to the decrease in exposure to manufacture of basic metals industry and petrochemicals-related industries, Taishin FHC will continue supporting the "Taiwan 2050 Net-Zero Emission Pathway Blueprint" through climate risk assessments, renewable energy financing development, and active engagement with the invested companies to assist the industry moving towards low-carbon transition.



Financing Exposure ratio = Exposure amount in high carbon emission industries/ Total amount

Unit: NT$ million

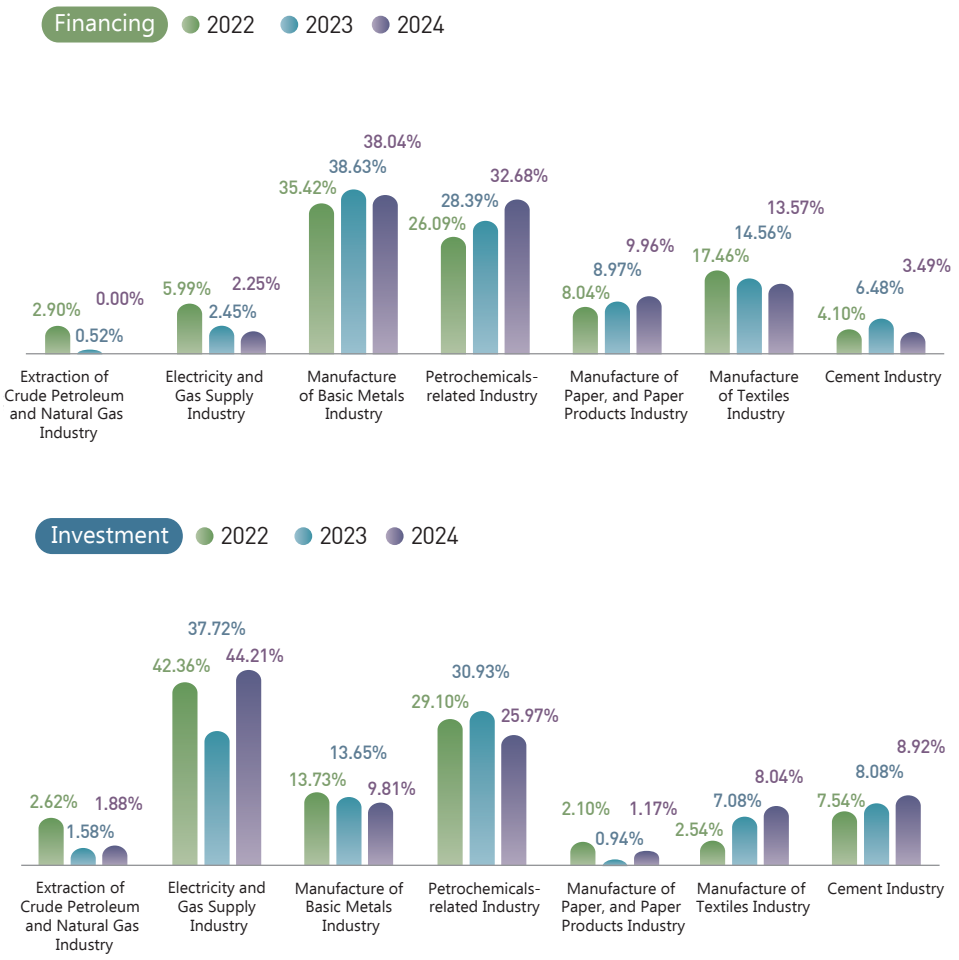
Industry with high carbon emissions	2022 exposure amount	2022 exposure ratio	2023 exposure amount	2023 exposure ratio	2024 exposure amount	2024 exposure ratio
Extraction of Crude Petroleum and Natural Gas	1,434	2.90%	247	0.52%	-	-
Electricity and Gas Supply	2,957	5.99%	1,170	2.45%	1,145	2.25%
Manufacture of Basic Metals	17,488	35.42%	18,478	38.63%	19,368	38.04%
Petrochemicals-related	12,883	26.09%	13,579	28.39%	16,639	32.68%
Manufacture of Paper, and Paper Products	3,972	8.04%	4,292	8.97%	5,071	9.96%
Manufacture of Textiles	8,622	17.46%	6,966	14.56%	6,909	13.57%
Cement	2,022	4.10%	3,099	6.48%	1,776	3.49%

Investment Exposure ratio = Exposure amount in high carbon emission industries/ Total amount

Unit: NT$ million

Industry with high carbon emissions	2022 exposure amount	2022 exposure ratio	2023 exposure amount	2023 exposure ratio	2024 exposure amount	2024 exposure ratio
Extraction of Crude Petroleum and Natural Gas	1,064	2.62%	726	1.58%	775	1.88%
Electricity and Gas Supply	17,175	42.36%	17,301	37.72%	18,242	44.21%
Manufacture of Basic Metals	5,569	13.73%	6,262	13.65%	4,049	9.81%
Petrochemicals-related	11,800	29.10%	14,188	30.93%	10,715	25.97%
Manufacture of Paper, and Paper Products	853	2.10%	432	0.94%	485	1.17%
Manufacture of Textiles	1,030	2.54%	3,249	7.08%	3,316	8.04%
Cement	3,058	7.54%	3,706	8.08%	3,681	8.92%

Change of risk exposure structure in high carbon emission industries



Note 1: Statistics of Taishin FHC risk exposure contain data from subsidiaries of Bank (including overseas branches), Life Insurance, and Securities.
Note 2: Investment includes equity and bond; equity exposure is measured at cost while bond exposure is measured at face value.

4.3.3 Low-Carbon Economy Data

Historical data on the efforts made to respond to net-zero carbon emissions, move forwards low-carbon investment and financing, and develop green products is as follows:

Unit: NT$ million

Category		2022	2023	2024
Credit	Renewable energy power generation loans	5,510	6,136	13,470
	ESG industry loans (Note 1)	47,715	48,096	50,025
	Sustainability infrastructure loans	30,954	45,979	55,662
	Sustainable water source and waste water disposal (Note 2)	-	-	273
	Clean transportation (Note 3)	-	-	275
	Sustainability-linked loans	19,341	17,925	44,394
	Electric/Hybrid vehicle loans (Note 4)	8,720	12,061	14,965
	Green building mortgage (Note 4)	733	2,324	2,037
Bond	ESG-related investment positions (Note 5)	18,018	26,075	27,714
	ESG-related Underwriting positions (Note 6)	3,748	5,702	4,736
Equity	ESG-related investment positions (Note 7)	2,431	778	5,936
	Renewable energy (solar power plant)	70	70	70
Funds	ESG-compliant funds investment	43	66	79
Product	ESG-related products in asset management comply with the investments specified in the Sustainability Report (including public and private funds and discretionary mandates)	47,913	48,062	69,900
Investment	Investment in Renewable Energy Power Plants	264	424	384
	Total	**185,460**	**213,698**	**289,920**

Note 1: ESG industry loan is based on the "Six Core Strategic Industries" excluding national defense related industries and high carbon emission industries before deducting "green loan," "sustainability-linked loan," and 'sustainability infrastructure loan" on the table above.
Note 2: Using financing that is friendly to the environment or society as basis of calculation, such as waste water disposal and sewage treatment. (Water supply)
Note 3: Using financing that is friendly to the environment or society as basis of calculation, such as rail transportation, public rapid transit system, and bus transport. (transportation ESG)
Note 4: Figures of consumer banking green building mortgage and electric/ hybrid vehicle loan are the new appropriation in the whole year. Other credit loans are the balance of lending by the end of the year.
Note 5: Targeted bond shall meet requirements of one of the following sustainability-linked bonds: green bond, social responsibility bond, sustainability bond, sustainable development-linked bond, and climate transition development bond.
Note 6: ESG bonds issued jointly by the underwriter in the financial industry and enterprises include green bond, social responsibility bond, and sustainability bond.
Note 7: Main subjects are based on ESG Index/ Assessment (such as DJSI, MSCI, Taiwan 50, Taiwan HC 100, Taiwan Corporate Governance 100 Index).

Appendix 1 Greenhouse Gas Inventory

Source of emission	Scope 1				Scope 2			
	2023		2024		2023		2024	
	Total emission (tCO_2e)	Intensity (tCO_2e/ NT$ million)	Total emission (tCO_2e)	Intensity (tCO_2e/ NT$ million)	Total emission (tCO_2e)	Intensity (tCO_2e/ NT$ million)	Total emission (tCO_2e)	Intensity (tCO_2e/ NT$ million)
Taishin FHC	-	-	-	-	57.7861	0.0038	35.3666	0.0017
Taishin Bank	1,346.8875	0.0299	1,426.0746	0.0276	13,531.3785	0.3008	12,871.5221	0.2488
Taishin Life	16.3068	0.0008	13.7950	0.0005	1,737.0455	0.0840	1,811.0689	0.0618
Taishin Securities	83.9744	0.0189	88.5714	0.0156	881.6226	0.1985	997.5391	0.1760
Taishin Securities Investment Trust	3.9427	0.0050	4.6175	0.0044	153.2003	0.1937	133.2793	0.1268
Taishin Securities Investment Advisory	-	-	-	-	71.4447	0.5723	43.7262	0.3374
Taishin Asset Management	14.1298	0.0474	11.7755	0.0378	17.1048	0.0573	33.4818	0.1075
Taishin Venture Capital Investment	-	N/A	2.5348	N/A	16.0225	N/A	9.8058	N/A
Taishin Sports Entertainment	Included in ISO 14064-1 inventory scope from 2024		0.0007	0.0000	Included in ISO 14064-1 inventory scope from 2024		3.6902	0.0200
Taishin D.A. Finance			23.5794	0.0369			185.7624	0.2911
Taishin Financial Leasing (China)			360.3989	1.7913			265.4341	1.3193
Taishin Futures			0.7197	0.0043			46.9774	0.2808
Taishin Securities Venture Capital			-	-			3.6959	0.0343
Taishin Capital			-	-			3.6297	0.0802
Taishin Health Investment			-	-			-	-
Taishin Real Estate Management			-	-			4.9986	0.0804

Note 1: To maintain consistency across reporting periods as much as possible, Taishin Group has continued to adopt the operational control approach under ISO 14064-1:2018 to measure GHG emissions for Scope 1, Scope 2, and Scope 3.
Note 2: In 2023, GHG inventories in accordance with ISO 14064-1:2018 were conducted for 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 Securities Investment Advisory, and Taishin Life, a total of 43 branches. The assurance level of greenhouse gas verification achieved reasonable assurance in Scope 1 and Scope 2. The assurance certificate was obtained on June 21, 2024.
Note 3: In 2024, GHG inventories in accordance with ISO 14064-1:2018 were conducted for Taishin FHC, Taishin Bank (including 107 domestic branches and 10 overseas branches), as well as Taishin Securities, Taishin Asset Management, Taishin Securities Investment Trust, Taishin Venture Capital, Taishin Investment Advisory, Taishin Life, Taishin D.A. Finance, Taishin Financial Leasing(China), Taishin Real Estate Management, Taishin Sports Entertainment, Taishin Futures, Taishin Securities Venture Capital, Taishin Capital, and Taishin Health Investment, covering a total of 76 locations. Verification was conducted by BSI in accordance with ISO 14064-3:2019. Scope 1 and Scope 2 emissions received reasonable level of assurance with no qualifications, and the verification statement was issued on May 16, 2025.
Note 4: Scope 2 emissions are presented on a market basis.
Note 5: The net income of Taishin Venture Capital Investment in 2023 and 2024 was in a negative value. Therefore, the intensity is shown as N/A.
Note 6: The certificate of assurance will be disclosed on the website of Taishin Financial Holdings/ 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: SRA-TW-804507

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: 2025-06-09 Expiry date: 2026-06-08

...making excellence a habit.™

Statement number: SRA-TW-804507

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: 2025-06-09 Expiry date: 2026-06-08

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

Dimension	Recommended disclosures for all sectors		Corresponding chapter in the Report
Governance	Description of the Board's supervision in climate-related risks and opportunities		1.1 Climate governance framework 1.2 Roles and responsibilities of the Board of Directors and the management team
	Description of roles of the management team in evaluating and managing climate-related risks and opportunities		1.1 Climate governance framework 1.2 Roles and responsibilities of the Board of Directors and the management team
Strategy	Description of the climate-related risks and opportunities over the short, medium, and long term identified by the organization		2.1 Climate-related risks and opportunities
	Description of the impacts to climate-related risks and opportunities on the business, strategy, and financial planning established by the organization		2.1 Climate-related risks and opportunities 2.2 Climate strategy and actions
	Description of the resilience of the strategies implemented by the organization, taking into consideration of different climate-related scenarios (including scenarios of 2°C or harsher situation)		2.3 Climate change scenario analysis and resilience assessment
Risk management	Description of the processes adopted by the organization to identify and assess climate-related risks		2.1 Climate-related risks and opportunities 3.1 Climate risk management and framework 3.2 Climate risk management
	Description of the process adopted by the organization to manage climate-related risks		3.1 Climate risk management and framework 3.2 Climate risk management
	Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management system established by the organization		3.1 Climate risk management and framework 3.2 Climate risk management
Metrics and targets	Disclosure of 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 Initiatives (SBT) and achievement 4.2 Data related to the transition strategy of own operation 4.3 Net-zero emission data of financial business
	7 key cross-industry 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 CO_2 equivalent; disclose the approach it uses to measure its greenhouse gas emissions.	4.2 Data related to the transition strategy of own operation 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.	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.	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.	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	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 Roles and responsibilities of the Board and the management team

Dimension	Recommended disclosures for all sectors	Corresponding chapter in the Report
	Scope 1, Scope 2 and (if applicable) Scope 3 GHG Emissions and Related Risks	4.2 Data related to the transition strategy of own operation 4.3 Net-zero emission data of financial business
	Description of the targets used by the organization to manage climate-related risks and opportunities and performance against the implementation of each target	4.1 Science-Based Targets Initiatives (SBT) and achievement 4.2 Data related to the transition strategy of own operation 4.3 Net-zero emission data of financial business
Dimension	**Guidance of disclosure for the Banks**	**Corresponding chapter in the 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.	2.1Climate-related risks and opportunities 3.1 Climate risk management and 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 Initiatives (SBT) and achievement 4.3 Net-zero emission data of financial business
Dimension	**Guidance of disclosure for Insurance Companies**	**Corresponding chapter in the 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 business scope of Life Insurance. For the rest disclosure, please refer to: 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 business scope of Life Insurance. For the rest disclosure, please refer to: 2.1 Climate-related risks and opportunities 2.3 Climate change scenario analysis and resilience assessment 3.1 Climate risk management and 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	The coverage ratioe of commercial real estate inventory this year was 100%; greenhouse gasGHG emission: 5,677.04 (tCO_2e) and unit investment carbon emission intensity per unit investment amount (tCO_2e/ NT$ million) 1.53.

Appendix 4 IFRS S2 Index

Disclosed item	IFRS S2 article number	Corresponding chapter in the Report
Governance	S2.6(a)	1.1,1.2,1.3
	S2.6(b)	1.1,1.2
Climate-related risks and opportunities	S2.10(a)	2.1
	S2.10(b)	2.1
	S2.10(c)	2.1
	S2.10(d)	2.1,2.2
Business model and value chain	S2.13(a)	2.1,2.3
	S2.13(b)	2.1,2.3
Strategy and decision	S2.14(a)	2.1,2.2,2.3,3.2,4.1,4.2,4.3
	S2.14(b)	2.1,2.2
	S2.14(c)	2.2,4.1,4.2,4.3
Financial status, financial performance, and cash flow	S2.16(a)	2.1
	S2.16(b)	Assessment of future disclosure
	S2.16(c)	Assessment of future disclosure
	S2.16(d)	Assessment of future disclosure
Climate resilience	S2.22(a)	2.3
	S2.22(b)	2.3
Risk management	S2.25(a)	2.1,3.1,3.2
	S2.25(b)	2.1,3.1
	S2.25(c)	2.1,3.1,3.2
Metrics and targets	S2.29(a)	4.2,4.3
	S2.29(b)	2.3
	S2.29(c)	2.3
	S2.29(d)	2.1,2.2
	S2.29(e)	2.1
	S2.29(f)	2.2
		1.2
Climate-related targets	S2.33	4.1, 4.2, 4.3
	S2.34	Appendix 2,1.2,4.1
	S2.35	Assessment of future disclosure
	S2.36	4.1, 4.2, 4.3
Items to be disclosed by commercial banks	S2.B62	Assessment of future disclosure

Appendix 5 Disclosure Information Consistency Statement

Taishin FHC discloses climate-related information in accordance with the provisionsof Article 10, Paragraph 1, Item 3, Item 5 of Regulations Governing Information to be Published in Annual Reports of Public Companies. Some of the information is slightly different from that disclosed in this report. The latest information disclosed in this report shall prevail.

Disclosure Contents of Taishin Holdings 2024 Annual Report		Corresponding chapter in the Report
Items	**Implementation status**	
(3) Describe the financial impact of extreme weather events and transformative actions.	To quantify the impact of climate-related risks on Taishin FHC and its main subsidiaries, we first identified material climate-related risks and then used the climate change scenario analysis method to assess the potential financial impacts of these risks. We measured climate-related loss on our investment and financing positions under different scenarios in the next 1 year (short-term), 2030 and 2050 based on NGFS and IPCC scenario assumptions and by following the "Climate Change Scenario Analysis Planning for Domestic Banks (2024 Edition)" promulgated by the Bankers Association of the Republic of China. Furthermore, by breaking down the climate risks affecting our exposures by industry, we identified industry-specific climate risk level and sampled members of high climate risk industries for assessment. Here is a brief overview of our risk assessment:	2.3 Climate change scenario analysis and resilience assessment

Risk category	Risk factors	Climate scenario	Evaluation scope	Analysis
Transition risks	Increased climate/ environmental regulations	● Short-term scenario (Impact of severe typhoons and carbon fee collection in the next 1 year) ● Net Zero 2050 scenario (global warming below 1.5°C by the end of the century) ● Disorderly transition scenario (IPCC SSP1-2.6) ● Fragmented World scenario (IPCC SSP2-4.5)	Corporate credit position of the banking to certain industries, namely,"Electricity and Gas Supply","Manufacture of Chemical Material and Fertilizers", "Manufacture of Basic Metals", and "Textiles".	For the expected loss rate of the high-climate risk industries in the analyzed targets under the short-term scenario, the "electricity and gas supply industry" has a higher proportion of domestic credit positions than other industries, resulting in an increase of average loss rate by about 3~4 basis points (BP) compared with the baseline scenario. In addition, under the 2050 long-term scenario, the average loss rate of high climate risk industries, such as the "Electricity and Gas Supply ", "Manufacture of Basic Metals ", "Textiles ", and "Manufacture of Chemical Material and Fertilizers ", in the three scenarios increases by about 49~130 basis points compared with the baseline scenario. With respect to the Fragmented World scenario, due to slow policy transformation and expected failure to achieve the warming target, enterprises are exposed to severe risks, with a significant increase in the loss rate.
	Risk of energy price Fluctuations		Bills, bonds and equity securities positions of banking, life insurance and securities to certain industry, namely, "Electricity and Gas Supply", "Manufacture of Chemical Material and Fertilizers", "Manufacture of Basic Metals", "Non-Metallic Mineral Products Manufacturing" and "Textiles".	In the short-term scenario, the average loss rate of the three scenarios increases by about 23-25 basis points compared with the baseline scenario. In the 2030 long-term scenario, due to the government's strong promotion of carbon-related policies, which exert a significant impact on the macro economy, the expected loss under the disorderly transition scenario is the most significant among the three scenarios, increasing by 27 basis points compared with the baseline scenario. Looking at the 2050 long-term scenario, the Fragmented World scenario brings the greatest impact, with an increase of about 50 basis points compared with the baseline scenario.
Physical risks	Growing frequency and severity of natural disasters		Locations of Taishin FHC and its subsidiaries' own assets (the scope of analysis covers 100% of existing and new business premises), and locations of suppliers	A total of 35 sites (76%) of Taishin FHC's own assets are not exposed to potential flooding, mudslides, or landslides under climate change scenarios, and are therefore classified as no risk. The remaining 11 sites (24%) are identified as having a risk factor of flooding. Among them, the number of low-risk and medium-risk sites remains at 2 and 9 respectively under different climate change scenarios and periods. However, under the long-term scenario of SSP5-RCP8.5, the number of low-risk sites decreases to 1, and the number of medium-risk sites increases to 10, indicating the impact of extreme rainfall under climate change on physical risks of premises. Taishin will continue to monitor changes in disaster potential at medium-risk premises, including regularly reviewing protective measures and safety at branches, strengthening disaster/flood prevention equipment, and developing backup plans.

For more details on the analytical process, please refer to the company's annual TCFD (climate-related financial disclosure) report.

Taishin Holdings

No.118, Sec.4, Ren-ai Rd., Da-an Dist.,
Taipei City 106, Taiwan R.O.C.
Tel : 886-2-2326-8888
https : //www.taishinholdings.com.tw/

Official website

Sustainability