



CTBC HOLDING
中國信託金控



2024

**Climate-related Financial
Disclosure Report**

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Letter from the Chairman

2024 has presented challenges to regional stability. Tensions between the United States and China have continued in the areas of technology and trade; Europe remains burdened by the prolonged Russia–Ukraine war; and the conflict between Israel and Hamas persists in the Middle East, with various factors contributing to volatility in global energy markets. However, it was also a year of significant progress for the global carbon market mechanism, as the guidelines for Article 6.4 of the Paris Agreement were adopted at the United Nations Climate Change Conference (COP29). These guidelines cover the rules for international carbon market trading and the accounting of emissions reduction outcomes, including system mechanisms, the Clean Development Mechanism, and the authorization and use of emissions reductions, thereby laying the foundation for greater transparency and effective operation of the global carbon market.

As a leading financial brand in Taiwan, CTBC Holding is committed to corporate social responsibility and continues its dual “Green Finance” and “Green Operations” efforts in alignment with the government’s Green and Transition Finance Action Plan. In 2024, CTBC Holding worked to enhance sustainable finance assessments and collaboration mechanisms by inviting experts from the Water Resources Planning Branch of the Taiwan Ministry of Economic Affairs’ Water Resources Agency to share insights on the current state of hydrological data and flood risk assessments in Taiwan. We did so in our capacity as the convener of the Data and Risk Control Working Group of the Financial Industry Net-Zero Promotion Platform. We also presented the outcomes of building the Financial Industry Physical Climate Risk Information Integration Platform, which enables financial institutions to utilize their data to better assess climate-related risks. In terms of disclosure performance, subsidiaries CTBC Bank, Taiwan Life, and CTBC Insurance were all recognized with the Award for Excellence in the inaugural TCFD Report Evaluation, organized by the Center for Business Sustainability at National Chengchi University under the guidance of the Financial Supervisory Commission (FSC). This achievement highlights the group’s outstanding performance in transparency, risk management, and climate governance in sustainability disclosures. In terms of capital, CTBC Bank continues to collaborate with the Industrial Technology Research Institute (ITRI) to accelerate the transition of corporate clients by sharing insights on green finance and carbon reduction technologies. In 2024, CTBC Holding also organized its first-ever Supplier Evaluation Sustainability Excellence Awards at its annual Supplier Conference, fostering a shared understanding and commitment across the supply chain to move collectively toward the 2050 net-zero target.

International climate governance involves complex and multifaceted issues, including geopolitical realities and national strategic interests. In the short term, international climate action may be hindered. However, as stated in Hexagram 10, Lü—one of the symbolic patterns used to convey guidance in the ancient Chinese text, the I Ching—“Treading your path with integrity brings good fortune to those who remain steadfast in quietude.” CTBC Holding will continue to play a pivotal role in linking green financial innovation with industrial low-carbon transition. In line with our mission as a founding member of the Coalition of Movers and Shakers on Sustainable Finance, we are committed to cross-sector collaboration and strategic deployment in order to build a green finance ecosystem and advance toward a climate-resilient and sustainable society with our stakeholders.

CTBC Financial Holding Co., Ltd.
Chairman
Wen-Long Yen

Wen-Long Yen



About this Report

The 2024 Climate-related Financial Disclosure Report is prepared not only in accordance with the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB) but also demonstrates the beginning of our alignment with the relevant requirements of IFRS S2 Climate-related Disclosures, issued by the International Sustainability Standards Board (ISSB). This alignment aims to enable the primary users of general-purpose financial reports to gain a more comprehensive understanding of CTBC Holding's governance, strategy, risk management, metrics, and targets related to climate risks and opportunities—demonstrating our commitment to achieving net-zero carbon emissions by 2050.

Reporting boundaries

The contents of this Report entail CTBC Financial Holding Co., Ltd. ("CTBC Holding" or "the Company") and our nine subsidiaries, namely CTBC Bank Co., Ltd. ("CTBC Bank"); Taiwan Life Insurance Co., Ltd. ("Taiwan Life"); CTBC Securities Co., Ltd. ("CTBC Securities"); CTBC Venture Capital Co., Ltd. ("CTBC Capital"); CTBC Asset Management Co., Ltd. ("CTBC Asset Management"); CTBC Investments Co., Ltd. ("CTBC Investments"); CTBC Security Co., Ltd. ("CTBC Security"); Taiwan Lottery Co., Ltd. ("Taiwan Lottery"); and CTBC Finance Co., Ltd. ("CTBC Finance").

Reporting period

The reporting period for this Report is from Jan. 1, 2024, to Dec. 31, 2024.

Reporting assurance

The Company engaged KPMG Taiwan to perform limited assurance for the specific metrics on climate-related risks in this Report in accordance with TWSAE and TWSAE. The limited assurance report is included in the Appendix of this Report. For the specific performance metrics on climate-related opportunities, the Company also commissioned KPMG Taiwan to perform limited assurance in accordance with TWSAE. Refer to the Appendix of this Report for the limited assurance report. For further information, refer to CTBC Holding's 2024 Sustainability Report.





Milestones

2012

- Signed on to the **CDP (formerly the Carbon Disclosure Project)**

2017

- Became the first financial institution in Taiwan to receive National Renewable Energy Certificates (T-RECs) issued by the Ministry of Economic Affairs
- Obtained for all of CTBC Bank's operational sites in Taiwan the **ISO 50001, ISO 14001, and ISO 14064-1 certifications**

2019

- **CTBC Holding established its Sustainability Committee**
- Signed or voluntarily adopted the Equator Principles (EP), Principles for Responsible Banking (PRB), Principles for Sustainable Insurance (PSI), and Principles for Responsible Investment (PRI)
- Created Taiwan's only outdoor fern ecology park

2020

- Signed on to the Task Force on Climate-related Financial Disclosures (TCFD) and the Partnership for Carbon Accounting Financials (PCAF); **appointed as PCAF's Asia-Pacific Chair**; joined the Global Impact Investing Network (GIIN)

2021

- Became the first financial institution in Asia to disclose its financed emissions using the PCAF methodology, and published the 2021 Climate Risk Assessment Report
- CTBC Bank extended **ISO 14064-1 verification to all of its overseas branches**

2022

- **Incorporated the goal of achieving net-zero emissions by 2050 into the group's long-term sustainability targets**
- Signed on to the Coalition of Movers and Shakers on Sustainable Finance, the Taskforce on Nature-related Financial Disclosures (TNFD), the Partnership for Biodiversity Accounting Financials (PBAF), Business for Nature, and the CDP Science Based Targets initiative (SBTi)

2023

- Served as the **inaugural rotating chair of the Coalition of Movers and Shakers on Sustainable Finance**
- **Committed to fully phasing out financing to coal mining and coal-fired power generation industries and non-conventional oil and gas extraction**, as well as both active and passive investments in coal mining, by 2035
- **Obtained approval for Science Based Targets (SBTs)**
- Hosted the **Impact Finance Forum**
- **CTBC Financial Park received dual certifications: the LEED v4.1 O+M Platinum certification, which is the highest level**, and the EEWB Diamond-level Green Building Label
- Completed the **first round of carbon credit transactions in collaboration with the Taiwan Carbon Solution Exchange**

2024

- Launched **GreenGPT**, a green carbon-tracking tool that calculates consumers' carbon footprints
- Became the first to invest in the development of an **AI-powered financial management platform** to manage SBTs for the financial industry through technology
- Launched the **CTBC 30x30 Biodiversity Action Initiative**, which commits to undertaking 30 actions to protect Taiwan's natural environment by 2030
- Became the only Taiwanese bank to serve as the domestic financial adviser for developers in **six offshore wind farm projects**
- Became part of the CDP's **A List**

Summary of the year's activities

Invited experts from the Water Resources Agency to share insights on Taiwan's hydrology and flood risk assessment (January 2024)

As short-duration, high-intensity rainfall events become increasingly frequent in Taiwan, it is not uncommon for daily accumulated precipitation to exceed 300 mm. Such extreme weather often overwhelms drainage systems, leading to flooding. In light of this, CTBC Holding, as the convener of the Data and Risk Control Working Group of the Financial Industry Net-Zero Promotion Platform, invited experts from the Water Resources Planning Branch of the Taiwan Ministry of Economic Affairs' Water Resources Agency to share their insights. During the session, the experts explained that there are currently 1,110 rain gauge stations, 334 water level stations, and 1,802 flood sensors installed across Taiwan. Flood-prone areas are also monitored using CCTV. This data enables the Water Resources Agency to monitor rainfall trends and water level changes in real time, thereby enhancing disaster preparedness and early warning capabilities. In addition, the Water Resources Agency has in recent years adopted AI and Big Data technologies, launching the Mobile Water Info App and the AI Robot Diana Smart Chatbot to provide real-time hydrological information and disaster prevention recommendations. Lastly, the agency also introduced the upcoming fourth-generation flood potential maps (expected to be completed and cover the entirety of Taiwan by 2027), and outlined

the core technical differences compared to the third-generation maps, along with practical applications of flood data. The training session, which focused on hydrological analysis, applications of basic water resources data, and flood risk assessment, drew approximately 130 participants from the finance industry. Attendees engaged in in-depth discussions with experts on the latest advancements and technological applications, gaining a more comprehensive understanding of flood risk and deriving substantial benefits from the session.



Director Kuang-chih Chang of the Water Resources Planning Branch, Water Resources Agency, Ministry of Economic Affairs.

CTBC Holding invited to share at the Green and Sustainable Finance Talent Development Program (August 2024)

As a benchmark for sustainable transition in the financial sector, CTBC Holding was invited by the Securities and Futures Institute to present its Financial Industry Physical Climate Risk Information Integration Platform at the Green and Sustainable Finance Talent Development Program. CTBC Holding Vice President Hsin-hui Yu emphasized that risk assessment and data analysis are essential for financial institutions' risk control and business decision-making. However, financial institutions face three key challenges in assessing climate-related risks: data accessibility, data quality, and data comparability. To support data application in the financial industry and address the challenges financial institutions face in interpreting raw data related to physical climate risks, the FSC, the Joint Credit Information Center (JCIC), and the Coalition of Movers and Shakers on Sustainable Finance formed the Data and Risk Management Working Group. In 2023, the working group collected information on the financial industry's data needs regarding climate risks. It then compiled all raw climate-related data available from domestic government agencies. With support from the JCIC and its consulting partners, the working group translated this data into information usable by the financial industry, establishing the Financial Industry Physical Climate Risk Information Integration Platform, which is available free of charge to all FSC-supervised financial institutions for evaluating climate-related risks.



Hsin-hui Yu, Head of CTBC Holding's Risk Management.

CTBC Bank, Taiwan Life, and CTBC Insurance honored with Award for Excellence in inaugural TCFD Report Evaluation (September 2024)

The Center for Business Sustainability at National Chengchi University organized the awards ceremony and symposium for the inaugural TCFD Report Evaluation. This evaluation was conducted in accordance with the recommendations on climate-related financial disclosures issued by the Financial Stability Board (FSB) in 2017 and 2021, and with reference to the



Cheng-hui Wu, left, director of the President's Office, CTBC Holding.



Meng-fa Wang, left, head of Taiwan Life's Risk Management Department, and Cheng-wei Chu, Head of CTBC Insurance's Risk Management Department.

Guidelines for Climate-related Financial Disclosures published by Taiwan's FSC at the end of 2021. In addition, the evaluation process served an educational purpose by offering suggestions for improving report content and sharing research findings and outcomes. Through the evaluation of TCFD reports, the public gains insight into the financial industry's efforts on climate-related issues, while companies that publish outstanding TCFD reports can serve as role models within the financial sector. The institutions evaluated included 38 domestic banks and 44 insurance companies (including subsidiaries in Taiwan and reinsurance companies). CTBC Bank, Taiwan Life, and CTBC Insurance all received awards for outstanding performance.

CTBC Bank and ITRI co-host the Net-Zero Sustainability Key Action Forum for a second time (September 2024)

In 2023, CTBC Bank partnered with the Industrial Technology Research Institute (ITRI) for the first time to jointly launch the 355 Carbon Reduction Plan, which integrates sustainable finance and net-zero technologies to provide tangible support for numerous corporate clients in their transition toward net-zero. To build on the momentum of this successful collaboration, CTBC Bank once again joined hands with ITRI in 2024 to host the Net-Zero Sustainability Key Action Forum. The event showcased the outcomes of their joint efforts to foster carbon reduction across the industrial value chain through a large-enterprise-led, small-business-supported approach as well as applying green financial technologies. CTBC Bank and ITRI jointly invited representatives from industry, government, academia, and research sectors to gather and examine global trends related to the “three arrows” of net-zero and sustainability: the Green New Deal, Green Economy, and Green Finance. The forum aimed to help industries transform crises into opportunities and explore new business potential. More than 3,000 participants joined both online and in person.



CTBC Bank and ITRI collaborated for a second time to host the Net-Zero Sustainability Key Action Forum, drawing over 3,000 participants from both online and in-person channels.

CTBC Holding supports Taiwan's development into an offshore wind power hub in Asia (October 2024)

The only Taiwanese financial advisor for all six major offshore wind farms in Taiwan

In 2017, CTBC Bank became an industry pioneer by establishing dedicated teams for financial advisory and project finance. Since then, the Company has been actively involved in the development of offshore wind farms across Taiwan and firmly supporting the development of renewable energy. CTBC Bank remains the only domestic financial institution to serve as the local financial advisor for all six major offshore wind farm developers in Taiwan.

To date, the Bank has led syndicated loan arrangements totaling more than NT\$470 billion, supporting projects with a combined installed capacity of over 3,700 megawatts (MW). As lead arranger, CTBC Bank provided tailored sustainable financial services for offshore wind farm developers. These services included comprehensive financial advisory support such as green energy market trend analysis, green power procurement planning, and investment and financing structure recommendations. In addition, the Company offered flexible financing channels, working in collaboration with developers, domestic and international financial institutions, and the National Credit Guarantee Administration to establish a new milestone in green financing for offshore wind farms.

Ørsted Greater Changhua Northwest Wind Farm – Taiwan's largest syndicated loan for offshore wind farm in 2024

Following its role as lead arranger for the Ørsted Greater Changhua Southeast Wind Farm syndicated loan in 2021, CTBC Bank once again acted as both financial advisor and lead arranger for Ørsted's Greater Changhua Northwest Wind Farm in 2024. The project has an installed capacity of 583 MW and a financing scale of NT\$60 billion, marking the largest offshore wind farm financing deal in Taiwan in 2024. Notably, it was the first time that state-owned banks participated and the first to incorporate a national credit guarantee mechanism, opening a new chapter in credit guarantees for offshore wind projects. The deal has received several international awards, including Global Finance – Sustainable Finance Deal of the Year, Global; and Global Finance – Sustainable Finance Deal of the Year in Asia-Pacific.

Note: The six major offshore wind farms are: Changfang and Xidao, Greater Changhua Southeast, Zhongneng, Greater Changhua Northwest, Fengmiao, and Greater Changhua Southwest.



CTBC Bank acted as the financial advisor for the syndicated loan of the Greater Changhua Northwest Offshore Wind Farm, with a total financing amount of NT\$60 billion—the largest offshore wind farm financing deal in Taiwan in 2024.

Hosts annual Supplier Conference (October 2024)

CTBC Holding worked with its suppliers to build a more sustainable supply chain, rallying 188 suppliers to jointly commit to net-zero emissions and environmental conservation at its 2024 Supplier Conference. To encourage broader supplier participation in achieving net-zero emissions by 2050, CTBC Holding introduced the inaugural Supplier Evaluation Sustainability Excellence Award. This award is based on the Supplier Management Principles, which evaluate suppliers on criteria such as human rights protection, environmental sustainability, codes of conduct, and personal data privacy. Suppliers were assessed through self-evaluation questionnaires and on-site audits to verify responses, and the Company conducted sustainability risk assessments and selected top-performing suppliers for recognition. During this year's conference, CTBC Holding also launched the CTBC 30×30 Biodiversity Action Initiative, inviting suppliers to jointly protect Taiwan's natural resources and native species.



CTBC Holding and 188 suppliers jointly committed to net-zero emissions and environmental conservation.

CTBC Holding wins eight awards at the 2024 Taiwan Corporate Sustainability Awards, including the Climate Leadership Award (November 2024)

CTBC Holding's performance in actively implementing ESG and sustainability initiatives earned it eight awards at the 2024 Taiwan Corporate Sustainability Awards (TCSA), including the prestigious Climate Leadership Award and Circular Economy Leadership Award. These honors underscore the Company's recognized contributions to sustainable development. As Chair of the Asia-Pacific region of the Partnership for Carbon Accounting Financials (PCAF), CTBC Holding actively supports both domestic and international sustainability initiatives and has adopted SBTs to implement its carbon reduction strategies. The Company continues to leverage robust risk management capabilities and has pledged to fully exit financing and investment in coal mining by 2035. Since 2017, CTBC Bank has established a dedicated team focused on offshore wind project financing. As of the end of 2024, it remains the only Taiwanese financial advisor to have served developers in all six major offshore wind farms in Taiwan. It has arranged over NT\$470 billion in syndicated loans for these projects, representing a combined installed capacity exceeding 3,700 megawatts (MW). This includes the Hai Long Offshore Wind Project—the largest offshore wind financing project to date in Taiwan and the Asia-Pacific region—driving energy transition. In December, CTBC Holding further received the Overall Performance Award and three Corporate Sustainability Report Awards at the 2024 Taiwan Corporate Sustainability Awards. Additionally, CTBC Bank Chairman James Chen received the Outstanding Corporate Sustainability Professional Award, marking the third time a CTBC Holding executive has received the highest individual honor at the TCSA.



CTBC Holding won eight honors at the 2024 TCSA, with CTBC Bank Chairman James Chen (left) and CTBC Holding President Rachael Kao (right) accepting the awards on behalf of the Company.



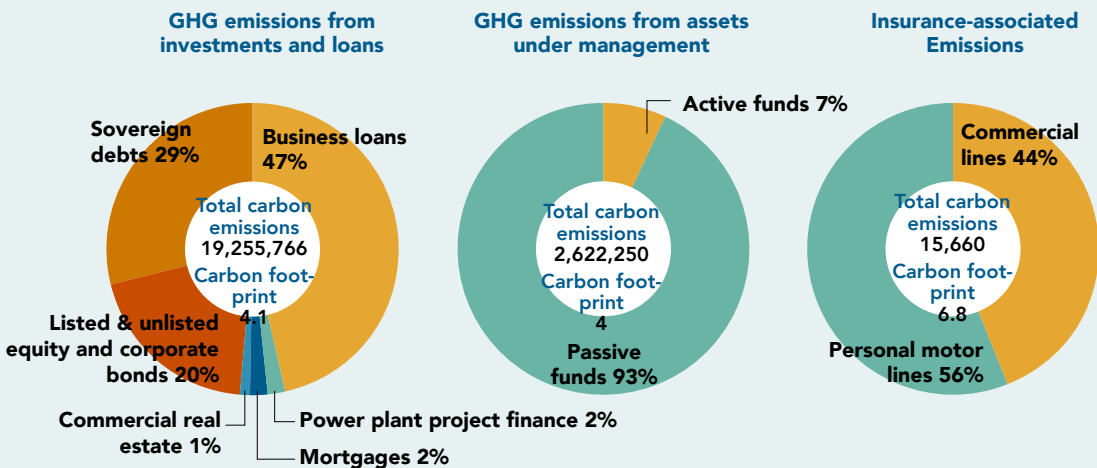
Highlights

CTBC Holding's SBT achievements in 2024

SBT asset type	Target category	Indication light
Commercial real estate	SDA kgCO ₂ e/m ²	●
Power plants project finance	SDA_tCO ₂ /MWh	●
Corporate loan (electricity generation)	SDA_tCO ₂ /MWh	●
Corporate loan (over one year maturity, excluding SMEs)	TR (S1+S2)	●
	TR (S1+S2+S3)	●
Listed equity, corporate bonds (including mutual funds)	TR (S1+S2)	●
	TR (S1+S2+S3)	●

Legend for 2024 SBT achievement status: Green light = the metric is aligned with the target pathway; amber light = the indicator exceeds the target pathway and is under continuous improvement.

2024 CTBC Holding greenhouse gas (GHG) emissions from investments & loans, assets under management by CTBC Investments and Insurance



Typhoon and flood insurance premium revenue:
+31%
(compared to 2023)

Number of sites included in Scope 1 and 2 inventories:
25
(2024)

Renewable energy usage—emissions reduction achieved:
-3,764
metric tons
(2024)

Number of corporate engagements on investment and financing:
Over 330
companies
(2024)

Total loan balance for green technology, circular economy, green electricity and renewable energy industries, green expenditure, and sustainability-linked loans:
NT\$357.5 billion
(2024)

Performance in green bond underwriting and issuance:
+143%
(compared to 2023)

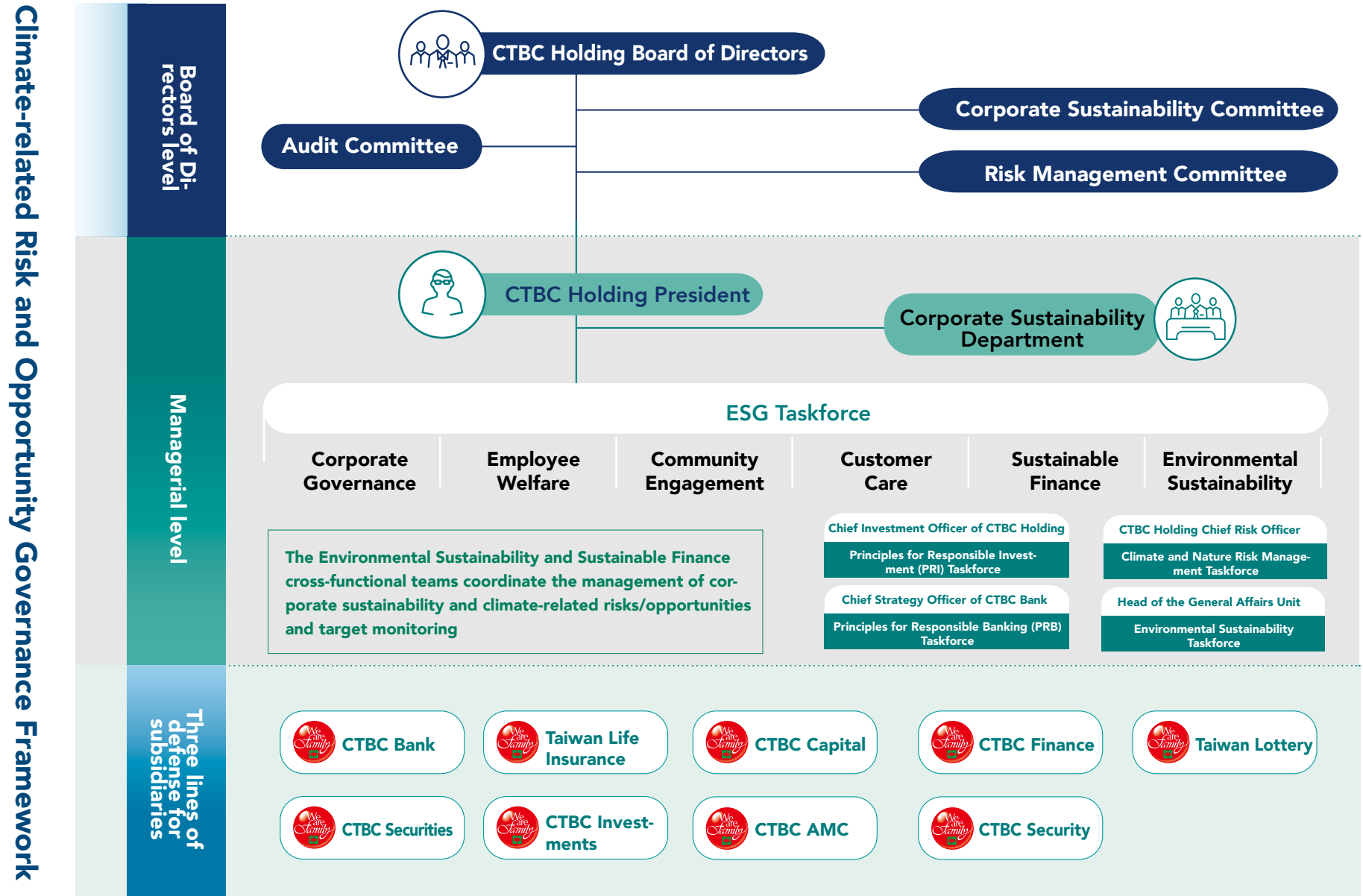




1

Governance

- 1.1 Role of the Board of Directors in Climate-related Risk and Opportunity Governance
- 1.2 Role of Management in Climate-related Risk and Opportunity Governance
- 1.3 Climate Culture and Capacity Building



1.1 | Role of the Board of Directors in Climate-related Risk and Opportunity Governance

The Board of Directors of CTBC Holding is composed of seven members, four of whom are independent directors (accounting for approximately 57% of the Board). The Board has established the Sustainability Committee, the Risk Management Committee, and the Audit Committee to assist in the review of climate-related issues. In 2024, a total of 13 climate-related (including nature-related) proposals were addressed, covering topics such as annual sustainability plans and targets, the establishment and management strategies of SBTs for Scope 1, 2, and 3 emissions, projects aligned with IFRS Sustainability Disclosure Standards, revisions to climate risk management policies, and regular monitoring reports on climate-related risk metrics and targets.

Board of Directors level	Chairperson/ Convener	Members	Meeting Frequency	Summary of Responsibilities Related to Climate Risks and Opportunities
Board of Directors	Chairman	Board directors	Monthly	Serves as the highest supervisory body for climate- and nature-related risks and opportunities. Responsible for approving relevant policies, targets, and major decisions; overseeing progress and implementation of initiatives concerning climate-related risks and opportunities; and ensuring that such risks and opportunities are properly considered in significant capital expenditures as well as mergers and acquisitions (Note).
Corporate Sustainability Committee (Functional committee)	Independent directors	Four independent directors	Convenes at least twice per year	Reviews the annual plans, targets, and execution of each ESG taskforce; conducts quarterly reviews of the group's GHG inventory progress for Scope 1 and 2 emissions.
Risk Management Committee (Functional committee)	Independent directors	Three independent directors	Monthly	Reviews groupwide climate risk management policies; conducts semi-annual review of transition and physical risk trends, Scope 3 financed emissions, and SBT progress.
Audit Committee (Functional committee)	Independent directors	Four independent directors	Monthly	Reviews internal control systems and audit findings related to climate-related risks and opportunities, as reported by the internal audit unit.

Note: For example, prior to executing a merger or acquisition, CTBC Holding conducts corporate valuation in accordance with the CTBC Holding Merger and Acquisition Management Guidelines. This process includes a comprehensive assessment of various risks and opportunities, including the climate-related risk management of the target company. The results of this assessment serve as a reference for the Board of Directors in its review of the M&A proposal.

1.2 | Role of Management in Climate-related Risk and Opportunity Governance

To balance business growth, stakeholder interests, and the sustainable development of the environment and society, CTBC Holding has established an ESG Taskforce under its management team. The taskforce has established various sub-taskforces to address six areas: corporate governance, environmental sustainability, employee care, sustainable finance, social engagement, and customer care. For environmental sustainability, two taskforces are in place: the Climate and Nature Risk Management Taskforce and the Environmental Sustainability Taskforce. For sustainable finance, the PRB Taskforce and PRI Taskforce have been established and are responsible for planning and implementing strategies and initiatives related to climate-related management.

Management	Chairperson/supervising executive	Member/unit	Meeting Frequency	Summary of Responsibilities Related to Climate Risks and Opportunities
ESG Taskforce	CTBC Holding President	Heads of functional departments of CTBC Holding and the Presidents of subsidiaries	Quarterly	Oversees the execution and resource allocation of sustainability initiatives across the group; monitors and reviews the performance of each taskforce. Outcomes are regularly reported by the Secretariat (Corporate Sustainability Department) to the Sustainability Committee.
Climate and Nature Risk Management Taskforce	CTBC Holding Chief Risk Officer	Risk Management Department of CTBC Holding, and the risk, business, and investment units of subsidiaries	Convenes on an as-needed basis	Develops the group's climate risk management framework, including risk identification, assessment, monitoring, and reporting; supports subsidiaries in adopting and implementing climate risk management practices.
Environmental Sustainability Taskforce	Head of the General Affairs Unit	General affairs units of all subsidiaries	Convenes on an as-needed basis	Conducts regular GHG inventories for Scope 1 and 2 emissions across the group to assess differences between actual carbon emissions and SBTs; implements green power procurement initiatives and formulates environmental sustainability policies and green procurement principles to facilitate the adoption of energy-efficient and eco-friendly products and equipment by subsidiaries.
PRB Taskforce	Chief Strategy Officer of CTBC Bank	CTBC Bank's Strategic Development Department and retail and institutional banking business units	Convenes on an as-needed basis	Formulates and implements short- and medium-term engagement strategies, such as engaging with a designated percentage of companies in carbon-intensive sectors; promotes ESG-linked responsible lending, including financing for renewable energy, sustainability bond underwriting, and retail banking products and services related to carbon management.
PRI Taskforce	Chief Investment Officer of CTBC Holding	Investment units of all subsidiaries	Convenes on an as-needed basis	Regularly reviews the proportion of subsidiaries' investments in ESG-sensitive industries, and strengthens management measures; promotes green investment and engagement strategies.

1.3 | Climate Culture and Capacity Building

CTBC Holding is progressively fostering a resilient climate culture through a sound governance framework, clearly defined policies and regulations (see 3.1 “Climate-related Policies and Risk Management Procedures”), and systematic capability-building initiatives. In terms of talent development, CTBC Holding has implemented segmented training programs tailored to various job functions and seniority levels. For example, members of the Board and senior executives focus on climate-related strategies and governance responsibilities, while all employees build sustainability awareness through foundation courses.

■ Board of Directors and Senior Management

In accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, the Company arranged multiple continuing education sessions for Board members from 2022 to 2024. Of these, courses related to ESG (including climate change) totaled 60 hours, helping to enhance the Board and senior management’s capabilities in overseeing and managing climate-related issues.

Course for Directors, Supervisors, and Senior Managers: Latest ESG Regulations, Trends, Impacts, and Response Measures

In 2024, the Company engaged external consultants (KPMG) to provide sustainability management training to directors, supervisors, corporate governance officers, and senior executives across the group. The course content covered ESG development trends in the financial industry, IFRS Sustainability Disclosure Standards, and the latest global developments in carbon management and carbon pricing mechanisms. These sessions aimed to equip directors, supervisors, and senior executives with the knowledge necessary to integrate ESG and climate risk perspectives into business operations and strategic decision-making.



■ Mid-Level Managers and All Employees

In 2024, CTBC Holding provided a total of 1,176,586 hours of employee training. On average, each employee received 69 hours of training, with an average training expense of NT\$927 per person.

Sustainability Academy: ESG and Sustainable Finance You Need to Know

Based on the characteristics of the financial industry, employees' job functions, and CTBC Holding's sustainability strategy, the Company developed customized ESG general education courses for all employees. This course enabled staff to better understand ESG concepts and integrate them effectively into their day-to-day work. A total of 17,760 employees participated, with a 100% completion rate.

Workshop on the Impact of Physical Climate Risks on Life Insurance Products

The effects of climate change on society and public health are becoming increasingly evident, and the life insurance industry is also facing significant impacts. The impacts of climate change on the life insurance industry can be categorized into three types. First, acute extreme weather events (e.g., heatwaves, floods, wildfires, and severe air pollution) can lead to a short-term surge in mortality and disease incidence, resulting in increased short-term insurance claim payouts. Second, chronic shifts in climate patterns (e.g., rising average temperatures and changes in ecosystems) may contribute to a long-term rise in cardiovascular diseases, respiratory illnesses, and infectious diseases, making it more challenging to transfer risk through reinsurance. Third, transition risks (e.g., shifts in climate policies and advancements in technology) may influence the investment strategies of insurance companies. In response, Taiwan Life invited external experts in December 2024 to share insights into how climate change is affecting the life insurance industry, presenting international research findings and response strategies to enhance employees' awareness and management of climate-related risks.



Additionally, the Company regularly disseminates updates and real-world case studies related to ESG and climate issues through internal communication channels. These efforts help all employees stay informed about external trends and regulatory developments, while also deepening their awareness of and engagement with climate and sustainability topics. Through institutionalized and ongoing initiatives, CTBC Holding is gradually cultivating a top-down climate action culture, integrating climate awareness and sustainable thinking into daily decision-making.

ESG Monthly Newsletter

Starting in 2023, CTBC Holding has been distributing a monthly ESG newsletter to all employees, sharing updates on sustainability trends, policy developments, industry practices, and the Company's own sustainability initiatives, with the goal of fostering greater awareness of sustainability among staff.



2

Strategy

- 2.1 Identification of Material Climate-related Risks and Opportunities
- 2.2 Climate Strategy and Implementation Plan
- 2.3 Engagement Strategy

CTBC Holding recognizes the potential impacts of climate change on its business operations and asset portfolio. The Company is committed to integrating climate change considerations into its long-term development blueprint, and has set a goal of achieving net-zero emissions by 2050. We are dedicated to enhancing our ability to identify climate-related risks and opportunities and to systematically incorporating climate-related factors into all business activities and strategic planning processes.

2.1 | Identification of Key Climate-related Risks and Opportunities

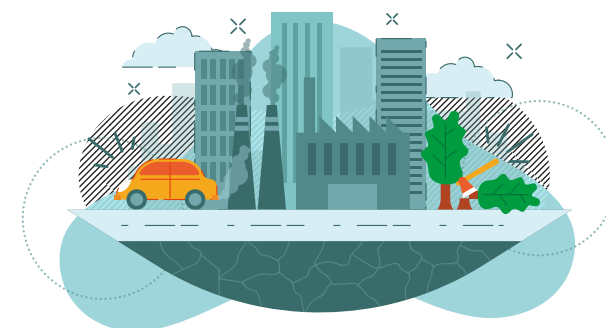
2.1.1 Climate Event Inventory

CTBC Holding has created a climate event inventory to monitor climate change-related policies, current events, and scientific trends. This supports business units in identifying scenarios involving significant climate risks and opportunities. We regularly review and update the inventory for completeness by referencing key reports, including the World Economic Forum’s Global Risks Report, the Intergovernmental Panel on Climate Change (IPCC) assessment reports, Climate Change in Taiwan: National Scientific Report 2024, and Taiwan’s Pathway to Net-Zero Emissions in 2050. These sources serve as the foundation for subsequent assessments.

Event No.	Event	Onset or Escalation Timeline	Description
①	Increase in GHG emissions costs—domestic carbon pricing	Starting in 2025	Beginning Jan. 1, 2025, Taiwan’s Ministry of Environment implemented a carbon fee mechanism, with a standard rate of NT\$300 per metric ton of CO ₂ equivalent.
②	Increase in GHG emissions costs – EU’s CBAM	Starting in 2026	The European Union’s Carbon Border Adjustment Mechanism (CBAM) is intended to drive the decarbonization of EU industries while ensuring that the EU’s trading partners bear the same carbon costs as domestic producers. This helps prevent carbon leakage—the relocation of industries to countries with looser carbon regulations—and protects the competitiveness of industries within the EU. In its initial phase, CBAM covers carbon-intensive industries such as steel, cement, aluminum, electricity, fertilizers, and hydrogen. The scope may be expanded over time based on further assessments.
③	Shift in international GHG mitigation/adaptation legislation	Starting in 2025	U.S. President Donald Trump’s policies favor traditional energy sources such as oil and natural gas, and he is expected to roll back the current stringent carbon emissions regulations and cut funding for clean energy initiatives under the Inflation Reduction Act. These actions make it unlikely that the United States will meet its commitment to reduce GHG emissions by 50% by 2030 compared to 2005 levels. In addition, the United States formally submitted its notice of withdrawal from the Paris Agreement in January 2025. This move not only hinders global efforts to mobilize funding for climate-related initiatives but also gives major carbon-emitting countries like China and India an opportunity to scale back their domestic decarbonization efforts.

Event No.	Event	Onset or escalation timeline	Description
④	The IFRS Sustainability Disclosure Standards require increased disclosure	Starting in 2027	Taiwan's FSC has announced a blueprint for adopting IFRS Sustainability Disclosure Standards. Starting with the 2026 fiscal year, the standards will be implemented in three phases based on the paid-in capital of listed companies. Companies will be required to disclose sustainability-related financial information in a dedicated section of their annual reports. Phase 1 will apply to 125 listed companies with paid-in capital of NT\$10 billion or more, with disclosures beginning in 2027.
⑤	Taiwan's NDC targets	Starting in 2030	In late 2024, Taiwan's Ministry of Environment proposed the "Phase 3 Greenhouse Gas Periodic Regulatory Goals Draft," which includes (1) a revised 2030 nationally determined contribution (NDC) target for carbon reduction, set at 28% ± 2% compared to the base year 2005; (2) sectoral emissions control targets for the six key areas of energy, manufacturing, residential and commercial buildings, transportation, agriculture, and environment; and (3) a phased target for the electricity emissions factor in 2030, set at 0.319 kgCO ₂ e/kWh.
⑥	Extreme weather – typhoons/flooding	Expected to intensify by middle of century (Note)	As global temperatures continue to rise, the amount of rainfall from tropical cyclones, their intensity, and the proportion of cyclones that reach severe typhoon status are all expected to increase in line with rising temperatures. Although the number of typhoons affecting Taiwan each year may decrease in the future, both wind speeds and rainfall are projected to rise, along with a higher frequency of severe typhoons.
⑦	Extreme weather – droughts	Expected to intensify by end of century (Note)	As global warming intensifies, the frequency and severity of regional droughts, as well as the likelihood of drought-related disasters, are expected to increase proportionally.
⑧	Long-term climate change – rise in global surface temperature	Expected to intensify by end of century (Note)	By the early 2030s, the average global surface temperature is projected to rise by more than 1.5°C compared to the 1850–1900 baseline. Under the high GHG emissions scenarios SSP5-8.5 and SSP3-7.0, the global surface temperature is expected to rise by more than 2°C by the end of the century.

Note: Data referenced from Climate Change in Taiwan: National Scientific Report 2024.



2.1.2 Identification and Significance Ranking of Climate-related Risks

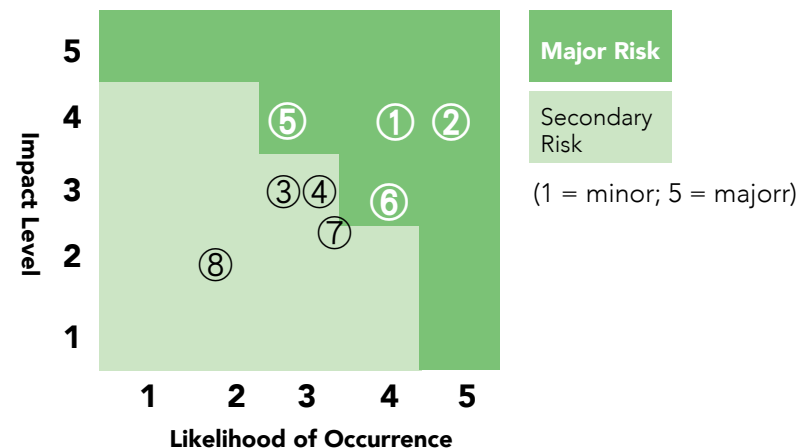
CTBC Holding, through cross-departmental collaboration (including the risk management, strategy, credit, investment, insurance, and general affairs units) has assessed the potential negative impacts (in terms of risk) that the eight aforementioned climate events may have on the group's value chain, including upstream (suppliers), midstream (our own operations), and downstream activities (such as financing, investment, insurance, and asset management). These climate-related risks may directly or indirectly exacerbate the traditional risks faced by financial institutions, including credit risk, market risk, insurance risk, operational risk, and liquidity risk, as detailed in the table below.

Event No.	Event	Description of negative impact (risk)	Climate risk factor	Impacted areas	Corresponding traditional financial risks	Impact period (Note)
①	Increase in GHG emissions costs: Domestic carbon pricing	Carbon fees may cause financial impact on investees and borrowers in carbon-intensive industries, as well as increase the cost of services or products provided by carbon-intensive suppliers.	Transition risk – policy and legal	Investments and loans Asset management Suppliers	Credit/market/ operations	Short term/ medium term/ long term
②	Increase in GHG emissions costs – EU's CBAM	Carbon taxes may cause financial impact on investees and borrowers in carbon-intensive industries, as well as increase the cost of services or products provided by carbon-intensive suppliers.	Transition risk – policy and legal	Investments and loans Asset management Suppliers	Credit/market/ operations	Medium term/ long term
③	Shift in international GHG mitigation/adaptation legislation	Companies that have not actively begun low-carbon transitions/high-carbon products may retain market competitiveness, thereby reducing the profitability of green industries or products. A slowdown in the scale of decarbonization will hinder the low-carbon transition of companies that emit high amounts of emissions, thereby affecting CTBC Holding's engagement success rate with such companies, as well as reducing the volume of renewable energy financing and the underwriting of sustainability/green bonds.	Transition risk – market preferences	Investments and loans	Credit/market	Short term/ medium term/ long term
④	Increase in sustainability-related regulations: IFRS Sustainability Standards	The implementation of the IFRS Sustainability Disclosure Standards is expected to increase compliance costs for CTBC Holding and its investee and financing clients in terms of both business operations and management.	Transition risk – policy and legal	Investments and loans Business operations	Credit/market/ operations	Medium term/ long term
⑤	Taiwan's NDC targets	The new NDC carbon reduction targets will drive companies in the domestic construction, transportation, power, manufacturing, and carbon removal sectors to accelerate their transition. However, they may also face risks stemming from immature technologies or poor control over transition costs. For CTBC Holding, this may result in increased market or credit risk, thereby affecting the profitability of its investment and financing portfolios.	Transition risk – technological transformation	Investments and loans Asset management	Credit/market	Long term

Event No.	Event	Description of negative impact (risk)	Climate risk factor	Impacted area	Corresponding traditional financial risks	Impact period (Note)
⑥	Extreme weather— typhoons/flooding	The increased severity of flooding caused by powerful typhoons may lead to operational disruptions or a decline in the value of real estate collateral for CTBC Holding's investee and financing clients; interruptions to CTBC Holding's own operations or damage to its owned assets and equipment; disruptions in the ability of upstream suppliers to deliver products or services as contracted; and higher payouts under typhoon and flood insurance claims.	Physical risk – acute	Investments and loans Insurance Business operations Suppliers	Credit/market Insurance/operations	Short term/ medium term/ long term
⑦	Extreme weather— droughts	The increasing frequency of droughts may disrupt the operations of CTBC Holding's investee and financing clients or lead to higher costs for water consumption (procurement) and electricity consumption.	Physical risk – acute	Investments and loans Insurance Business operations	Credit/market Insurance/operations	Medium term/ long term
⑧	Long-term climate change – rise in global surface temperature	Rising average temperatures may lead to increased electricity consumption for air conditioning or reduced productivity, resulting in higher electricity and operating costs or lower revenues for CTBC Holding's investee and financing clients. Similarly, CTBC Holding's own operations may incur higher electricity costs or reduced revenues.	Physical risk – long term	Investments and loans Insurance Business operations	Credit/market Insurance/operations	Short term/ medium term/ long term

Note: Short term = within 1 year; medium term = 1-5 years; long term = more than 5 years.

For each climate-related event, we assess both the likelihood of occurrence and the severity of its potential impact (including both financial and non-financial aspects). Based on this comprehensive evaluation, we rank the risks in order of priority to identify the major risk items that warrant the most attention (as shown in the diagram below). For the items classified as major risks in the ranking, the Company has already established appropriate risk assessment and management mechanisms. Our corresponding response measures are disclosed in the "Risk Management" and "Climate Scenario Analysis" chapters of this report (as shown in the table below), demonstrating the Company's resilience and robust approach to climate risk governance.



Major Risk Ranking	Event No.	Event	Risk Assessment (Scenario Analysis)	Risk Mitigation Measures (Management Mechanism)
1	②	Increase in GHG emissions costs – EU’s CBAM	4.3.1 Assessment of the Impact of Transition and Physical Risks on Corporate Lending to Carbon-intensive Industries 4.3.2 Assessment of the Impact of Transition Risks on Specific Investment Positions	3.2 Credit Risk Management 3.3 Market Risk Management 3.4 Country Risk Management 3.7 Asset and Risk Management
2	①	Increase in GHG emissions costs – domestic carbon pricing	4.3.9 Assessment of the Impact of Carbon Pricing on Specific Suppliers 4.3.11 Assessment of the Impact of Climate Change on Specific Lending Portfolios	3.8 Operational Risks and Supplier Management
3	⑥	Extreme weather – typhoons/flooding	4.3.1 Assessment of the Impact of Transition and Physical Risks on Corporate Lending to Carbon-intensive Industries 4.3.3 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Domestic Loans Secured by Real Estate 4.3.4 Assessment of the Impact of Physical Risks on Overseas Corporate Loans Secured by Real Estate 4.3.5 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Typhoon and Flood Insurance 4.3.6 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Real Estate Investments 4.3.7 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Securities Brokerage Income 4.3.8 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Owned Operational Sites	3.2 Credit Risk Management 3.3 Market Risk Management 3.5 Insurance Risk Management 3.6 Real Estate Investment Risk Management 3.7 Asset and Risk Management 3.8 Operational Risks and Supplier Management
4	⑤	Taiwan’s NDC targets	4.3.1 Assessment of the Impact of Transition and Physical Risks on Corporate Lending to Carbon-intensive Industries 4.3.2 Assessment of the Impact of Transition Risks on Specific Investment Positions	3.2 Credit Risk Management 3.3 Market Risk Management 3.7 Asset and Risk Management

2.1.3 Identification and Significance Ranking of Climate-related Opportunities

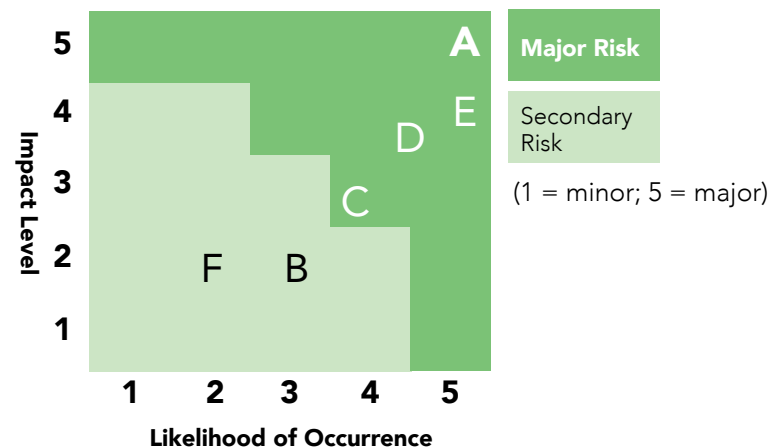
CTBC Holding concurrently assesses the potential positive impacts and business opportunities presented by climate-related events, as detailed in the table below.

Climate event No.	Climate opportunity	Description of positive impact (opportunity)	Impacted area	Corresponding TCFD opportunity	Impact period (Note)
①② ⑤⑥	A. Increasing demand for transition financial products and services	As domestic and international sustainability regulations tighten, companies must accelerate their low-carbon transition to maintain market competitiveness. This has led to a sharp increase in demand for transition-related financial products and services. If CTBC Holding can promptly offer a diverse range of transition financing products (e.g., green loans, transition loans, sustainability-linked loans (SLL), and supply chain finance) to support clients in their transition, it can foster a win-win outcome.	Investments and loans	Products and services	Short term/medium term/long term

Climate event No.	Climate opportunity	Description of positive impact (opportunity)	Impacted area	Corresponding TCFD opportunity	Impact period (Note)
①②⑤	B. Development opportunities in carbon markets and carbon finance	As the scale of global carbon trading markets expands, carbon credits are gradually becoming economically valuable assets. This has led to the emergence of various carbon finance products such as carbon credit insurance, trusts, and carbon credit funds, which are gaining traction as new investment vehicles. CTBC Holding can gain a first-mover advantage by proactively positioning itself in the carbon credit market.	Investments and loans Insurance Asset management Business operations	Market Products and services	Medium term/long term
①②⑤	C. Increasing demand for capital from low-carbon industries	In response to government policies and regulations, the demand for capital in green/low-carbon industries (e.g., renewable energy, low-carbon transportation, and negative emissions technologies) continues to grow. Expanding investment and financing in renewable energy or green industries, as well as offering a diverse range of services such as financial advisory, can enhance related revenue streams.	Investments and loans Asset management	Products and services	Short term/medium term/long term
①②⑤	D. Expansion of the sustainable investment market	Rising carbon costs are expected to expand the ESG market, creating opportunities for asset management firms, banks, and insurance companies to develop more ESG funds, green ETFs, and impact investment products to meet investors' needs for diversified asset allocation.	Investments and loans Asset management	Products and services	Short term/medium term/long term
⑥⑦⑧	E. Increasing demand for climate-related insurance	As climate change intensifies, the need for natural disaster risk mitigation and diversification is growing. This may increase demand and profitability for green insurance products, such as typhoon and flood insurance.	Insurance	Products and services	Medium term/long term
①②⑦⑧	F. Enhancing resource efficiency in the Company's operations	Improving the energy efficiency of our operations and expanding the use of renewable energy can reduce both regulatory and operating costs. In addition, strengthening water resource management can mitigate the potential impacts of water shortages, thereby further lowering operational costs.	Business operations Suppliers	Resource usage efficiency and resilience	Medium term/long term

Note: Short term = within 1 year; medium term = 1-5 years; long term = more than 5 years.

CTBC Holding evaluated six climate-related opportunity categories and ranked them based on a comprehensive assessment of their likelihood of occurrence and potential impact, including both financial and non-financial aspects. The Company has identified the following as key opportunities that need to be prioritized: A. Increasing demand for transition financing products and services; E. Increasing demand for climate-related insurance; D. Expansion of the sustainable investment market; C. Increasing demand for capital for low-carbon industries. For details, refer to the image below. In addition, for both the primary and secondary opportunity categories, the Company has thoroughly identified their potential impacts on its business model, positions, or operations, as detailed in the table below.



Opportunity Ranking	Opportunity	Impact on Business Model, Positions, or Operations	
		Current	Expected
1	A. Increasing demand for transition financial products and services	CTBC Bank has developed a range of corporate lending products and services, such as green loans, the 355 Carbon Reduction Plan, and sustainable supply chain solutions, thereby increasing revenue from related products and services.	CTBC Holding continues to develop transition financing products and services to meet client needs on a comprehensive basis and boost related revenue streams.
2	E. Increasing demand for climate-related insurance	CTBC Insurance has launched typhoon and flood insurance as well as optional coverage for electric vehicles, contributing to related revenue growth.	CTBC Insurance continues to assess the launch of climate-related insurance products such as climate disaster and green insurance to drive premium income.
3	D. Expansion of the sustainable investment market	CTBC Investments and CTBC Bank have issued and listed ESG funds and ETFs, increasing both product sales and management fee income.	Both CTBC Investments and CTBC Bank will continue to issue and list ESG funds and ETFs to increase product volume and revenue.
4	C. Increasing demand for capital from low-carbon industries	CTBC Holding has scaled up financing and investment in renewable energy and green industries, while also providing financial advisory services.	The Company plans to continue expanding financing and investment in renewable energy and green industries, and will keep offering diverse services to enhance related revenue.
5	B. Development opportunities in carbon markets and carbon finance	No current impact.	The Company is evaluating the development of carbon finance derivatives to create new revenue streams.
6	F. Enhancing resource efficiency in the Company's operations	CTBC Holding has implemented an internal energy integration program, introducing energy- and water-saving equipment to lower operational costs and increase the use of renewable energy.	The Company will continue to promote the energy integration program, which is expected to reduce operational costs and strengthen operational resilience.



2.2 | Climate Strategy and Implementation Plan

2.2.1 Climate Strategy

As a pioneer in sustainable finance in Taiwan, CTBC Holding regards the transition to net-zero as one of the most urgent and important issues of our time. To support the low-carbon transition, CTBC Holding's Board of Directors approved the inclusion of the 2050 net-zero emissions target in the group's sustainability blueprint in 2022. In June 2023, CTBC Holding published its Sustainable Finance Statement, which includes a commitment to phase out financing for coal and unconventional oil and gas industries. At the end of that year, the SBTs submitted by CTBC Holding were approved by the Science Based Targets initiative (SBTi). CTBC Holding will continue to take concrete actions to implement sustainable finance and move toward a net-zero future.

2.2.2 Implementation Plan

Based on the prioritization of the aforementioned climate opportunity items, CTBC Holding has formulated corresponding strategies and concrete implementation plans. The 2024 outcomes and the proposed short-, medium-, and long-term actions for each strategy are summarized in the table below.

Climate opportunity (Presented in order of priority)	Climate strategy	2024 results	Short term (2025)	Medium term (2026–2029)	Long term (2030 and beyond)
A. Increasing demand for transition financial products and services	Develop and promote transition finance Products and services	Sustainable loan balance was approximately NT\$357.5 billion	Sustainable loan balance to reach NT\$395.0 billion	Sustainable loan balance to reach NT\$447.5 billion	Achieve a leading position in ESG product and service innovation
E. Increasing demand for climate-related insurance	Launch climate disaster and green insurance products	Issued typhoon and flood insurance products as well as green insurance products; related premium income was approximately NT\$118 million	Continue developing and promoting insurance products for climate change mitigation and adaptation		
D. Expansion of the sustainable investment market	List ESG investment products	Listed a total of 344 ESG funds, ETFs, overseas stocks, and bond products; total sales reached NT\$28.462 billion	List at least 8 new products; total listings to reach 352	List at least 8 new products annually, aiming for 384 listings by 2029	Continue evaluating ESG investment products for listing
	Launch ESG funds and ETFs	Issued the CTBC Enhanced Yield 15+ Year Investment Grade Senior US Developed Markets Corporate ESG Screened Bond ETF (00948B)	Evaluate annually the feasibility of launching or acting as the general agent for at least 1 ESG fund or ETF		
	Invest in ESG funds and ETFs	Total investments in ESG funds and ETFs reached approximately NT\$7.5 billion	Evaluate investments in 3 ESG funds	Evaluate investments in 3–5 ESG funds annually	Evaluate investments in 3–7 ESG funds annually

Climate opportunity (Presented in order of priority)	Climate strategy	2024 results	Short term (2025)	Medium term (2026–2029)	Long term (2030 and beyond)
C. Increasing demand for capital from low-carbon industries	Continue targeting key green energy financing projects (e.g., offshore wind and solar power) and expanding overseas opportunities	Acted as lead or joint lead arranger for syndicated loans in renewable energy projects totaling NT\$100 billion	Act as lead or joint lead arranger for syndicated loans in renewable energy projects totaling NT\$40 billion	Act as lead or joint lead arranger for syndicated loans in renewable energy projects totaling an average of NT\$45 billion per year	Act as lead or joint lead arranger for syndicated loans in renewable energy projects totaling an average of NT\$50 billion per year
	Invest in bonds linked to low-carbon industries	Invested approximately NT\$103.8 billion in sustainability bonds	Continue increasing the amount allocated to sustainable investments		
	Invest in public infrastructure projects related to renewable energy	Investment in public infrastructure projects related to renewable energy was NT\$9.1 billion			
	Increase venture capital investments in low-carbon industries	Made an additional investment of approximately NT\$69 million in green energy (hydrogen energy) and circular economy (water treatment) sectors	Add 1–2 new investment projects	Add 2–3 new investment projects annually	Add 3–4 new investment projects annually
B. Development opportunities in carbon markets and carbon finance	Assess participation in carbon credit markets and development of carbon finance-related products				
F. Enhancing resource efficiency in the Company's operations	Enhance energy efficiency	Electricity consumption reduced by 2.2% compared to the base year (2021)	Reduce Scope 1 and 2 emissions by 18% compared to the base year (2021)	Reduce Scope 1 and 2 emissions by 36% compared to the base year (2021)	Reduce Scope 1 and 2 emissions by 63% compared to the base year (2021)
	Expand use of renewable energy	Cumulative green power procurement of 19.2 million kWh	1. Renewable energy to account for over 25% of total energy use ^{Note} 2. CTBC Holding's Nangang headquarters to operate on 100% renewable energy	Renewable energy to account for over 25% of total energy use by 2029 ^{Note}	Continue assessing and expanding renewable energy use
	Implement water-saving measures and equipment	Obtained ISO 46001 Water Efficiency Management System certification for CTBC Financial Park	Reduce per capita water consumption by 3% compared to the base year (2021)	Keep per capita water consumption below 23.83 cubic meters	Per capita water consumption not to exceed 23.83 cubic meters
	Promote paperless operations	Continue promoting digital services and the digitization of internal operational procedures			

Note: The calculation boundaries are consistent with those used for the base year (2021) when SBTi targets were submitted.

2.3 | Engagement Strategy

CTBC Holding conducts carbon footprint inventories in accordance with the PCAF methodology to identify carbon-intensive assets within its investment and financing portfolios. The Company continues to engage with these carbon-intensive portfolio entities and offers a variety of products and services to support their transition, jointly advancing climate goals and leveraging financial influence.

Financing

CTBC Bank regularly manages a priority engagement list. Engagement topics include sharing knowledge on international net-zero trends and policies (knowledge and capabilities), providing corporate carbon management services (inventory), delivering tangible net-zero emissions solutions (transition), and supporting sustainable finance products with capital (capital). In 2024, the Bank engaged with over 260 companies.

Investment

CTBC Holding voluntarily adheres to the PRI. All of its investment-focused subsidiaries have established stewardship codes and voting policies for institutional investors. These entities engage with investee companies' management teams through in-person or online meetings, earnings calls, annual general meetings, or extraordinary shareholders' meetings. To mitigate the impact of climate change on investment returns, engagement is prioritized with industries such as coal-fired power generation, cement, and steel to urge the carbon-intensive industries to disclose their transition plans and establish carbon reduction targets.

2024 achievements in investment-related engagement

Item	CTBC Bank	Taiwan Life	CTBC Securities	CTBC Investments
No. of engagements	6	41	32	11
Engaged enterprises	6	41	32	11
Target companies industries	Finance, technology, cement	Manufacturing, technology, steel, cement, shipping, petrochemicals, power generation, telecommunications	Footwear, tires, power supplies, ABF substrates, manufacturing and assembly	Plastics, semiconductors, electrical machinery, shipping, computers and peripheral devices, internet and communications, biotech and healthcare, telecommunications, automotive, textiles, steel
Engagement topics	<ul style="list-style-type: none"> Environmental protection Corporate governance 2050 net-zero emissions target Sustainable development 	<ul style="list-style-type: none"> Carbon reduction initiatives Green bond initiatives ESG information disclosure Biodiversity and ecosystem restoration strategies Stakeholder engagement 	<ul style="list-style-type: none"> Corporate governance Sustainability initiatives 	<ul style="list-style-type: none"> Environmental management/targets for carbon-intensive enterprises Labor rights/labor violation cases Social responsibility/fair trade violation cases Internal controls/major controversies Enhanced information disclosure and ESG implementation status

Opening of the Finnovation Hub

CTBC Bank participates in cross-sector proof-of-concept project to support corporate transition efforts

Opened in 2024, the Finnovation Hub in Kaohsiung is Taiwan’s first fintech innovation park dedicated to green fintech, and the first fintech-focused park in southern Taiwan. In line with the FSC’s Green and Transition Finance Action Plan, CTBC Bank was the only financial institution to participate in the first year of a cross-sector innovation proof-of-concept (POC) project. By integrating green fintech innovations, the Bank collaborated with leading local enterprises to co-develop application scenarios for transition finance. To help companies fulfill their carbon reduction commitments and lead industries toward sustainable transition, CTBC Bank is actively introducing and developing green fintech applications. It launched the 355 Carbon Reduction Plan, which comprises three core net-zero resources, five action plans, and five implementation steps. The plan aims to resolve issues such as insufficient funding and technology in the transition process, while also providing net-zero diagnostics and consulting services for corporate clients. In 2024, CTBC Bank engaged with a total of 262 companies. As part of the Finnovation Hub cross-sector POC project, the Bank collaborated with two benchmark companies—China Steel Corporation and LCY Chemical Corporation—to introduce the five core themes of transition finance as defined by the Glasgow Financial Alliance for Net-Zero and incorporate enterprise carbon neutrality assessment metrics developed by internationally recognized certification body TÜV SÜD and green fintech company MVGX. This initiative served as a POC for the transition finance assessment models for clients in carbon-intensive industries. CTBC Bank has shared the outcomes of the POC with domestic financial industry peers and fintech innovators, aiming to amplify the group’s influence and jointly foster a green technology innovation ecosystem.





3

Risk Management

3.1 Climate-related Policies and Risk Management Procedures

3.2 Credit Risk Management

3.3 Market Risk Management

3.4 Country Risk Management

3.5 Insurance Risk Management

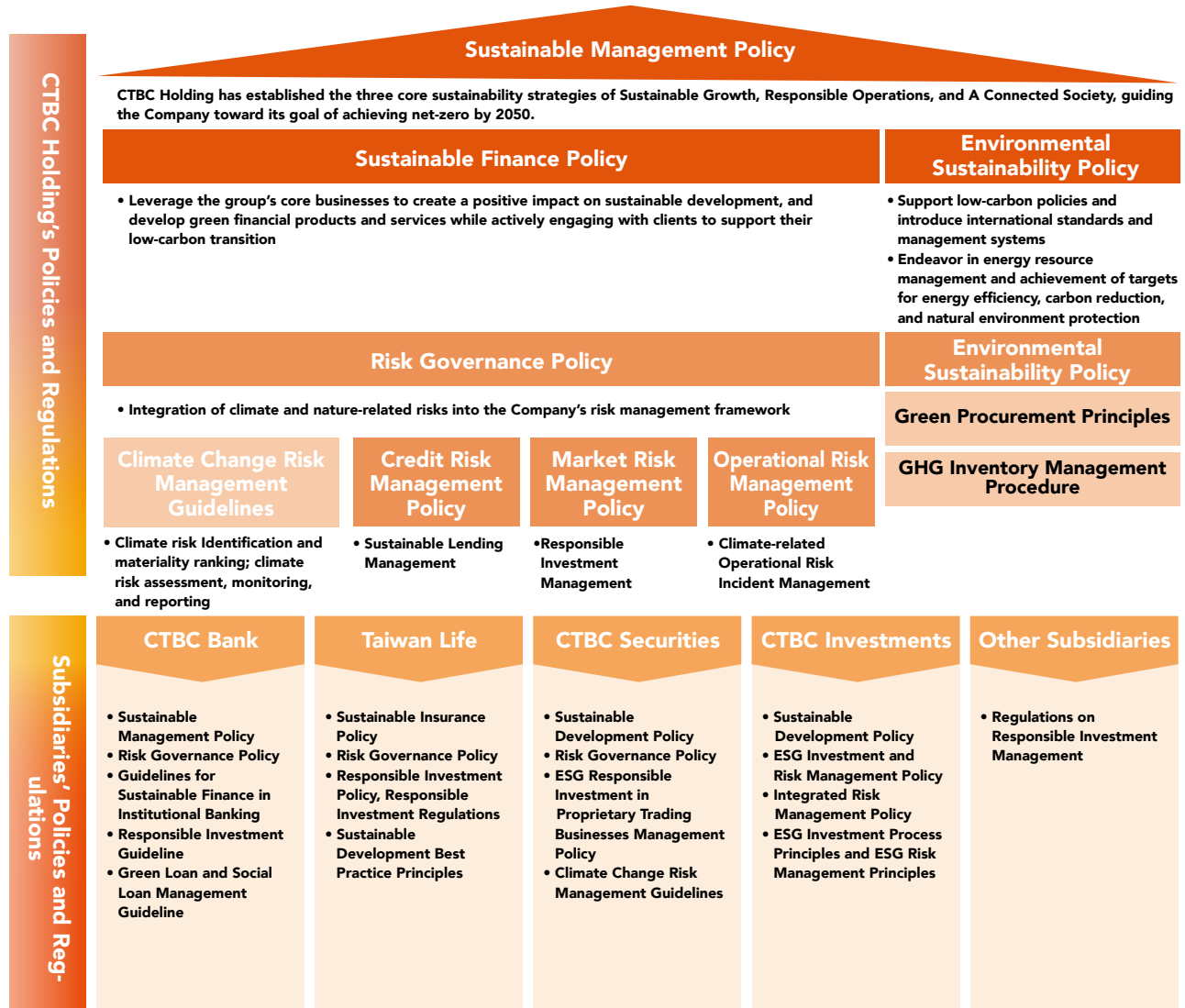
3.6 Real Estate Investment Risk Management

3.7 Asset and Risk Management

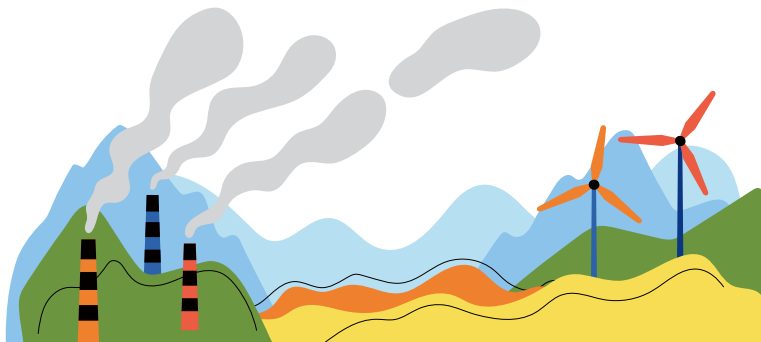
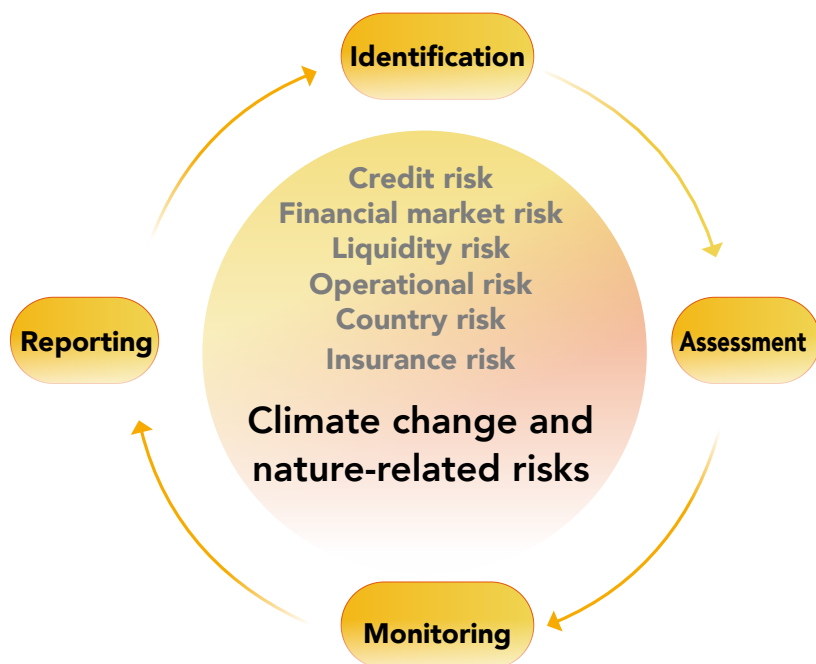
3.8 Operational Risks and Supplier Management

3.1 | Climate-related Policies and Risk Management Procedures

In 2020, CTBC Holding formally incorporated climate risk into its enterprise risk management framework, recognizing it as a potential impact as significant as traditional financial risks. To this end, CTBC Holding and its subsidiaries have established climate-related policies and guidelines (as shown in the diagram on the right), clearly defining the types of climate risks and the processes for risk identification, assessment, monitoring, and reporting. These measures ensure that climate risks are continuously monitored and effectively managed. In 2024, CTBC Holding revised its Climate Change Risk Management Guidelines to enhance the management and monitoring mechanisms related to carbon reduction targets in lending and investment activities. Subsidiaries also aligned with CTBC Holding’s directives by adding to or revising their ESG- or climate-related risk management frameworks. For example, CTBC Securities and CTBC Investments each established new ESG and climate-related management guidelines or principles. The Company and all its subsidiaries adopt a consistent risk management process to ensure that climate-related issues are integrated into decision-making and daily operations. In 2024, CTBC Holding refined its approach to identifying climate risks to better respond to the increasingly complex and rapidly evolving impacts of climate change. The mechanisms for measuring, monitoring, and reporting remained consistent with those used during the previous reporting period.



Risk Management Process



1. Identification:

Establish an inventory of climate-related events. CTBC Holding does not rely solely on the classification indicators recommended by the TCFD; it also dynamically incorporates the latest policy developments, scientific research findings, and major current events as key references for identifying events and constructing the inventory.

2. Assessment:

The first step is to assess and rank the materiality of the climate-related events. Analysis is conducted based on two dimensions: impact severity and likelihood of occurrence. Items classified as major risks are prioritized for resource allocation^{Note} to develop risk indicators and advance scenario analysis. This includes conducting a comprehensive inventory of financed emissions and incorporating indicators associated with the SBTi to design appropriate risk-monitoring measures. Furthermore, major loss risk factors or business areas identified through scenario analysis are fed back into the climate risk identification and monitoring process.

3. Monitoring:

CTBC Holding has established climate-related metrics and targets (see Chapter 5 “Metrics and Targets”), which are monitored regularly. Subsidiaries also establish their own management procedures to incorporate climate-related risks into their credit approval and investment processes (see descriptions of risk management mechanisms in the respective sections of this chapter). As for climate-related opportunities (e.g., transition finance cases), if they are identified and assessed as having a potential impact on the Company’s overall climate risk (e.g., a short-term increase in the financed emissions or carbon intensity of the asset portfolio), the responsible authority must be notified to weigh the risks and opportunities and determine subsequent response measures.

4. Reporting:

Climate risk reports are submitted at least semiannually to the Board of Directors and senior management to ensure awareness of risk changes and progress toward climate goals. In addition, external disclosures are made in accordance with climate change-related guidelines to ensure robust communications and exchange of information with stakeholders.

Note: In addition to establishing an internal team dedicated to climate risk management, CTBC Holding also collaborates with external database providers and consultants to obtain climate-related data and services. For example, in 2024, the costs associated with climate risk assessment and management totaled approximately NT\$16 million. This includes personnel salaries, ESG database access, consulting fees, report design, and assurance fees.

CTBC Holding has defined its climate-related **risk appetite** and, on June 30, 2023, issued the **CTBC Holding Sustainable Finance Statement**, committing to exit from coal and non-conventional oil and gas-related industries.

CTBC Holding's climate-related risk appetite

For enterprises or industries highly sensitive to environmental or climate change risks (including but not limited to high carbon emissions, high natural resource or energy consumption, high pollution, and non-compliance with environmental laws),^{note} if a careful review finds that relevant risks are difficult to control, it is advisable to reduce or avoid relevant cases.

Note: For example, tobacco production, businesses associated with deforestation, oil sands mining or sales, or coal combustion, coal mining, or thermal power generation.

CTBC Holding Sustainable Finance Statement

Effective immediately

- Effective immediately, CTBC Holding will no longer initiate new active or passive investments in the coal mining industry.
- Effective immediately, CTBC Holding will no longer initiate new corporate or project financing for new clients in ESG-sensitive industries, unless the client is a state-owned enterprise or at least 50% owned by a local government and has provided a transition plan, or the funding is designated for sustainable development.

By 2035

- By 2035, CTBC Holding will fully exit from corporate financing, project financing, and underwriting of fixed income financial instruments for coal mining and coal-fired power generation companies, as well as from all active and passive investments in coal mining operations.
- By 2035, CTBC Holding will fully exit from corporate financing, project financing, and underwriting of fixed income financial instruments for non-conventional oil and gas extraction companies.

3.2 | Credit Risk Management

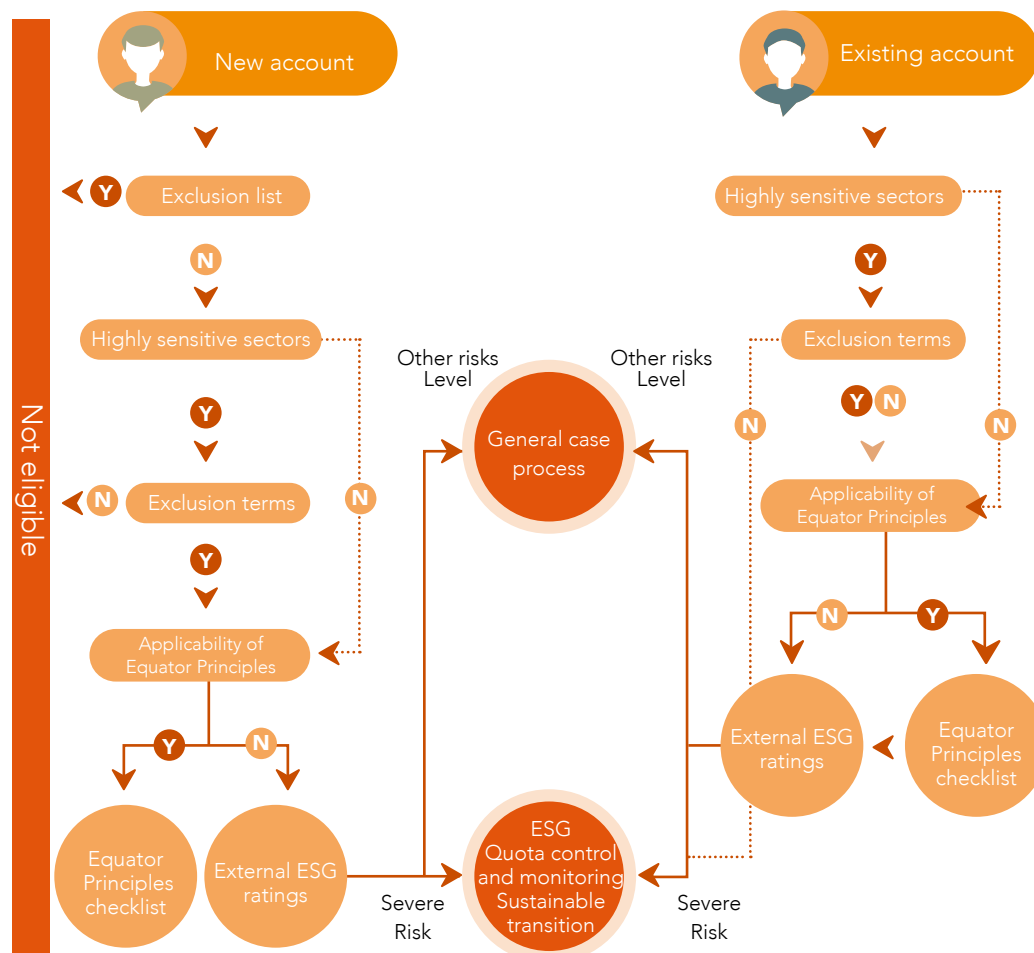
For the lending business, CTBC Holding's subsidiaries have established a policy of not engaging with companies in the ESG exclusion list (e.g., the pornography and arms industries). Inquiries are conducted by using external databases on borrowers for corporate ESG ratings. Analysis is carried out to determine whether a customer is a high ESG risk company. Beginning June 30, 2023, in alignment with the CTBC Holding Sustainable Finance Statement, CTBC Bank will no longer provide loans to new clients in ESG-sensitive industries^{Note 1} unless the client is a state-owned enterprise or at least 50% owned by a local government, or the funding is designated for sustainable development. CTBC Bank also sets limits on lending to ESG-sensitive industries and companies with high ESG risks, and monitors changes in risk exposure. To drive the development of a low-carbon economy, it is necessary to collect relevant documents and carry out risk scenario simulations on corporate loan customers identified as carbon-intensive^{Note 2}. Active engagements are also conducted with those who still have no low-carbon transition plans, in order to encourage businesses to work together to reduce carbon emissions.

Note 1: ESG-sensitive industries:

1. Coal mining: >25% revenue from coal mining.
2. Coal-fired power generation: >25% of electricity capacity based on coal-fired power
3. Tobacco: >10% of revenue from tobacco manufacturing (excluding cigarettes and packaging).
4. Non-conventional oil and gas: >10% of revenue from non-conventional oil and gas, such as oil sands; shale oil and gas; oil and gas in the Arctic and from deep water drilling

Note 2: Carbon-intensive industries include power generation, marine and air transportation, iron and steel/smelting, cement, petrochemicals, fossil fuel mining, and the companies not in the abovementioned industries but designated as carbon intensive during the most recent year according to the Greenhouse Gas Reporting System operated by the Climate Change

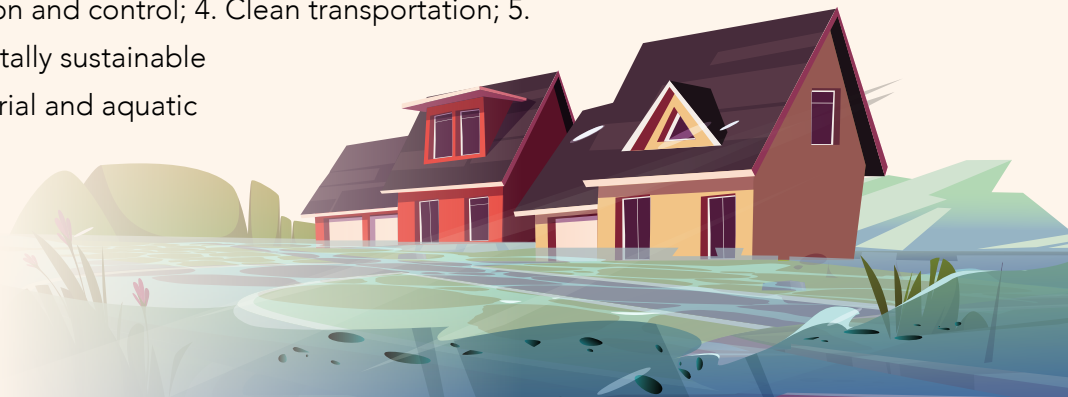
Sustainable credit investigation process



Major subsidiaries have established comprehensive credit measures for collateral reviews and valuation/appraisal management, to ensure that the climate related risks of secured loans are controllable. For instance, to address the physical risks due to heavy rain and floods, the review and evaluation process should consider whether the real estate collateral is located in an area prone to frequent and severe flooding, and this factor is taken into account when determining loan approval or the loan-to-value ratio. Overseas branches primarily rely on valuation reports from professional third-party appraisal institutions and assess the value of collateralized real estate by considering factors such as topography, location, utilization and building structure. In addition, CTBC Holding regularly monitors changes in the group's exposure of real estate collaterals in high-risk areas of natural disasters. If the risk exposures in high-risk areas exhibit signs of significant increase, internal discussions will be initiated immediately.

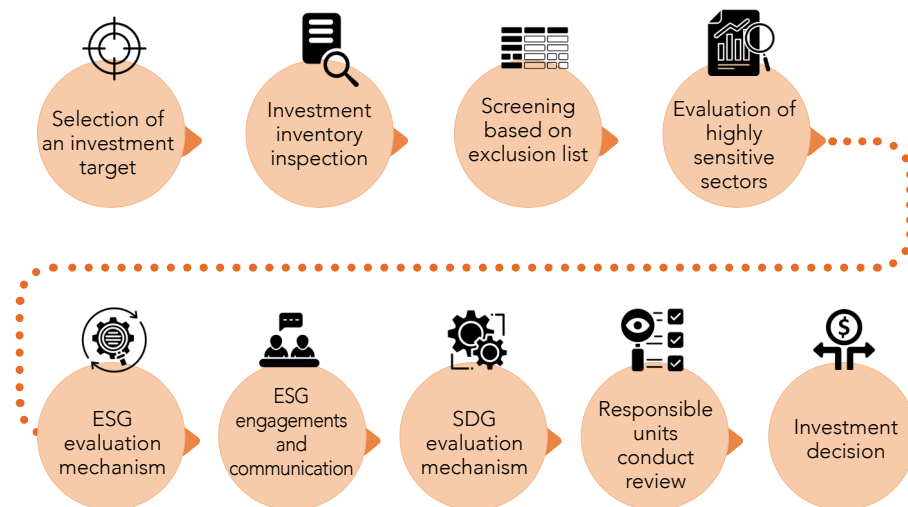
In January 2025, CTBC Bank, in response to global trends in sustainable development and to promote the growth of the green, socially responsible, and sustainable finance markets, revised and expanded its Green Loans Management Regulations into the Green Loan and Social Loan Management Guideline in accordance with international standards such as the Green Loan Principles, the Green Bond Principles, and the Social Loan Principles. The guidelines address critical environmental issues, including climate change; depletion of natural resources; loss of biodiversity; and pollution of air, water, and soil. Twelve categories of green initiatives were established:

1. Renewable energy;
2. Energy efficiency;
3. Pollution prevention and control;
4. Clean transportation;
5. Sustainable water and wastewater management;
6. Environmentally sustainable management of living natural resources and land use;
7. Terrestrial and aquatic biodiversity conservation;
8. Climate change adaptation;
9. Circular economy adapted products, production technologies, and processes;
10. Green buildings;
11. Green technologies;
12. Certified by the Bank



3.3 | Market Risk Management

CTBC Holding's subsidiaries are prohibited from involvement with criminal or terrorist activities, the arms industry, or the pornography industry when conducting investment activities. It is necessary to conduct rigorous assessments of ESG-sensitive industries (as defined in the Credit Risk Management section). For example, Taiwan Life refers to the ESG ratings assigned by external institutions on investment targets and incorporates these ratings into internal risk assessment and review of the investment target. Engagement and communication are necessary for companies not meeting the standards, in order to reduce the likelihood of investing in businesses with high ESG risks. In case of improvements post engagement, investments or collaborations can be increased. In addition to pre-investment evaluation, the investment team conducts post-investment management each year by reviewing whether invested companies are involved in ESG risks during the assessed period.



3.4 | Country Risk Management

According to multiple empirical reports (Climate Change and Sovereign Risk, ADB 2020 Oct; Buhr et al. 2018; Kling et al. 2018) and studies from credit rating agencies, developing countries with high climate vulnerability and high-risk premiums for sovereign debts generally have weaker financial capacities in terms of climate adaptation and fiscal recovery. For developed countries, the impact of climate risk on sovereign debt risk premiums is statistically less significant. In light of this, CTBC Holding has established climate-related country risk monitoring indicators. We have referenced the Global Climate Risk Index (GCRI) and the Climate Change Performance Index (CCPI) to set the risk exposure threshold for countries with either the worst or poor climate risk ratings and with lower sovereign credit ratings (non-investment level BB+ or below).

Global Climate Risk Index (GCRI)

Announced by Germanwatch each year, the GCRI analyzes and ranks the level of impact on each country's society and economy due to extreme weather events (including but not limited to storms, floods, and heat waves). Currently, the GCRI evaluates approximately 180 countries.



Climate Change Performance Index (CCPI)

Announced each year after evaluations from climate and energy experts from Germanwatch, the Climate Action Network, and the New Climate Institute. CCPI compares the efforts and progress by each country in terms of climate protection policies. It covers 63 countries in the European Union and other parts of the world. These countries account for a total of 90% of global GHG emissions. CCPI evaluates climate protection performance in four categories: GHG emissions, renewable energy, energy use, and climate policies.



3.5 | Insurance Risk Management

The intensification of physical risks due to climate change (e.g., typhoons and floods) will result in claim payouts for property insurers far exceeding historical losses from underwriting. Meanwhile, the rising number of extreme heat days may cause higher incidence of specific diseases and hence additional medical claim payouts for life insurers. Taiwan Life and CTBC Insurance have established risk management mechanisms based on nature and complexity of various insurance products. For example, an appropriate safety factor is added to actuarial assumptions to calculate and analyze premiums before selling of a new insurance product. After the sale of products, regular tracking of actuarial assumptions and experience loss ratios is performed to examine or adjust the coverage and premium rate of the products. This gradual process aims to make insurance risk management transparent, systematic, professional, and institutionalized in order to implement the company's risk management.

Furthermore, reinsurance is arranged in advance to diversify the Company's potential and significant losses due to catastrophic risks (e.g., typhoons and floods). CTBC Insurance regularly compiles data on climate-related retained products and conducts catastrophe risk distribution analysis by regions, so as to avoid excessive exposure concentration in specific areas.



3.6 | Real Estate Investment Risk Management

The subsidiaries have established management regulations governing real estate investments. When acquiring real estate, a comprehensive assessment should be conducted on various risk factors that may affect the transaction price. For new real estate investment projects, an ESG checklist should be used to evaluate four aspects (energy, water, waste, and stakeholder participation) in order to assess the investment project's positive and negative impacts on local communities and the environment. The goal is to achieve sustainability and coexistence with local communities and the environment.

3.7 | 3.7 Asset and Risk Management

CTBC Investments has established an ESG Investment and Risk Management Policy. Overall ESG scores assigned by the internal assessment mechanism or an external rating agency are taken into consideration in the investment and risk management process. Regular reviews are conducted on this overall evaluation item. Reports on ESG investments and risk management are presented to the Board of Directors.



3.8 | 3.8 Operational Risks and Supplier Management

The operational risk management policy of CTBC Holding stipulates the implementation of a business continuity management mechanism, including (1) planning for disaster identification, assessment, and business impact analysis; (2) formulation or periodic revision of the Incident Management Plan (IMP) and Business Continuity Plan (BCP); and (3) regular testing or drills. Drill results should be reported according to the prescribed three elements of authorization levels. In line with CTBC Holding's policies and rules, subsidiaries have developed emergency response plans based on the Disaster Response Manual Template for Financial Institutions issued by the competent authority as well as relevant operational scenarios. Planning and drills in advance underpin the response to and the mitigation of the impact of climate change-related natural disasters (e.g., floods and typhoons) on operations.



Taking CTBC Bank's 2024 Business Continuity Risk Assessment as an example, the major physical risks identified for 2024 were fires, earthquakes (catastrophic earthquakes with a magnitude above 6 in the Greater Taipei area), explosions/gas explosions, typhoons/floods, and large-scale power outages/prolonged power rationing. CTBC Bank has formulated emergency response plans and business continuity plans for the identified major disasters, and conducts drills and reviews accordingly. CTBC Bank has not experienced any branch losses or inability to operate due to floods over the past decade. That said, the following risk management measures are in place to respond to power outages or floods at operational locations caused by the exacerbation of extreme climate in the future:

- (1) CTBC Bank's headquarters and all domestic branches are equipped with flood barriers. (CTBC Bank's overseas branches are all on high floors and not at risk of flooding, except for the New Delhi and Sriperumbudur branches, which are on the ground floor. Relevant response measures will be initiated for these branches in accordance with Bank Security Policy and Procedures and the Business Continuity Plan.)
- (2) Establishment of a disaster response team and formulation of backup plans and mechanisms in advance, to ensure that response measures can be initiated immediately when a disaster strikes;
- (3) Regular operational impact analyses and drills, to ensure that operations will not be disrupted by extreme climate disasters;
- (4) Regular maintenance of server room equipment and power generators. Personnel to visit offices and premises after natural disasters. Purchase of insurance to cover disaster losses, given the worsening of extreme climate in the future.

Suppliers are key partners in supporting the day-to-day operations and operational efficiency of companies. CTBC Holding has established the Supplier Management Principles to serve as the guidelines and direction for the Company and its subsidiaries when selecting and managing suppliers. When selecting suppliers, the Company considers whether the suppliers comply with policies on environmental sustainability and human rights. In addition, we periodically organize supplier communication meetings and training sessions to help suppliers build capabilities in sustainable environmental management and jointly implement corporate social responsibility.



A person stands on a small hill in a vast, dry landscape, looking towards a large, dark, stormy cloud formation that dominates the sky. The scene is framed by a glass wall overlay, suggesting a view through a window or a digital interface. The foreground is a bright yellow semi-circle containing text.

4

Climate Scenario Analysis

4.1 Scenarios Setting

4.2 Scope and Methodology of Scenario Analysis

4.3 Groupwide Integrated Scenario Analysis Results

4.4 Analysis Results of Other Exploratory Scenarios

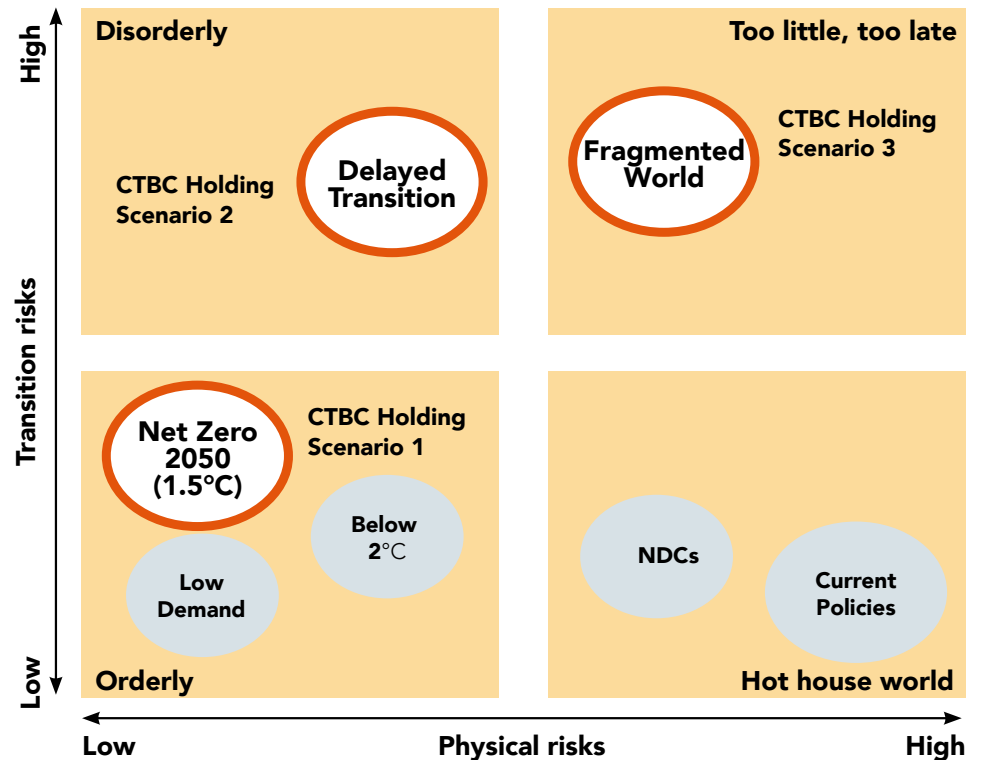
4.1 | Scenarios Setting

CTBC Holding has adopted the updated Network for Greening the Financial System (NGFS) long-term scenarios for central banks and supervisors (Phase V) document and the latest parameters released by NGFS in November 2024, selecting three scenarios—Net-Zero 2050, Delayed Transition, and Fragmented World^{Note}—and aligning them with the climate scenarios from the IPCC’s Sixth Assessment Report (AR6) as the foundation for the group’s integrated climate scenario analysis.

Note: In the 2023 CTBC Holding Climate-related Financial Disclosure Report, within the climate scenario analysis section, Scenario 3 was “Current Policies,” which assumes that beyond existing policies, no additional carbon reduction measures are introduced by any country in the future. Considering that many major economies in the world have since taken action to reach net-zero, Scenario 3 has been replaced with the “Fragmented World” scenario starting this year.



NGFS scenarios framework in Phase V



CTBC Holding's Climate Scenarios	Scenario 1 Net Zero 2050	Scenario 2 Delayed Transition	Scenario 3 Fragmented World																																																																																																
Increase in temperatures at the end of the century	1.4°C	1.7°C	2.4°C or above																																																																																																
Transition risks	【 Low/medium risks 】 Countries initiate an orderly transition immediately, gradually increasing carbon pricing (or carbon tax).	【 Medium/high risks 】 Carbon pricing begins to increase starting in 2031.	【 Medium/high risks 】 Countries that have committed to net-zero targets only achieve 80% of their original targets; other countries continue with current policies and make no additional efforts to reduce carbon emissions.																																																																																																
Physical risks	Low/medium risks: SSP1-2.6 pathway	Low/medium risks: SSP1-2.6 pathway	High risks: SSP3-7.0 pathway																																																																																																
Carbon prices in different regions <small>Note</small> (USD/tCO ₂)	<table border="1"> <caption>Carbon Prices (USD/tCO₂) - Scenario 1</caption> <thead> <tr><th>Year</th><th>Greater China</th><th>US</th><th>EU</th></tr> </thead> <tbody> <tr><td>2020</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2025</td><td>77</td><td>153</td><td>153</td></tr> <tr><td>2030</td><td>152</td><td>284</td><td>284</td></tr> <tr><td>2035</td><td>250</td><td>441</td><td>498</td></tr> <tr><td>2040</td><td>383</td><td>599</td><td>711</td></tr> <tr><td>2045</td><td>564</td><td>756</td><td>925</td></tr> <tr><td>2050</td><td>709</td><td>817</td><td>1,042</td></tr> </tbody> </table>	Year	Greater China	US	EU	2020	6	22	28	2025	77	153	153	2030	152	284	284	2035	250	441	498	2040	383	599	711	2045	564	756	925	2050	709	817	1,042	<table border="1"> <caption>Carbon Prices (USD/tCO₂) - Scenario 2</caption> <thead> <tr><th>Year</th><th>Greater China</th><th>US</th><th>EU</th></tr> </thead> <tbody> <tr><td>2020</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2025</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2030</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2035</td><td>66</td><td>221</td><td>242</td></tr> <tr><td>2040</td><td>118</td><td>386</td><td>429</td></tr> <tr><td>2045</td><td>188</td><td>552</td><td>616</td></tr> <tr><td>2050</td><td>279</td><td>717</td><td>803</td></tr> </tbody> </table>	Year	Greater China	US	EU	2020	6	22	28	2025	6	22	28	2030	6	22	28	2035	66	221	242	2040	118	386	429	2045	188	552	616	2050	279	717	803	<table border="1"> <caption>Carbon Prices (USD/tCO₂) - Scenario 3</caption> <thead> <tr><th>Year</th><th>Greater China</th><th>US</th><th>EU</th></tr> </thead> <tbody> <tr><td>2020</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2025</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2030</td><td>6</td><td>22</td><td>28</td></tr> <tr><td>2035</td><td>8</td><td>58</td><td>56</td></tr> <tr><td>2040</td><td>11</td><td>93</td><td>84</td></tr> <tr><td>2045</td><td>16</td><td>128</td><td>112</td></tr> <tr><td>2050</td><td>21</td><td>163</td><td>140</td></tr> </tbody> </table>	Year	Greater China	US	EU	2020	6	22	28	2025	6	22	28	2030	6	22	28	2035	8	58	56	2040	11	93	84	2045	16	128	112	2050	21	163	140
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Note: Macroeconomic variables such as carbon prices (US\$) in different areas and GDP movement in percentage are based on scenario parameter files (IAM_data.xlsx and NiGEM_data.xlsx) published by the NGFS Phase 5 Scenario Explorer (<https://data.ene.iiasa.ac.at/ngfs/#/downloads>). Physical risk factors are based on the NGFS CA Climate Impact Explorer (<https://climate-impact-explorer.climateanalytics.org/>) and estimates produced by external experts Formosa Climate Smart Service Limited (FCS) by using the IPCC AR6 data.

4.2 | Scope and Methodology of Scenario Analysis

The group’s climate risk scenario analysis uses Dec. 31, 2024, as the reference date for positions, and evaluates both qualitative and quantitative impacts at two future points in time: 2030 and 2050. The scope and methodology of the analysis are shown in the table below.

Value chain	Description		Companies affected	Geographic scope	Corresponding traditional financial risk – qualitative/quantitative impact	Corresponding chapter
【 Case-by-case assessment 】 Suppliers	Physical	Heavy rain and flooding disrupt supplier services	Top 50 suppliers (in terms of procurement amount) of CTBC Holding (including subsidiaries whose procurement is centrally negotiated by CTBC Holding)	Taiwan	Operational risk – proportion of suppliers exposed to high flood risk This risk assessment is qualitative in nature. Hence, it is disclosed on a standalone basis and not included in the group’s total losses.	4.4.1
	Transition	Carbon cost pass-through from suppliers results in increased procurement costs for CTBC Holding		Taiwan	Operational risk – increase in procurement costs	4.3.9
【 Item-by-item evaluation 】 Owned operations	Physical	Heavy rain and flooding events damage assets and equipment at operational sites	CTBC Bank Taiwan Life CTBC Securities	Taiwan	Operational risk – costs from asset maintenance/repair	4.3.8
Group business category	Transition	Increased carbon pricing, higher R&D costs for transition, and reduced demand for high-carbon products lead to rising operating costs	CTBC Bank	Taiwan Overseas branches	Credit risks - expected credit losses (ECLs)	4.3.1
	Physical	More days of work suspension due to typhoons, higher water costs caused by drought-induced shortages, higher electricity costs caused by power shortages in extreme heat, and decreased productivity resulting from high temperatures can lead to reduced revenue or increased costs				
	Transition	Increased carbon pricing, higher R&D costs for transition, and reduced demand for high-carbon products lead to rising operating costs	CTBC Bank Taiwan Life CTBC Securities	Global	[Corporate bonds] Credit risk – expected credit losses (ECLs) [Equity] Market risk – losses caused by price changes ⁴	4.3.2

	Value chain	Description		Companies affected	Geographic scope	Corresponding traditional financial risk – qualitative/quantitative impact	Corresponding chapter
Group business category	【Item-by-item evaluation】 Sovereign debts	Transition	Rising carbon prices at the national level trigger “greenflation” and lead to changes in interest rate policies	CTBC Bank Taiwan Life CTBC Securities	Global	[Bonds (measured at amortized cost) and loans] Credit risk – expected credit losses (ECLs) [Bonds (measured at fair value through other comprehensive income)] Market risk – valuation losses This loss estimation method is explorative in nature. Hence, it is disclosed on a standalone basis and not included in the group’s total losses.	4.4.2
	【Item-by-item evaluation】 Personal residential mortgages and corporate loans secured by real estate in Taiwan	Physical	Torrential rain and flooding events impact the value of real estate collateral	CTBC Bank Taiwan Life	Taiwan	Credit risks - expected credit losses (ECLs)	4.3.3
	【Item-by-item evaluation】 Overseas corporate loans secured by real estate	Physical	Events such as flooding, wildfires, strong winds, tropical cyclones, land subsidence, freezing, and thawing impact the value of real estate collateral	CTBC Bank	Overseas branches Note: Real estate collateral located in certain cities in Japan, the United States, China, Vietnam, and in Singapore.	Credit risks - expected credit losses (ECLs)	4.3.4
	【Item-by-item evaluation】 Typhoon and flood insurance	Physical	Heavy rain and flooding lead to increased insurance claims	CTBC Insurance	Taiwan	Insurance risk - claims loss	4.3.5
	【Item-by-item evaluation】 Income-generating real estate investment	Physical	Torrential rain and flooding events impact the value of real estate collateral or damage assets and equipment within buildings	Taiwan Life CTBC AMC	Taiwan	[Real estate held for sale] Investment risk – asset value impairment [Real estate held for rental] Operational risk – losses from asset maintenance/repair	4.3.6
	【Item-by-item evaluation】 Securities trading commissions	Physical	Stock markets closed for trading due to heavy rains and floods, and operational sites cease operations, thus impacting brokerage fee income	CTBC Securities	Taiwan	Operational risks - brokerage fee income shortfalls	4.3.7
	【Portfolio assessment】 Medical insurance related to inpatient care	Physical	Heat-related illnesses result in increased medical insurance claims	Taiwan Life	Taiwan	Insurance risk - claims loss	4.3.10
	【Portfolio assessment】 Cash outflows of deposits and loans	Physical	Catastrophic events caused by extreme weather lead to deposit outflows and increased loan drawdowns	CTBC Bank	Taiwan Overseas branches	Liquidity risk – loan-to-deposit ratio This risk assessment is qualitative in nature. Hence, it is disclosed on a standalone basis and not included in the group’s total losses.	4.4.3
	【Portfolio assessment】 Corporate loans to non-carbon intensive industry clients and non-secured consumer loans	Transition and physical	The combined impact of transitional and physical risks on the macroeconomic conditions of various countries (e.g., changes in economic growth, unemployment, and inflation) adversely affects the credit risk profiles of both institutional and individual borrowers	CTBC Bank	Taiwan Overseas branches (excluding those in India)	Credit risks - expected credit losses (ECLs)	4.3.11

4.3 | Groupwide Integrated Scenario Analysis Results

The results of the groupwide integrated scenario analysis not only provide insights into the impacts of climate risks on individual business lines, but the aggregation of these impacts facilitates understanding of the overall financial impact on the group. The group’s scenario-based expected losses include ECLs, valuation losses from market risk, valuation (sale) or maintenance costs (rental) associated with real estate investments, losses from property and life insurance claims, and operational risk losses. The results indicate that the most severe climate risk-related losses for CTBC Holding would occur under Scenario 1 in 2030, with an expected reduction of 0.49% in CTBC Holding’s consolidated net worth. Since the expected climate-related losses would reduce the group’s net worth by less than 1%, the risk is considered manageable. This also reflects the resilience to climate-related risks of the group’s business value chain (including subsidiary operations).

Capital at risk (%) = Expected loss / CTBC Holding’s consolidated net value		Scenario 1	Scenario 2	Scenario 3
		Net Zero 2050	Delayed Transition	Fragmented World
Scenario analysis results	2030	0.49%	0.22%	0.22%
	2050	0.32%	0.36%	0.30%

■ Scenario analysis results for 2030:

The expected losses under the three scenarios could reduce CTBC Holding’s consolidated net value by 0.22% to 0.49%. The expected loss in Scenario 1 (Net Zero 2050) is the highest, mainly due to transition risks borne by carbon-intensive industries.

■ Scenario analysis results for 2050:

The expected losses under the three scenarios could reduce CTBC Holding’s consolidated net value by 0.30% to 0.36%. The expected loss in Scenario 2 (Delayed Transition) is the highest, mainly due to transition risks borne by carbon-intensive industries.

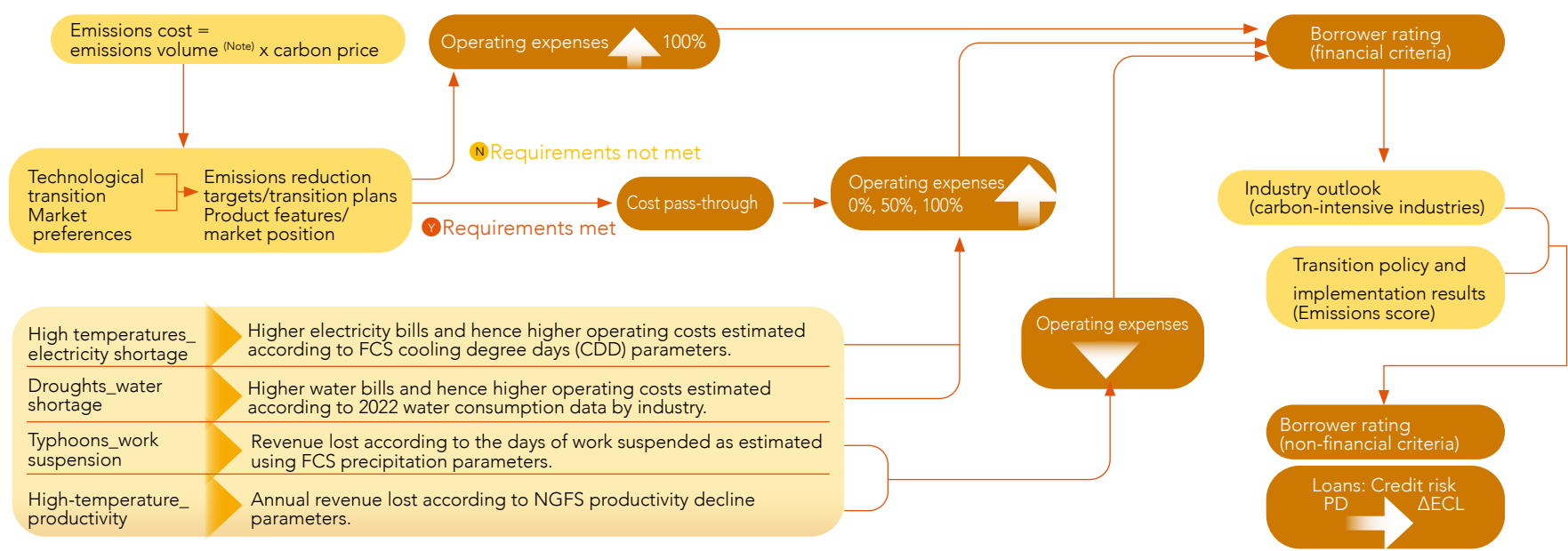
4.3.1 Assessment of the Impact of Transition and Physical Risks on Corporate Lending to Carbon-intensive Industries

Purpose of the analysis :

Given the trend toward a low-carbon economy, carbon-intensive industries and major carbon emitters will bear the brunt of carbon costs. Hence, corporate loans to carbon-intensive industries, which are most likely to be affected by carbon costs, are the target of individual account assessments of transition risks. Meanwhile, the frequency and the impact of physical risks (e.g., severe droughts, heavy rains and floods, widespread power shortages, and heat waves) have intensified around the world in recent years. Hence, physical risk factors are also included in the analysis. In light of intensifying transition and physical risks, which may impact the operating costs and revenues of corporate borrowers, we recalculated the financial data of each corporate loan account and reassessed their credit ratings on a case-by-case basis to understand the changes in the probability of default and to analyze the likelihood of a higher ECL.

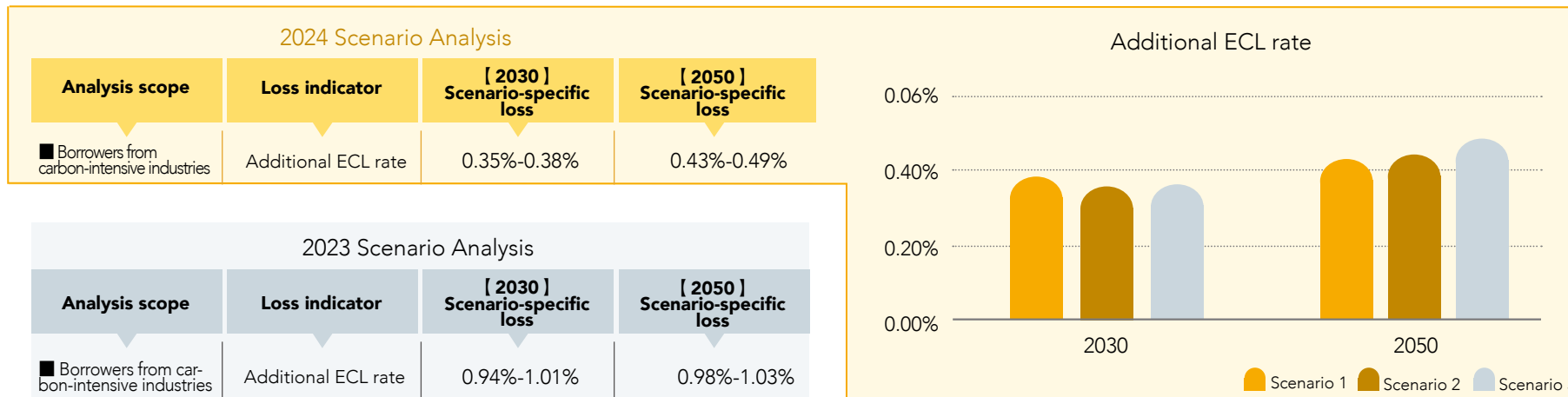
Analysis scope: 334 corporate borrowers in carbon-intensive industries at CTBC Bank’s domestic and overseas branches

Assessment method



Note: Carbon emissions volume is calculated individually for each account by examining the NGFS carbon emissions pathway in different scenarios, regions, and industries.

Assessment results



- Scenario analysis results for this year (2024): As of 2030, Scenario 1 has the highest ECL rate, primarily because carbon prices in Scenario 1 begin rising gradually from 2025 onward. As of 2050, Scenario 2 has a slightly higher loss rate than Scenario 1, as carbon prices in Scenario 2 surge rapidly after 2031 and escalate risks. However, Scenario 3 has the highest loss rate as of 2050 due to the continued rise in corporate emissions amid delayed and inconsistent climate policies across countries, and the dual pressures of rising carbon costs and physical risks.
- This year's (2024) scenario analysis results show that loss rates at both points in time are lower than those in the 2023 analysis. This is mainly due to the updated parameters in NGFS Phase V and a milder impact on the credit ratings of borrowers compared to the previous year.

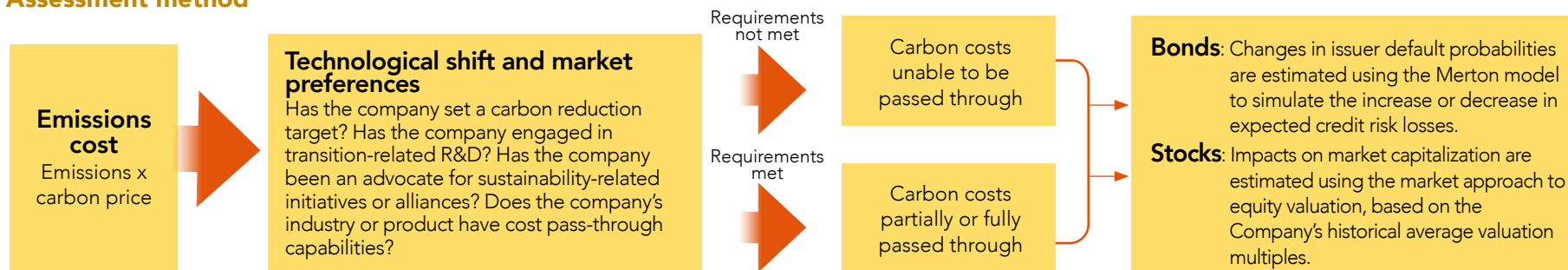
Response strategies: In response to the scenario analysis, which shows that exposures to carbon-intensive industries carry higher expected losses under elevated transition risk, the Company has formulated a climate strategy and implementation plan. In addition to its commitments to make an exit from financing coal and unconventional oil and gas sectors, the Company has identified transition finance and renewable energy lending as key opportunities for its subsidiaries (see 2.2 "Climate Strategy and Implementation Plan"). The Company is also actively engaging with clients in carbon-intensive industries to address their concerns about decarbonization (see 2.3 "Engagement Strategy"). In addition, our subsidiaries continue to strengthen their ESG high-risk management mechanisms to ensure sound operations throughout the transition process (see 3.2 "Credit Risk Management").

4.3.2 Assessment of the Impact of Transition Risks on Specific Investment Positions

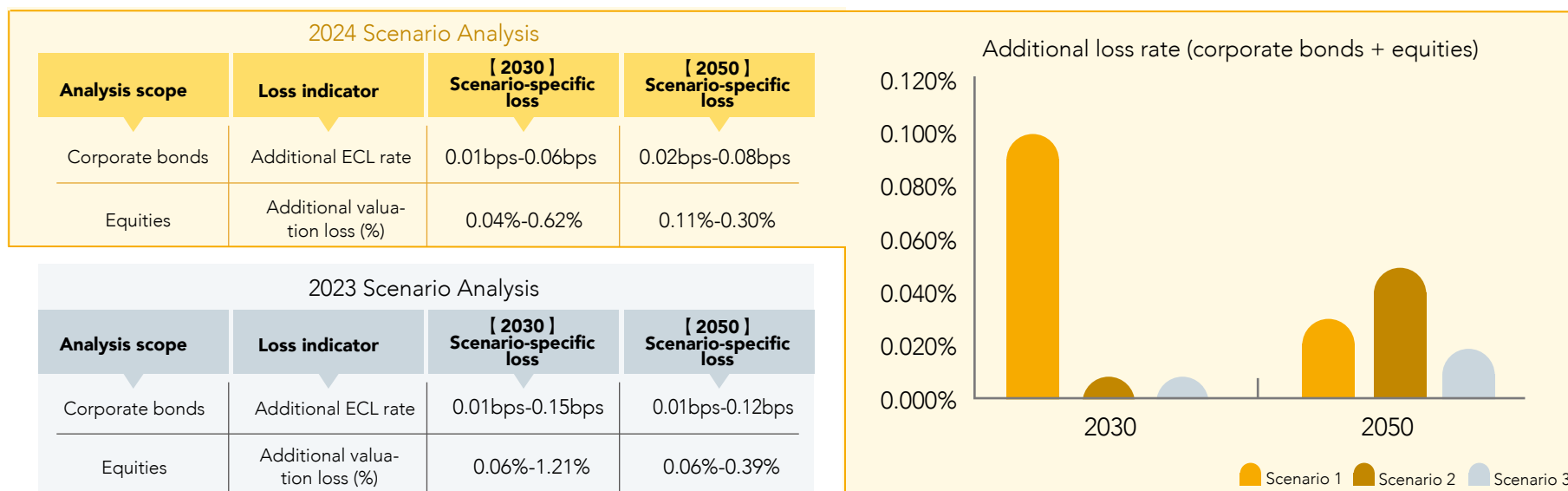
Analysis purpose: To assess the impact of transition policies (carbon pricing costs), we examined the change in risk profiles of corporate bond issuers and equity issuers with the investments of our subsidiaries, and calculated the fluctuations in the profit or loss of the investment portfolio.

Analysis scope: Equity and corporate bond investments for non-trading purposes held by CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Finance

Assessment method



Assessment results



As of 2030, Scenario 1 has the highest rate of additional loss. As of 2050, Scenario 2 has the highest rate of additional loss. In general, the expected loss in any scenario at any point in time was lower than NT\$1.5 billion.

Response strategies: The impact of transition risks on investment positions is relatively mild compared to other asset categories. CTBC Bank and its subsidiaries will continue to implement sustainable investment strategies (see 2.2 "Climate Strategy and Implementation Plan") and ensure that risk management mechanisms comply with the Principles for Responsible Investment (see 3.3 "Market Risk Management").

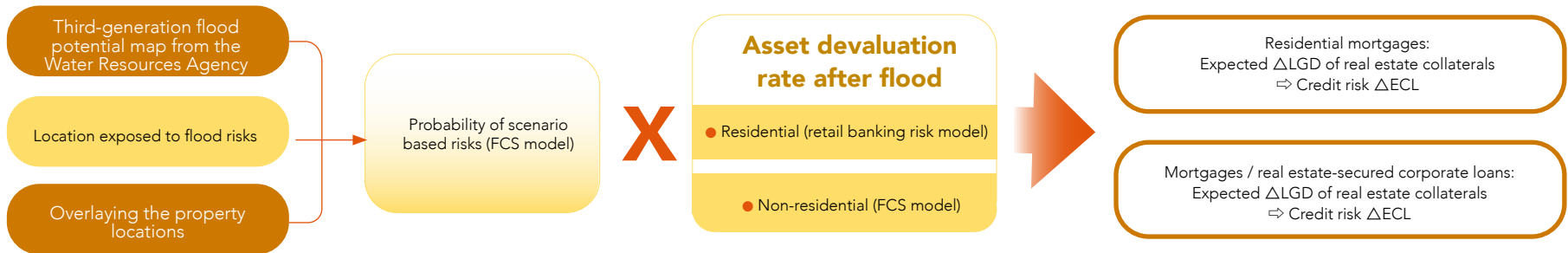
4.3.3 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Domestic Loans Secured by Real Estate

Analysis purpose:

Severe typhoons causing heavy rainfall and subsequent flooding are recognized within the group as a major physical risk factor in Taiwan with a higher probability of occurrence and likelihood of causing significant damage. We used the internal model constructed by CTBC Bank's retail banking risk management team, referred to estimates from an external organization, FCS, based on the IPCC's AR6, and overlaid this data on the third-generation flood potential map from the Ministry of Economic Affairs' Water Resources Agency to improve the accuracy of our ability to assess physical risks.

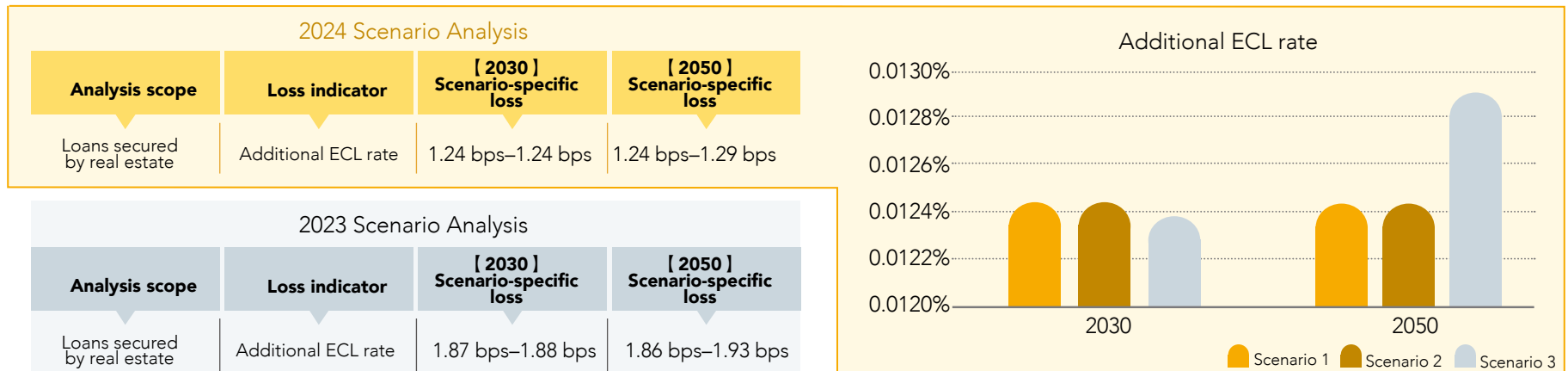
Analysis scope: Personal residential mortgages and corporate loans secured by real estate in Taiwan provided by CTBC Bank and Taiwan Life

Assessment method



Note: Loss given default (LGD)

Assessment results



By 2030, all scenarios produced almost the same ECL rate. By 2050, Scenario 3 produced the highest credit loss, with an estimated credit loss of approximately NT\$200 million and an ECL rate of around 1.29 basis points. The results of this scenario analysis indicate that the projected losses for both 2030 and 2050 are lower than those in the previous scenario analysis, demonstrating the effectiveness of CTBC Bank's policies in managing collateral located in at-risk areas.

Response strategies: In addition to continually optimizing the collateral review and appraisal/valuation management mechanisms (see 3.2 "Credit Risk Management"), the group's property insurance subsidiary will also continue to develop green insurance and typhoon/flood insurance products (see 2.2 "Climate Strategy and Implementation Plan") to offer a more diverse range of protection products to our lending clients.

4.3.4 Assessment of the Impact of Physical Risks on Overseas Corporate Loans Secured by Real Estate

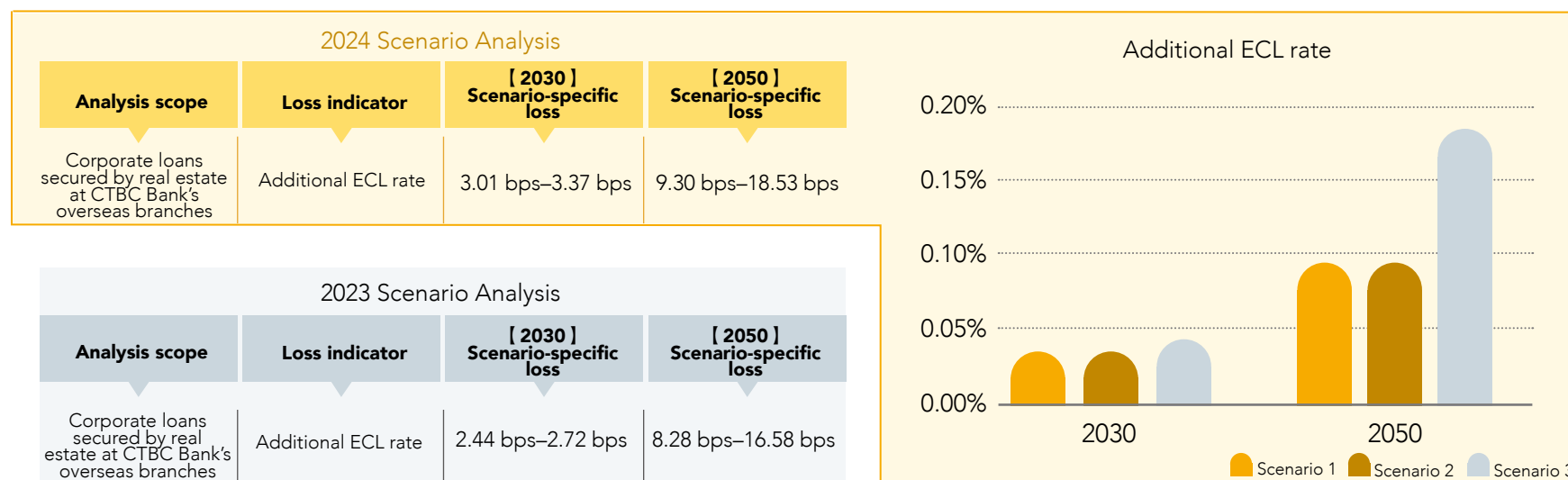
Analysis purpose and assessment method:

CTBC Holding, in collaboration with an external research institution^{Note}, conducted an assessment of real estate-secured corporate loans from selected overseas branches of CTBC Bank. The analysis evaluated the impact of eight types of physical risks (e.g., flooding, wildfires, strong winds, and land subsidence) and assessed the potential credit risk losses associated with these overseas real estate-secured loans.

Note: We worked with XDI Pty. Ltd. ("XDI"). In 2024, the climate change parameters provided by XDI were based on IPCC's Fifth Assessment Report. Scenarios 1 and 2 can correspond to the least serious warming situation described in RCP 2.6; Scenario 3 can correspond to the worst circumstances described in RCP 8.5.

Analysis scope: Corporate loans secured by real estate were sampled from six overseas branches of CTBC Bank, namely Tokyo, New York, Shanghai, Guangzhou, Ho Chi Minh City, and Singapore

Assessment results



As of 2030, there is no significant difference in ECL rates among the three scenarios. As of 2050, however, Scenario 3 presents higher credit risk losses, with an ECL rate of approximately 18.5 basis points.

Response strategies: To manage the physical risks associated with overseas entities, CTBC Holding has established monitoring indicators related to country risk (see 3.4 “Country Risk Management”). In addition, all overseas branches follow a unified mechanism for the review and appraisal/valuation of collateral (see 3.2 “Credit Risk Management”), and significant physical risks are taken into account when reviewing loan applications and determining loan-to-value ratios. CTBC Bank’s overseas branches span the globe. As international consensus on decarbonization and transition continues to strengthen, the company will actively respond to and promote the development of transition finance (see 2.2 “Climate Strategy and Implementation Plan”).

4.3.5 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Typhoon and Flood Insurance

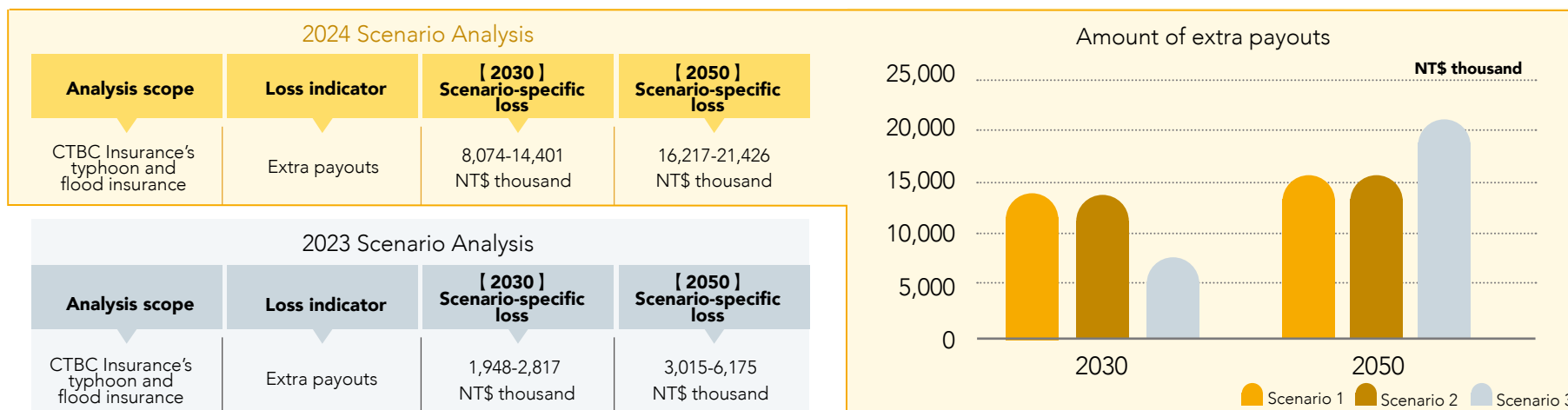
Analysis purpose and assessment method:

Extreme weather has increased the frequency of physical risk events such as heavy rains and floods, and may result in a higher number of claims and heavier losses for CTBC Insurance. CTBC Insurance has reviewed the relevant insurance product lines and utilized its internal database to obtain historical claims data, estimating potential risks and losses after factoring in the proportion of reinsurance ceded.



Analysis scope: CTBC Insurance’s typhoon- and flood-related insurance products

Assessment results



As of 2030, the additional claim payouts in Scenarios 1 and 2 are approximately NT\$6 million higher than those in Scenario 3. As of 2050, Scenario 3 shows the highest additional claim payouts, reaching approximately NT\$20 million.

Response strategies: CTBC Insurance will prudently assess the pricing, underwriting, and reinsurance policies for new typhoon and flood insurance products (see 3.5 “Insurance Risk Management”), and promote related products in line with its risk appetite (see 2.2 “Climate Strategy and Implementation Plan”).

4.3.6 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Real Estate Investments

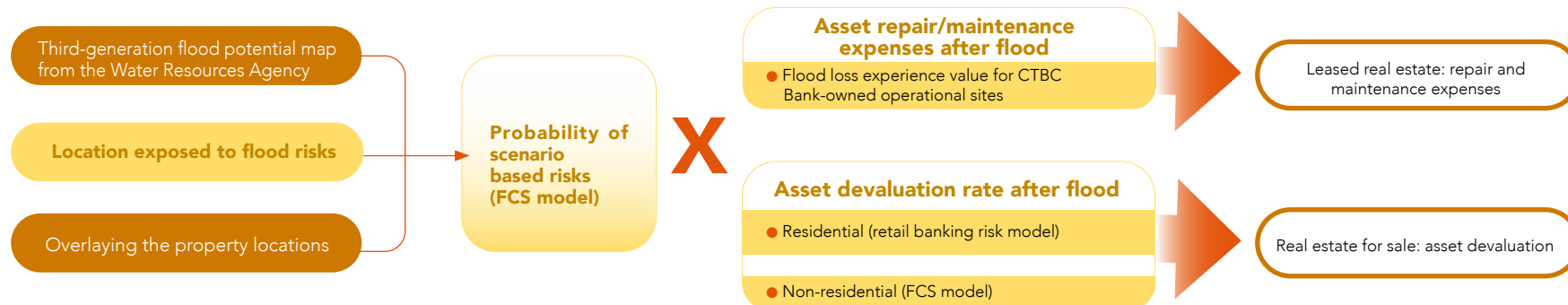
Analysis purpose:

CTBC Holding referred to the scenario parameters provided by external experts at FCS, and combined these with the third-generation flood potential map from the Water Resources Agency, Ministry of Economic Affairs, to evaluate the potential impairments of income-generating real estate investments at the subsidiary level in the event of heavy rains and floods.

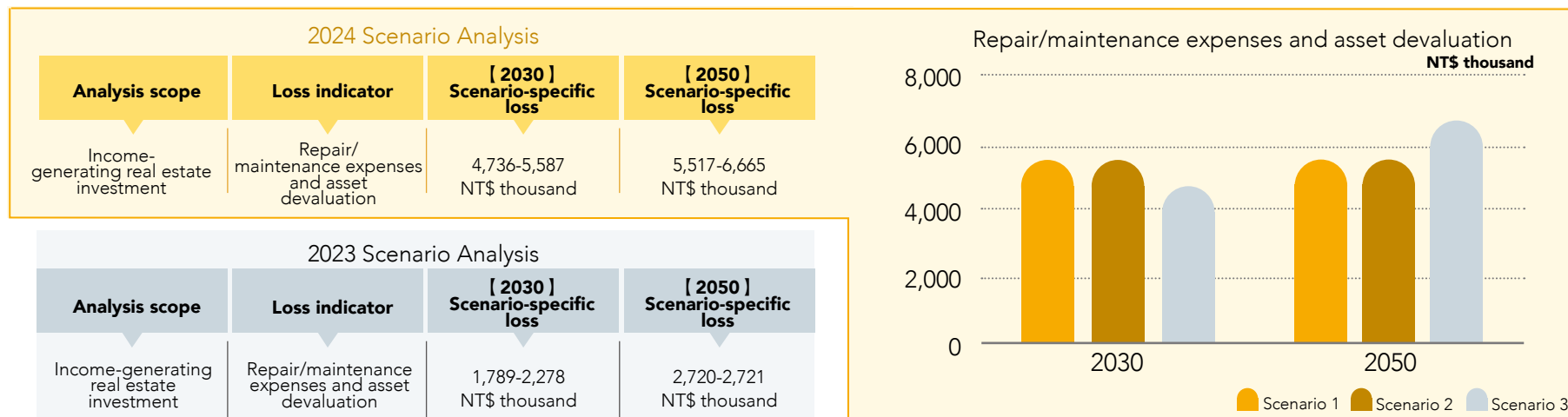
Analysis scope: Domestic real estate investment portfolios of Taiwan Life and CTBC Asset Management



Assessment method



Assessment results



As of 2030, the repair costs and asset devaluation amounts in Scenarios 1 and 2 are slightly higher than those in Scenario 3. As of 2050, however, Scenario 3 has the highest repair costs and asset devaluation amounts, totaling approximately NT\$6.6 million. The results of this scenario analysis indicate that projected losses in both 2030 and 2050 have increased by approximately NT\$3 million compared to those of the previous assessment. This is primarily due to holdings of real estate properties located in areas identified as flood-prone in the third-generation flood potential maps.

Response strategies: For new investments, all potential risk factors that could impact pricing (e.g., ESG-related issues including energy and water) will be fully assessed (see 3.6 “Real Estate Investment Risk Management”). In addition, the Company will continue to seek investment opportunities in public infrastructure projects related to environmental conservation and water resource engineering.

4.3.7 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Securities Brokerage Income

Analysis purpose:

In the event of flooding caused by heavy rainfall, CTBC Securities may be forced to suspend operations due to stock market closures, which could result in reduced brokerage fee income.

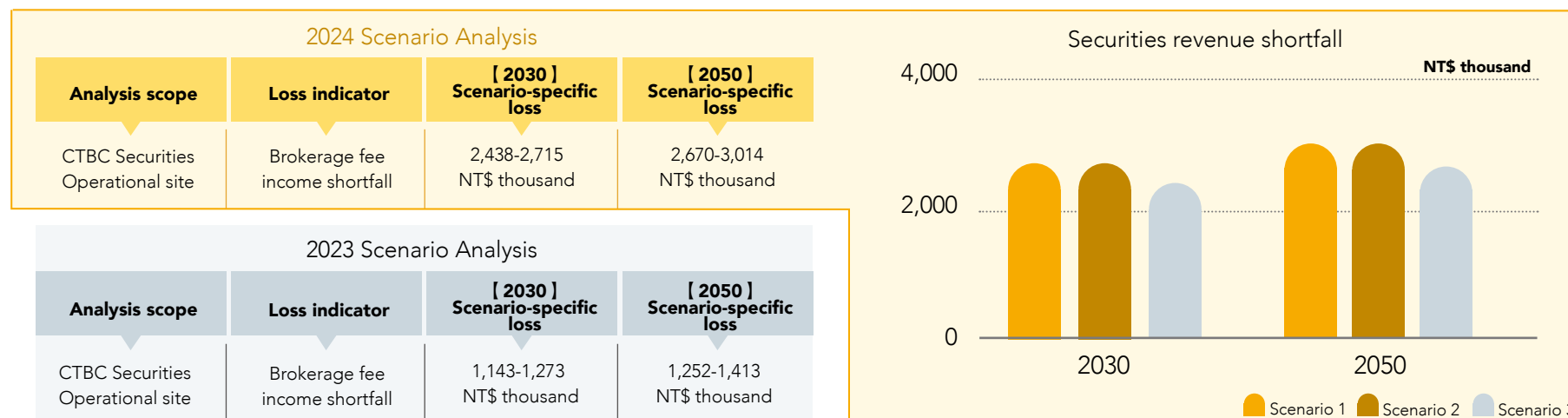
Analysis scope: Daily brokerage fee income collected across all CTBC Securities branches



Assessment method



Assessment results



The results of this scenario analysis show projected losses for 2030 and 2050 ranging from NT\$2,438,000 to NT\$3,014,000.

Response strategies:

CTBC Securities has established a business continuity plan. Testing and verification are conducted every half a year according to the plan, to ensure normal operation when the market is open after non-business days.

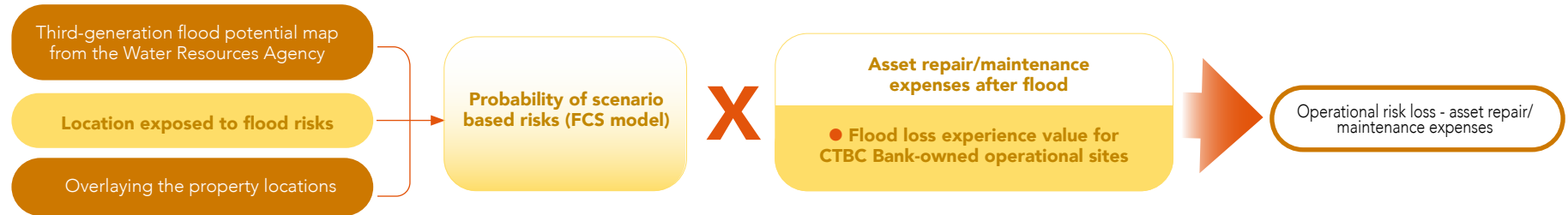
4.3.8 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Owned Operational Sites

Analysis purpose:

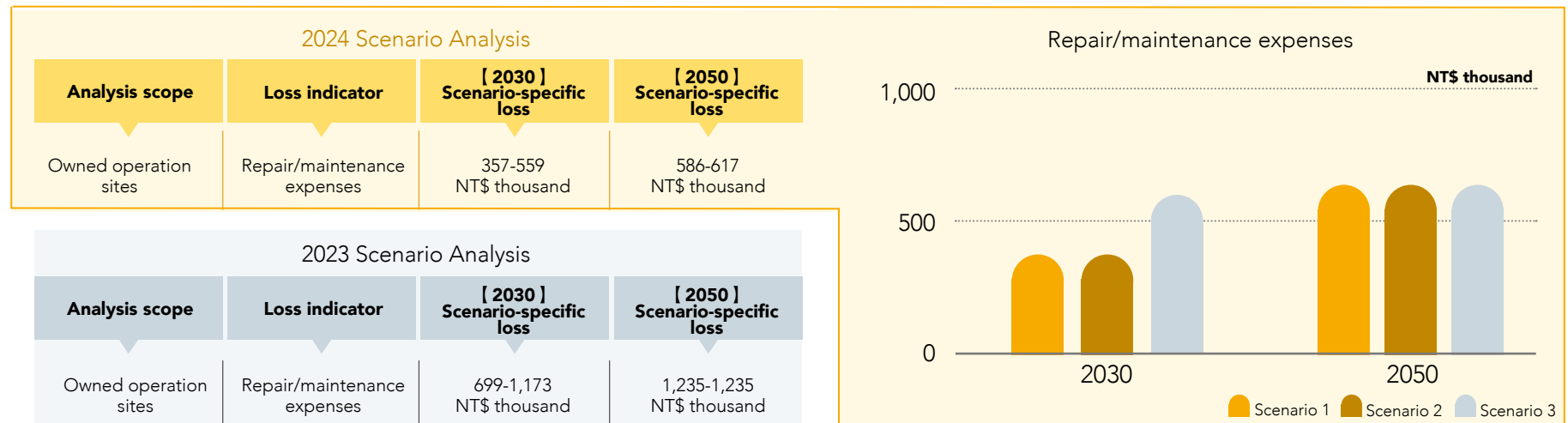
CTBC Holding referred to the scenario parameters provided by the external expert FCS as well as the third-generation flood potential map from the Water Resources Agency, Ministry of Economic Affairs, to evaluate the financial losses (e.g., asset repair and maintenance expenses and equipment replacement (operational risk losses)) incurred by subsidiary-owned operational sites due to flooding.

Analysis scope: Operational sites in Taiwan owned by CTBC Bank, Taiwan Life, and CTBC Securities (excluding leased locations)

Assessment method



Assessment results



The results of the 2024 analysis show projected losses for 2030 and 2050 ranging from NT\$357,000 to NT\$617,000. As the group's owned operation sites are situated in metropolitan areas with relatively well-established flood control facilities, the operational risk losses in all three scenarios are deemed controllable.

Response strategies: CTBC Bank has established a comprehensive business continuity management framework and plans (see 3.8 “Operational Risks and Supplier Management”). Through advance planning and regular drills, we aim to reduce the impact of natural disasters on its operations.

4.3.9 Assessment of the Impact of Carbon Pricing on Specific Suppliers

Analysis purpose: Carbon-intensive suppliers may be subject to carbon fees (or taxes) in accordance with regulations, which could lead to increased operating costs. These costs may in turn be passed on to CTBC Holding, resulting in higher procurement costs for the Company.

Analysis scope: Top 50 suppliers (in terms of procurement amount) of CTBC Holding (including subsidiaries whose procurement is centrally negotiated by CTBC Holding)

Assessment method



Assessment results

Pass-through amount	2030			2050		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Carbon fee pass-through amount (NT\$ thousand)	6,429	251	251	29,901	11,770	889
Percentage of carbon fee pass-through amount to total procurement cost	0.05%	0.00%	0.00%	0.21%	0.08%	0.01%

Assuming that the full carbon emissions cost associated with procurement is passed on to CTBC Holding, as of 2030, Scenario 1 results in a greater increase in procurement costs; as of 2050, the impact on procurement costs in Scenarios 1 and 2 is estimated to range from approximately 0.08% to 0.21%.

Response strategies:

To avoid reliance on a single supplier, CTBC Holding has implemented the Supplier Management Principles and Procurement Management Regulations to select suppliers that demonstrate strong ESG performance and market competitiveness, thereby safeguarding CTBC Holding's interests (see 3.8 "Operational Risks and Supplier Management").



4.3.10 Impact of physical risks on hospital stays and benefits due to heat injury

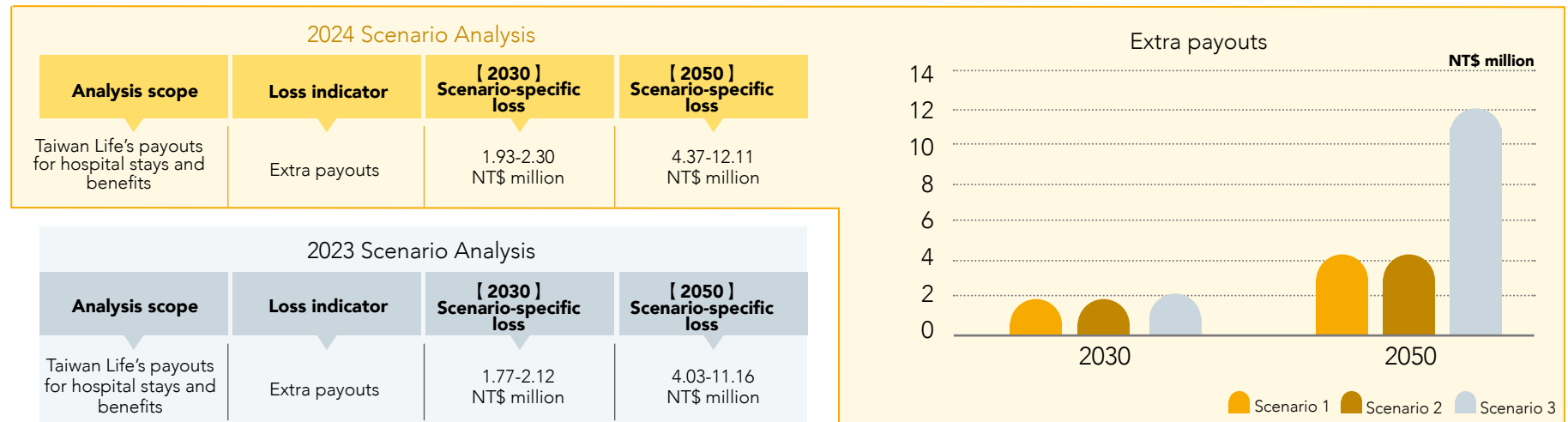
Analysis purpose and assessment method:

Heat-related illnesses, such as heatstroke, can cause damage to the human body and internal organs, and may be fatal in severe cases. During the recovery period, hospitalization may be required, leading to insurance claims and related issues. CTBC Holding used the Wet Bulb Globe Temperature (WBGT^{Note}) indicators provided by the external expert FCS to assess the potential loss due to higher claims for hospital stays and benefits as a result of heat injury.

Note: WBGT is a measure calculated based on a dry-bulb thermometer, a wet-bulb thermometer, and a black-globe thermometer. The wet-bulb thermometer and black-globe thermometer in WBGT incorporate complex conditions such as atmospheric moisture, solar radiation, and wind speeds and reflect these in the WBGT indicators.

Analysis scope: Taiwan Life insurance products with hospital benefits

Assessment results



As of 2030, none of the three scenarios show a significant increase in additional claim payouts. As of 2050, however, Scenario 3 shows the largest increase in additional claim payouts.

Response strategies: Taiwan Life carefully evaluates the pricing, underwriting, and reinsurance policies of new medical insurance products (see 3.5 "Insurance Risk Management"), and promote related products in line with its risk appetite (see 2.2 "Climate Strategy and Implementation Plan").

4.3.11 Assessment of the Impact of Climate Change on Specific Lending Portfolios

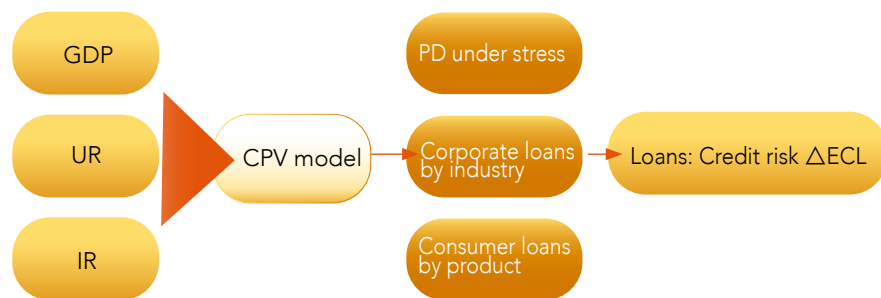
Analysis purpose:

Climate change transition risks and physical risks have a direct impact on climate-sensitive industries and entities, as well as an indirect impact on the macroeconomy. As a result, all industries, households, and individuals may be faced with the risks of reduction in demand and incomes. An analysis by account/item was conducted on the climate change impact on sensitive industries. To enhance the comprehensiveness of the assessment, CTBC Bank evaluated the impact of residual risks in the context of changes in the macro environment by analyzing credit exposure to non-climate risk-sensitive companies (in non-carbon-intensive industries) and products (e.g., consumer loans).

Analysis scope: Risk exposure of CTBC Bank’s corporate loans to non-carbon-intensive industries and consumer credit loans at domestic and overseas branches (excluding those in India)

Assessment method

NGFS assumptions:



Note 1: GDP refers to the economic growth rate, UR the unemployment rate, and IR the interest rate.

Note 2: The Credit Portfolio View model is a quantitative methodology developed by McKinsey & Company in 1997. It is a regression model based on macroeconomic factors to predict an issuer’s probability of default.

Assessment results

2024 Scenario Analysis			
Analysis scope	Loss indicator	[2030] Scenario-specific loss	[2050] Scenario-specific loss
Macroeconomic impact on corporate loans in non-carbon-intensive industries and consumer credit loans	Exposure-at-default ECL rate	0.29bps–0.54bp	0.00bps–0.44bps

2023 Scenario Analysis			
Analysis scope	Loss indicator	[2030] Scenario-specific loss	[2050] Scenario-specific loss
Macroeconomic impact on corporate loans in non-carbon-intensive industries and consumer credit loans	Exposure-at-default ECL rate	0.00bps–1.23bps	0.00bps–0.23bps

The 2024 analysis’s projected losses for 2030 and 2025 do not significantly deviate from previous results, and the impacts of these losses remain within manageable levels.

Response strategies: Refer to sections 3.2 “Credit Risk Management” and 3.4 “Country Risk Management” in Chapter 3 of this Report.

4.4 | Analysis Results of Other Exploratory Scenarios

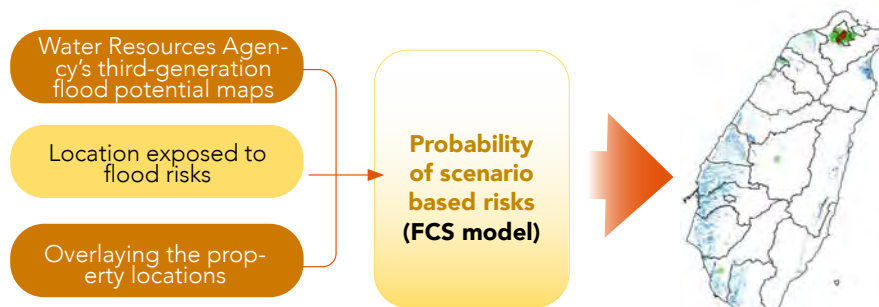
4.3.6 Assessment of the Impact of Extreme Weather (Typhoons/Flooding) on Upstream Suppliers

Analysis purpose:

In response to the increasing frequency of extreme weather events, CTBC Holding has conducted a review of physical risks in relation to climate change on suppliers in the upstream of its value chain. The purpose is to understand the impact of climate change-related disasters on suppliers' ability to provide products and services as contracted, as well as potential supply chain disruption risks. The findings are incorporated as a reference for future revisions to the group's procurement management policies.

Analysis scope: Top 50 suppliers (in terms of procurement amount) of CTBC Holding (including subsidiaries whose procurement is centrally negotiated by CTBC Holding) in 2024

Assessment method



Note: The blue areas on the map indicate regions with potential flood risks.

- ◆ Suppliers located in flood risk areas as simulated in the third-generation flood potential map from the Water Resources Agency
- ◆ Suppliers not located in flood risk areas as simulated in the third-generation flood potential map from the Water Resources Agency

Response strategies:

All the suppliers located in the flood potential map in this analysis are all manpower service providers, without direct impact on the Company's operational risks. A review on the risk response measures submitted by suppliers suggest actions have been taken to address flood risks and services will not be disrupted. Hence, the impact of climate-change physical risks on suppliers is controllable. CTBC Holding will continue to review the stability of products and services from suppliers and carry out follow-up audits.

Assessment results

Supplier locations were overlaid on third-generation flood potential map from the Water Resources Agency, in order to analyze the likelihood^{Note} of floods in the IPCC AR6 climate scenarios (SSP1-2.6 and SSP3-7.0) in 2030 and 2050. The results are shown in the table.

Note: Low likelihood of floods: $\geq 2\%$ to $< 10\%$; medium likelihood of floods: $\geq 10\%$ to $< 50\%$; high likelihood of floods $\geq 50\%$

Proportion of suppliers	Likelihood of floods				
	Base period	SSP1-2.6 2030	SSP1-2.6 2050	SSP3-7.0 2030	SSP3-7.0 2050
2%	Low	Medium	Medium	Medium	Medium
4%	Medium	Medium	Medium	Medium	Medium
2%	Medium	Medium	Medium	Medium	High

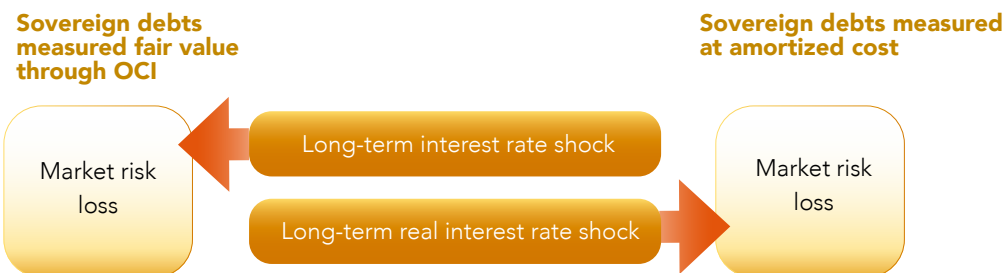
4.4.2 Assessment of the Impact of Transition Risks on Sovereign Debts

Analysis purpose:

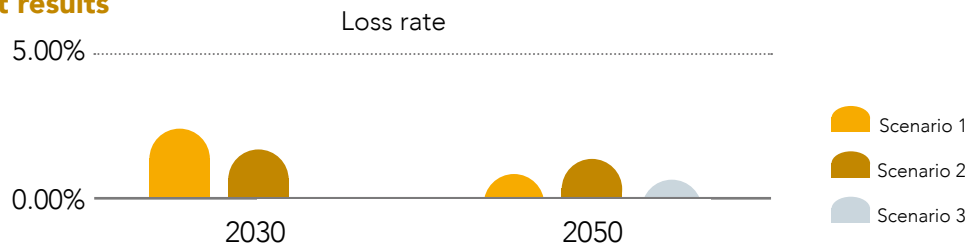
To fulfill their NDC targets and promote a low-carbon economy, countries around the world have implemented transition policies that may impact their economies. For example, an increase in carbon pricing may lead to “greenflation.” The restrictions on emissions-intensive manufacturing processes or assets could cause economic instability, potentially resulting in currency depreciation or higher default risks for sovereign debts. This assessment analyzed the changes of the risk profile of sovereign debts held by the Group under the influence of transition risks, in order to calculate the credit risk or market risk losses in the investment and loan portfolio.

Analysis scope: Sovereign debts (including bonds and loans) for non-trading purposes held by CTBC Bank, Taiwan Life, and CTBC Securities

Assessment method



Assessment results



As of 2030, Scenario 1—impacted by low-carbon transition—shows the highest expected loss rate, at 1.99%. As of 2050, however, as the influence of transition policies is gradually mitigated by market adjustments over time, the expected loss rate for Scenario 1 decreases to 0.66%, while Scenario 2 shows the highest expected loss rate, at approximately 1.08%.

Response strategies: CTBC Holding has established monitoring indicators for country risk to manage exposure in countries with high vulnerability to transition risks (see 3.4 “Country Risk Management”).

4.4.3 Impact of Physical Risks on CTBC Bank’s Liquidity (Cash Outflows of Deposits and Loans) – Assessment of Impact of Extreme Weather and Catastrophic Events Caused by Climate Change

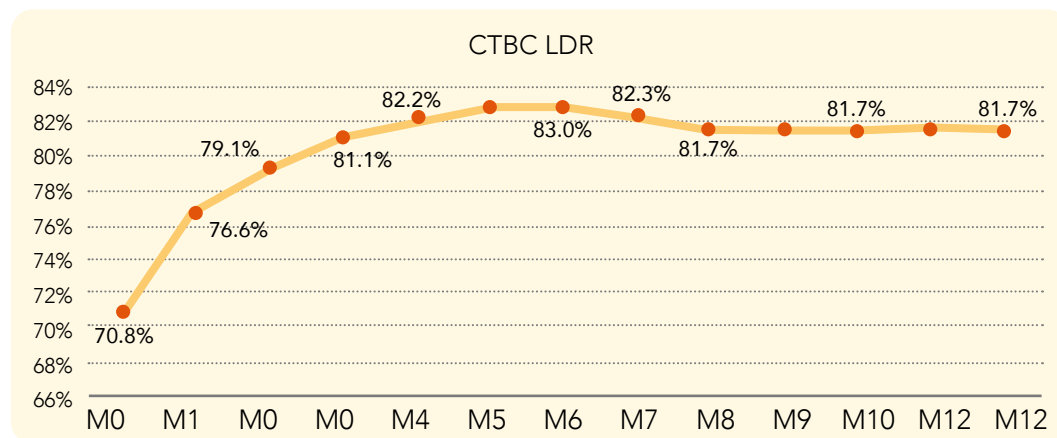
Analysis purpose:

Given the expected increase in the frequency and severity of extreme weather events around the world, CTBC Bank’s customers and their family members may need to withdraw savings or increase loans to repair or rebuild homes. In light of this, an assessment was conducted of CTBC Bank’s liquidity risk (loan-to-deposit ratio) in the event of a significant increase in short-term capital requirements caused by extreme weather and catastrophic events.

Analysis scope: CTBC Bank’s domestic and overseas branches

Assessment method

The liquidity risk due to climate risk was assessed by considering the deposit structure and historical momentum of CTBC Bank’s domestic and overseas branches, as well as the potential severity of climate risk each country may be exposed to.



Assessment results

At the onset of a catastrophic event, the loan-to-deposit ratio increased as a large sum of deposits was withdrawn and credit lines were utilized by customers. Six months later as the crisis subsided, the loan-to-deposit ratio slowly decreased. During the crisis period, the consolidated foreign currency loan-to-deposit ratio initially rose from its initial 70.8% to 83.0% (indicating moderate risk) and later declined to 81.6% (indicating low risk). The ratio remained within the internally defined safe range; therefore, the Company’s overall liquidity risk remained manageable.

Response strategies: CTBC Bank has established a comprehensive business continuity management framework and plans (see 3.8 “Operational Risks and Supplier Management”). Through advance planning and regular drills, we aim to reduce the impact of catastrophic events on liquidity and funding operations.



5

Metrics and Targets

5.1 Green Operations Metrics and Targets

5.2 Green Finance Metrics

5.3 Climate Risk-related Metrics

5.4 SBTs for Investment and Lending Portfolios

5.5 Other Metrics

5.1 | Green Operations Metrics and Targets

5.1.1 Greenhouse gas management

In order to adhere to the Taiwan FSC’s Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies, the group has conducted GHG inventory quantification in accordance with ISO 14064-1:2018 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. We have been gradually expanding the boundaries of Scope 1 and 2 emissions verifications and disclosures annually since 2015. As of the end of 2024, a total of 483 business locations had been verified, namely CTBC Holding, CTBC Bank (including 14 overseas branches/sub-branches and six overseas subsidiary banks), Taiwan Lottery, CTBC Security, Taiwan Life (including subsidiaries CTBC Insurance and SUNMOON Development), CTBC Asset Management, CTBC Capital (including CTBC Sports Entertainment, CTBC Capital, HH-CTBC Capital Management, and CTBC Financial Leasing), CTBC Investments, and CTBC Securities (including CTBC Securities Investment Service, CTBC Securities Venture Capital, CTBC Asia Limited), and CTBC Finance.

Historical indicator value / inventory boundary (number of companies)		2021 / 10 companies	2023 / 17 companies	2022 / 11 companies	2021 / 10 companies
tCO ₂ e/year	Scope 1	4,959	4,132	3,223	3,377
	Scope 2 ^{Note 1}	46,021	40,044	40,502	38,817
	Scope 1+2	50,980	44,176	43,725	42,195
(Scope 1+2)/NT\$ million in net revenue ^{Note 2}		0.27	0.32	0.31	0.23

Note 1: Scope 2 emissions are calculated using the location-based method and include renewable electricity procurement. In 2024, the market-based

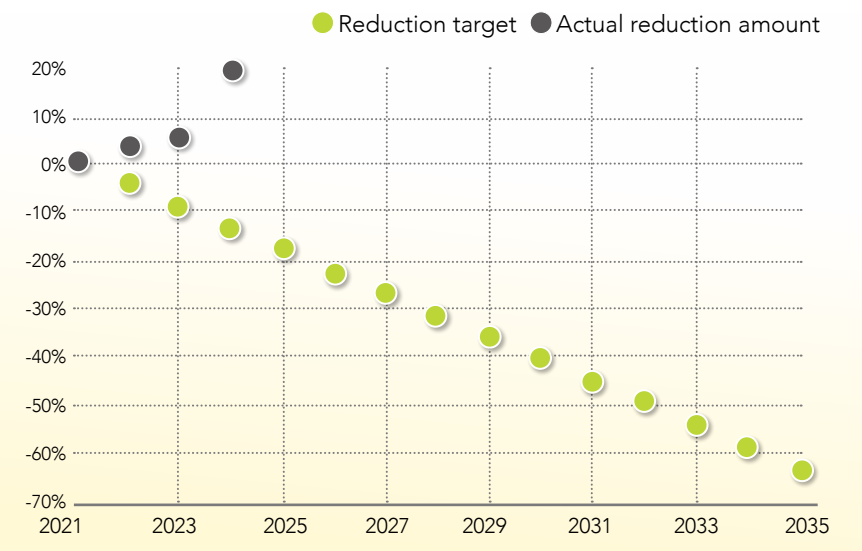
Scope 2 emissions totaled 42,296 tCO₂e (including offsets from renewable electricity procurement).

Note 2: Net revenue based on the consolidated financial statements of CTBC Holding.



As a member of the Coalition of Movers and Shakers on Sustainable Finance, CTBC Holding submitted its SBTs at the end of 2022. For Scope 1 and 2 emissions, a cumulative reduction target of 63% by 2035 has been set from the base year of 2021. This represents an annual emissions reduction of 4.5%. Upon review, the actual emissions reduction for Scopes 1 and 2 between 2022 and 2024 did not meet the 4.5% annual reduction target. The primary reason was the year-over-year increase in the number of companies included within the carbon inventory scope. Notably, in 2024, all 181 overseas operating locations of CTBC Bank's foreign subsidiaries were included for the first time, resulting in a significant surge in actual Scope 1 and 2 emissions for that year.

Scope 1+2 Emissions Reduction Target vs. Actual Reduction



5.1.2 Energy management

CTBC Holding is actively pursuing a low-carbon transition and, in June 2017, became the first financial institution in Taiwan to receive National Renewable Energy Certificates (T-RECs) issued by the Ministry of Economic Affairs. Solar power generation systems are installed at CTBC Financial Park and the Taichung Financial Building, producing a total of 82,511 kWh of electricity for public use in 2024 and obtaining 42 T-RECs. In addition, some 7,858,746 kWh of green electricity was supplied through power wheeling agreements, resulting in the acquisition of 7,859 T-RECs. In total, 7,901 T-RECs were obtained throughout the year. To achieve the group's SBTi-aligned targets for carbon reduction, we have implemented a plan to evaluate green power procurement on an annual basis. From 2022 through 2024, the group procured a cumulative total of 39.2 million kWh of green electricity. As of the end of 2024, on-site renewable power generation for self-consumption has yielded 474 T-RECs, while 8,826 T-RECs have resulted from the use of green electricity, amounting to a total of 9,300 T-RECs.

	2024	2023	2022	2021
Power generation from solar equipment (kWh)	82,511	83,905	75,707	93,296
No. of T-RECs	7,901	989	51	104
Green electricity supplied via power-wheeling agreements (kWh)	7.858 million	938,000	0	36,000
Reduction of carbon emissions (ton)	3,764 ^{Note}	504	39	65

Note: The 3,764 tCO₂e amount was calculated by adding the electricity generated from solar power equipment to the green power supplied via power-wheeling agreements, then multiplying the total by the 2024 electricity emissions factor of 0.474 kgCO₂e/kWh.

5.2 | Green Finance Metrics

● CTBC Bank and Taiwan Life's Sustainable Loan Balance

Unit: NT\$ million

Sustainable lending item		2024	2023
CTBC Bank	Green energy technology/circular economy/green electricity and renewable energy industry loans (A) ¹	150,020	166,653
	Green loans (B) ²	76,650	50,406
	Sustainability-linked loans (C) ³	96,917	60,277
Taiwan Life	Green project financing (D)	17,438	15,139
	Sustainability-linked loans (E)	16,528	10,877
Total sustainable lending (A+B+C+D+E)		357,553	303,352
Total corporate lending (F)		1,561,039	1,416,966
Sustainable lending as a percentage of total corporate lending (A+B+C+D+E)/F		22.90%	21.41%

Note 1: Excludes overlaps with green loans and sustainability-linked loans. Refers to financing provided to industries involved in key strategies listed in the Taiwan government's "forward-looking economic activities" and the National Development Council's 2050 net-zero emission pathway.

Note 2: Data scope based on the JCIC's definition of green loans. Note 3: Excludes overlaps with green loans.

● CTBC Bank Sustainability Bond Underwriting And Investment Performance

Unit: NT\$ million

Sustainable investment item	2024	2023
Total amount of green bonds underwritten and issued (A)	5,063	2,080
Total amount of social/sustainability bonds underwritten and issued (B)	-	-
Total amount of green, social, and sustainability bonds underwritten and issued (A+B)	5,063	2,080
Total amount of other sustainability bonds underwritten and issued ^{Note} (C)	-	700
Total amount of all sustainability bonds underwritten and issued (A+B+C)	5,063	2,780
Total amount of all bonds underwritten and issued (D)	26,902	33,311
Percentage of sustainability bonds in total bonds underwritten and issued (A+B+C)/(D)	18.82%	8.35%
Outstanding balance of green bond investments (X)	15,493	16,184
Outstanding balance of social bond investments (Y)	22,791	8,155
Outstanding balance of sustainability bond investments (Z)	38,753	24,160
Total outstanding balance of sustainability bond investments (X+Y+Z)	77,037	48,499

Note: Includes sustainability-linked bonds and blue bonds.

● Sustainability-related Insurance Products And Performance

Product type	2024		2023	
	Number of policies	Premiums (NT\$ thousand)	Number of policies	Premiums (NT\$ thousand)
Typhoon/flood insurance (fire insurance)	7,119	74,427	5,906	59,465
Typhoon/flood insurance (auto insurance)	819	9,309	471	4,424

● Taiwan Life's Sustainable Investment Amount

Unit: NT\$ million

Investment item	Region	Investments in 2024	Investments in 2023
Sustainability bonds	Domestic	5,400	6,400
	Overseas	21,369	19,469
Equities and funds	Domestic green energy industry ^{Note 1}	9,132	9,041
	Domestic and international funds ^{Note 2}	7,514	4,095
Total		43,415	39,005

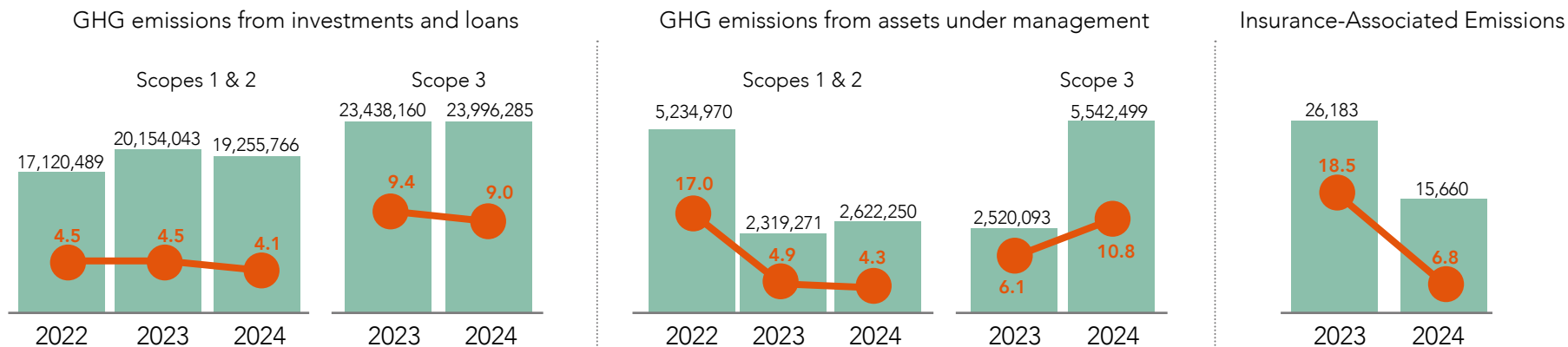
Note 1: Domestic green energy industry is defined as such investments as sustainability-related projects, public infrastructure, and social welfare.

Note 2: Domestic funds refer to funds that meet the ESG fund criteria announced by the FSC of Taiwan; overseas funds refer to funds that comply with the European Union's Sustainable Finance Disclosure Regulation standards and demonstrate sound governance while promoting environmental or social development.

5.3 | Climate Risk-related Metrics

5.3.1 Transition Risk Metrics – GHG Emissions from Investment and Loans, Assets Under Management by CTBC Investments, and Insurance

CTBC Holding follows the PCAF's Global GHG Accounting and Reporting Standard for the Financial Industry. We began quantifying financed emissions in relation to our investments and loans in 2020. As of the end of 2024, the scope covered the investments and loans of CTBC Bank (including overseas subsidiaries), Taiwan Life, CTBC Securities, and CTBC Finance.



Note: The GHG emissions from sovereign debt are considered consumption emissions (excluding land use, land-use change, and forestry, LULUCF).

■ Financed emissions (tCO₂e) ● Carbon footprint (financed emissions/NT\$ million)



Financed emissions (Scope 1+2 and Scope 3) by asset type

Asset type	Scopes 1 & 2 Financed emissions tCO ₂ e	Scope 3 Financed emissions tCO ₂ e	Scope of calculations
Business loans	8,983,748	12,797,925	CTBC Bank (consolidated), Taiwan Life (consolidated).
Power plant project finance	326,456	-	CTBC Bank (consolidated), Taiwan Life (consolidated).
Mortgages	446,772	-	CTBC Bank (consolidated).
Commercial real estate	167,819	-	CTBC Bank (consolidated), Taiwan Life (consolidated).
Listed & unlisted equity and corporate bonds	3,800,889	11,198,360	CTBC Bank (consolidated), CTBC Securities (consolidated), Taiwan Life (consolidated), CTBC Finance.
Sovereign debts (excluding LULUCF) ^{Note 1}	5,530,082	-	Investments: CTBC Bank (consolidated), CTBC Securities (consolidated), Taiwan Life (consolidated), CTBC Finance.
Sovereign debts (including LULUCF) ^{Note 1}	5,540,349	-	Loans: CTBC Bank (consolidated).
Total (excluding LULUCF)	19,255,766	23,996,285	
Total (including LULUCF)	19,266,033	23,996,285	

Financed emissions (Scope 1+2) from investments and loans – carbon footprint, carbon intensity, data quality score, and coverage

Asset type	Financed emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/investment and loan balance in NT\$ million)	Weighted average carbon intensity (tCO ₂ e/ annual revenue in NT\$ million)	PCAF data Quality score	Coverage ^{Note 2}
Business loans	8,983,748	7.8	12	3.4	69%
Power plant project finance	326,456	5.6	-	2.0	80%
Mortgages	446,772	0.4	-	4.0	99%
Commercial real estate	167,819	1.1	-	4.0	99%
Listed & unlisted equity and corporate bonds	3,800,889	2.5	20	1.3	95%
Sovereign debts (excluding LULUCF) ^{Note 1}	5,530,082	8.1	-	1.0	100%
Sovereign debts (including LULUCF) ^{Note 1}	5,540,349	8.1	-	1.0	100%
Total (excluding LULUCF)	19,255,766	4.1	15	2.5	88%
Total (including LULUCF)	19,266,033	4.1	15	2.5	88%

Note 1: The GHG emissions from sovereign debt are considered consumption emissions. If classified as production emissions, the financed emissions from sovereign debt (excluding LULUCF) amount to 5,445,408 tCO₂e and financial emissions (including LULUCF) amount to 5,332,494 tCO₂e. GHG emissions data sources include UNFCCC and Climate Watch.

Note 2: Coverage is defined as the asset portfolio reviewed in accordance with PCAF inventory quantification methodology / asset portfolio in adherence to PCAF methodology.

Financed emissions (Scope 1+2) from investments and loans by region

*The GHG emissions from sovereign debt are considered consumption emissions (excluding land use, land-use change, and forestry, LULUCF).

Region	Financed emissions (tCO ₂ e)	Financed emissions %	Carbon footprint (tCO ₂ e/NT\$ million)
Asia: Taiwan	6,036,788	31%	3.0
Asia: Greater China	2,102,523	11%	8.1
Asia: Northeast Asia	853,844	4%	2.4
Asia: Southeast Asia	3,772,588	20%	8.1
Asia: Other	193,212	1%	10.5
Americas	4,279,779	22%	4.1
Europe	364,674	2%	1.2
Others	1,652,358	9%	6.2
Total (excluding LULUCF)	19,255,766	100%	4.1



Financed emissions (Scope 1+2) from business loans, listed & unlisted equities and corporate bonds by industry

For the asset categories of business loans, equities, and corporate bonds, CTBC Holding has established a list and a definition of carbon-intensive industries to identify counterparties and exposure amounts that may be vulnerable to climate-related transition risks. As of the end of 2024, CTBC Bank had a total of 334 credit accounts in carbon-intensive industries (DBU+OBU), with an aggregate credit balance of NT\$203.4 billion. In addition, the group's main subsidiaries (i.e., CTBC Bank, Taiwan Life, and CTBC Securities) held investments in equities and corporate bonds of 125 entities classified as belonging to carbon-intensive industries, with a total investment balance of NT\$235.5 billion.

By industry		Investments and loans portfolio %	Financed emissions(tCO ₂ e)	Financed Emissions(%)	Carbon footprint (tCO ₂ e/ investment and loan balance in NT\$ million)	Weighted average carbon intensity (tCO ₂ e/ annual revenue in NT\$ million)
Carbon-intensive industries ^{Note}	Power generation	4.3%	4,480,502	35%	31.9	145
	Marine and air transportation	1.8%	389,214	3%	17.4	13
	Iron and steel/smelting	0.9%	525,290	4%	20.3	18
	Cement	0.4%	515,548	4%	41.6	105
	Petrochemicals	3.7%	1,341,132	10%	11.9	14
	Fossil fuel mining	0.7%	401,626	3%	17.7	24
	Other domestic carbon-intensive industries	3.6%	448,862	4%	3.8	6
	Subtotal	15.4%	8,102,174	63%	17.9	55
Non-carbon-intensive industries	Finance, insurance, and real estate	43.4%	177,185	1%	0.2	0.4
	Manufacturing	15.2%	2,366,626	19%	5.6	5
	Others	26.0%	2,138,652	17%	3.6	4
	Subtotal	84.6%	4,682,463	37%	2.1	3
Total		100%	12,784,637	100%	4.8	15

Note: The power generation industry refers to companies whose electricity generation capacity is derived from coal, oil, or natural gas. The marine and air transportation industry refers to companies engaged in maritime shipping or air transportation services. The iron and steel/smelting industry includes the upstream and midstream segments of the steel industry supply chain. The cement industry refers to the midstream segment of the cement supply chain. The petrochemical industry includes the upstream and midstream segments of the petrochemical and plastics/rubber supply chains. The fossil fuel mining industry refers to companies engaged in the extraction of coal, oil, natural gas, oil shale, and oil sands. Other domestic carbon-intensive industries refer to companies not classified under the six aforementioned categories but included in the list of companies for the most recent year on the Greenhouse Gas Reporting System, which is maintained by Taiwan's Climate Change Administration.

Financed emissions (Scope 1+2) from domestic business loans, listed equities, and corporate bonds - the top 60% contributors

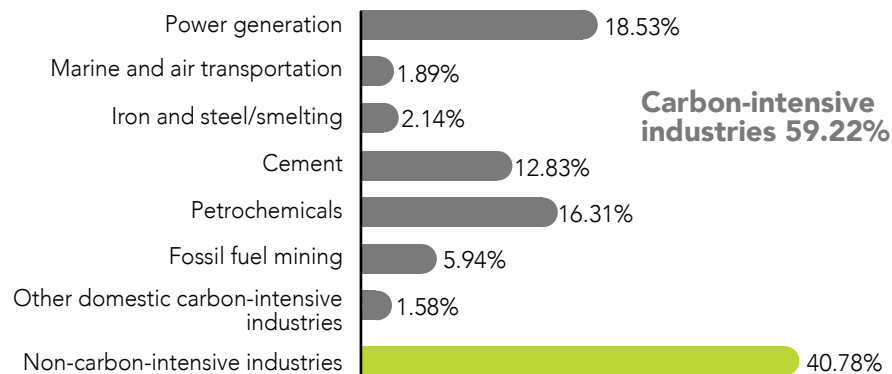
By industry	No. of companies	Financed emissions (tCO ₂ e)	
		Business loans	Investments in listed equities and corporate bonds
Water, electricity, gas supply	2	2,408,620	0
Manufacturing	4	219,428	427,793
Total	6	2,628,048	427,793

GHG Emissions from Assets Under Management by CTBC Investments

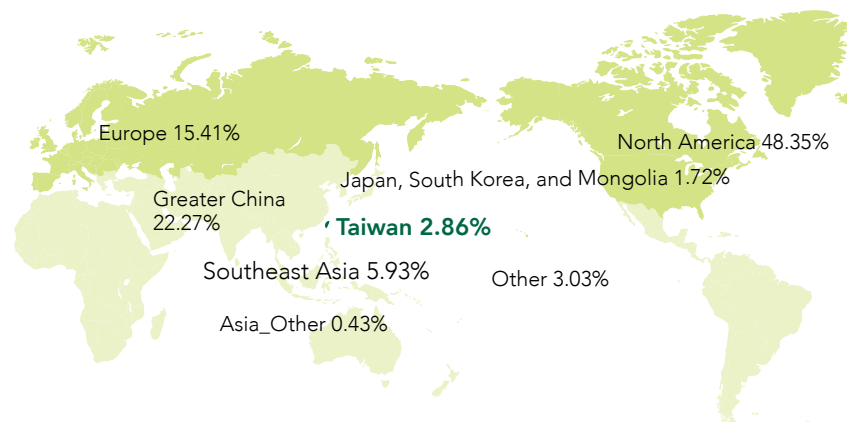
The calculation of assets managed by CTBC Investments included equities, corporate bonds, and sovereign bonds totaling NT\$569 billion, or 83.81% of the subsidiary's total assets under management. The financed emissions associated with managed assets were approximately 2,622,250 tCO₂e. By industry, carbon-intensive industries accounted for the largest share at approximately 59%; by region, the Americas accounted for the largest share at approximately 48%.

Asset type	Scopes 1 & 2		Coverage	PCAF data quality score
	Financed emissions tCO ₂ e	Carbon footprint tCO ₂ e/NT\$ million		
Active funds				
Bonds	57,030	6	95%	1.7
Equities	106,456	3	100%	2.8
Balanced	12,480	3	99%	1.5
Passive funds				
Bonds	1,709,735	4	99%	1.2
Equities	736,549	6	100%	1.1
Total	2,622,250	4	99%	1.3

Distribution of financed emissions (Scope 1+2) of assets under management by industry



Distribution of financed emissions (Scope 1+2) of assets under management by region



Insurance-Associated Emissions

The calculation for CTBC Insurance included commercial lines and Personal motor lines Insurance business positions whose inventory has been quantified using the PCAF methodology accounted for approximately 95% of total auto and commercial insurance positions. The primary source of insurance-associated emissions is personal motor lines. In accordance with Taiwan's Pathway to Net-Zero Emissions in 2050, 100% of new cars and motorbikes will be electric by 2040. This transition will help to reduce insured emissions.

Insurance type	Insured emissions tCO ₂ e	Carbon footprint tCO ₂ e/premium income in NT\$ million	PCAF data quality score
Commercial lines	6,847	7.6	3.9
Commercial fire insurance	2,792	6.2	
Marine insurance	153	5.2	
Engineering insurance	408	12.9	
Miscellaneous casualty insurance	1,787	6.7	
Commercial automobile insurance	1,707	13.2	
Personal motor lines	8,813	6.3	2.0
Personal automobile insurance	7,281	6.0	
Personal motorcycle insurance	1,532	8.5	
Total	15,660	6.8	2.7



5.3.2 Metrics of Physical Risks

To understand the physical risks of various business operations within the Group, CTBC Holding conducts regular inventory inspections and monitors the exposure of asset portfolios to high physical risk areas. To address flood risks and disasters, the group began its long-term collaboration in 2021 with external expert FCS to enhance its analytical precision regarding flood risks and hazards. The areas with a $\geq 50\%$ probability^{Note} of floods (as estimated by FCS) in all administrative regions of Taiwan are defined as “high flood risk areas.” Regarding landslide risk, the group utilizes landslide disaster data developed by FCS and defines the areas classified as Level 5 in hazard vulnerability as “high landslide risk areas.” Based on the Group's position as of December 2024, the businesses with high exposure to physical risks of floods and landslides are as follows:

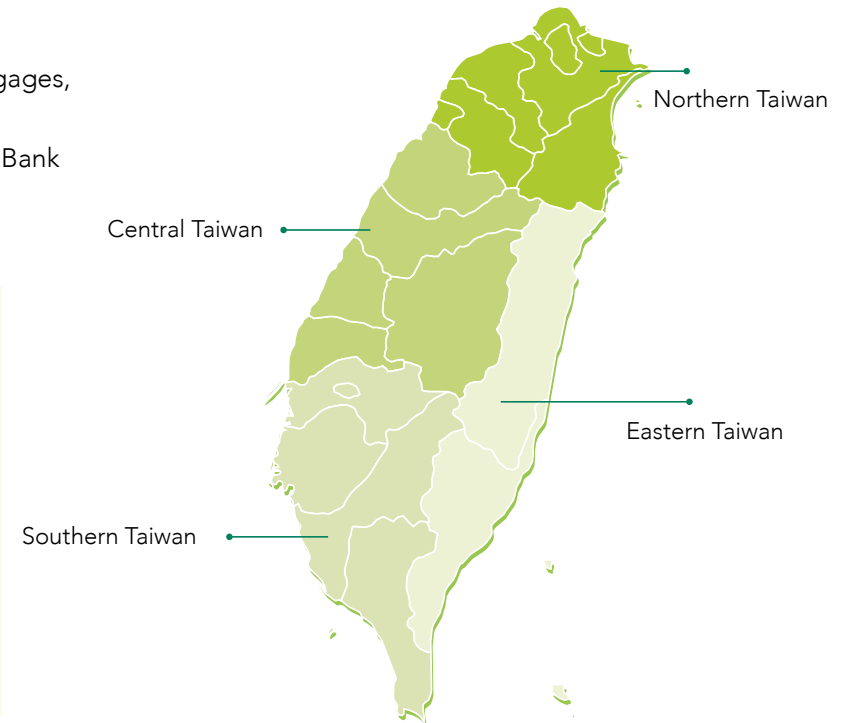
Note: In response to the AR6 released by the IPCC in 2021, FCS applied historical rainfall data from representative meteorological stations in Taiwan in 2022 and selected four climate models (i.e., CNRM-ESM2-1, MRI-ESM2-0, MIROC6, and IPSL-CM6A-LR), to estimate precipitation. These estimates were then combined with flood protection standards set by the Construction and Planning Agency, Ministry of the Interior, to assess flood probabilities throughout Taiwan.

Inventory scope:

CTBC Bank’s DBU + OBU institutional loans secured by real estate and residential mortgages, Taiwan Life’s institutional and residential mortgages, Taiwan Life and CTBC Asset Management’s real estate investments, and operational sites in Taiwan owned by CTBC Bank and Taiwan Life (non-leased) (Real estate located in Taiwan)

Description	Exposure %
Mortgages / real estate-secured corporate loans	Outstanding balance of loans secured by real estate in high-risk areas Total outstanding balance of loans secured by real estate
Real estate investments	Investment amounts in high-risk areas Total investment
Owned operational sites	No. of operation sites

Note: Real estate investment amount is calculated based on annual valuations and appraisals.





High flood risk areas

Region	Mortgages / real estate-secured corporate loans		Real estate investments		Owned operational sites	
	December 2023	December 2024	December 2023	December 2024	December 2023	December 2024
Northern Taiwan	2.832%	2.622%	0.058%	0.043%	0	0
Central Taiwan	3.119%	3.359%	0.000%	0.000%	1	1
Southern Taiwan	0.412%	0.340%	0.000%	0.000%	0	0
Eastern Taiwan	0.054%	0.050%	0.000%	0.000%	0	0
Taiwan's offshore islands	0.025%	0.021%	0.000%	0.000%	0	0
Total	NT\$ 89.2 billion	NT\$ 95.2 billion	NT\$ 46 million	NT\$ 49 million		

High landslide risk areas

Region	Mortgages / real estate-secured corporate loans		Real estate investments		Owned operational sites	
	December 2023	December 2024	December 2023	December 2024	December 2023	December 2024
Northern Taiwan	0.000%	0.000%	0.000%	0.000%	0	0
Central Taiwan	0.000%	0.000%	0.000%	0.000%	0	0
Southern Taiwan	0.000%	0.000%	0.000%	0.000%	0	0
Eastern Taiwan	0.000%	0.000%	0.000%	0.000%	0	0
Taiwan's offshore islands	0.000%	0.000%	0.000%	0.000%	0	0
Total	NT\$ 1,524,000	NT\$ 761,000	NT\$ 0	NT\$ 0		



5.4 | SBTs for Investment and Lending Portfolios

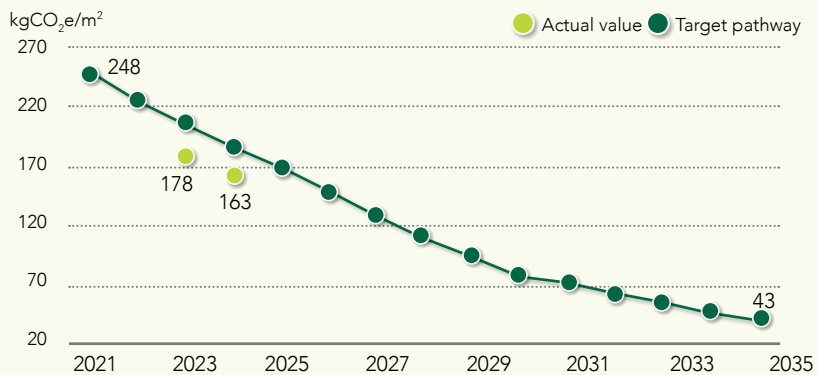
In response to sustainability policies promoting a low-carbon economy and net-zero transition, CTBC Holding has used the SBTi methodology to establish SBTs (as shown in the table below) for the Scope 3 emissions of five financed and invested asset categories. These targets were reviewed and approved in late 2023. In 2024, we actively engaged with our subsidiaries to develop management mechanisms for achieving these targets, including data collection for target calculation, the periodic review of targets and management procedures, and reporting. We also began incorporating these target management mechanisms into the relevant policies and regulations of both CTBC Holding and its subsidiaries. These efforts align with the requirements set forth in the Guidance on Carbon Reduction Target Setting and Strategic Planning for the Financial Industry issued by the FSC in January 2024, and demonstrate CTBC Holding’s commitment to achieving these targets.

Asset type	Target setting method	Target year	Reduction target	Scope covered by the target
Corporate loan (Commercial real estate)	Sector decarbonization approach (SDA)	2035	S1+S2 emissions intensity (kgCO ₂ e/m ²) down by 82.8%	67% of the total area (m ²) from the base year
Electricity generation project finance	SDA	2035	S1+S2 emissions intensity (tCO ₂ e/MWh) down by 85.6%	100% of total electricity generation (MWh) from the base year
Corporate loan (electricity generation)	SDA	2035	S1+S2 emissions intensity (tCO ₂ e/MWh) down by 85.7%	100% of total electricity generation (MWh) from the base year
Corporate loan (over one year maturity, excluding SMEs)	Temperature rating (TR)	2027	S1+S2: From 3.19°C to 2.74°C S1+S2+S3: From 3.2°C to 2.82°C	Fossil fuel industry: 100% of the loan balance from the base year All other industries: 81.7% of the total loan balance for all other industries from the base year
Listed equity, corporate bonds(including mutual funds)	TR	2027	S1+S2: From 2.8°C to 2.47°C S1+S2+S3: From 2.93°C to 2.64°C	Ordinary shares, preference shares, corporate bonds, ETFs and mutual funds: 100%

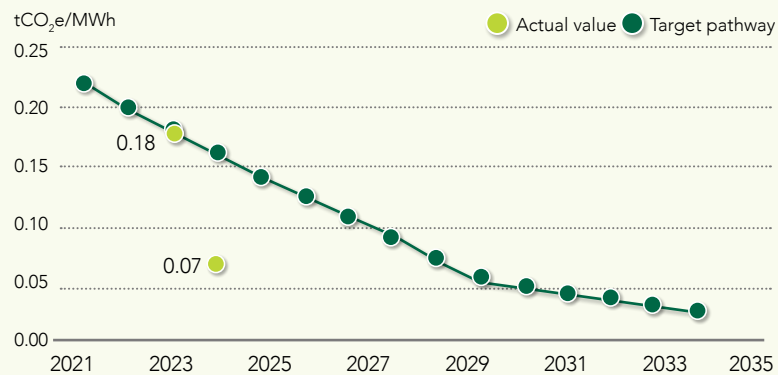
CTBC Holding has adopted the sectoral decarbonization approach (SDA) and the temperature rating (TR) methodology to set targets for its Scope 3 financed emissions. Three of the targets were set using the SDA method, with target pathways extending through 2035. The 2024 targets for commercial real estate lending and project financing for power plants have already been achieved. However, corporate lending to the power generation industry still requires further adjustments to align with the SBT pathway. While supporting Taiwan’s energy transition, the impact of corporate lending (electricity supply sector) targets will take time to materialize. In the meantime, we are proactively identifying power generation companies with carbon reduction targets and transition plans aligned with national decarbonization targets. We are also engaging with existing clients to explore potential financing opportunities for green energy generation, with the goal of reducing the carbon intensity of our assets.

For both corporate lending and investments in listed equities and corporate bonds, all assets falling within the SBT-defined scope are fully included in our target setting, with target pathways running through 2027. The TR method is used for these two asset categories; this focuses on whether investees or borrowers have set carbon reduction targets. In other words, we use capital allocation to demonstrate our support for investees and borrowers actively transitioning toward low-carbon operations. The 2024 targets for both asset categories were successfully achieved.

SBT pathway for corporate loans (commercial real estate)

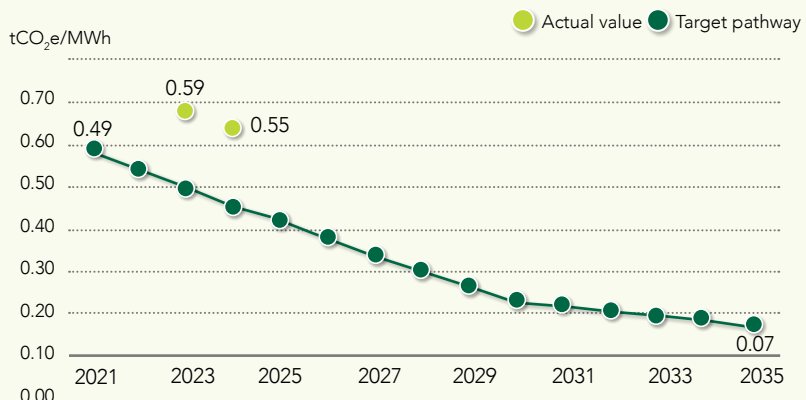


SBT pathway for electricity generation project finance



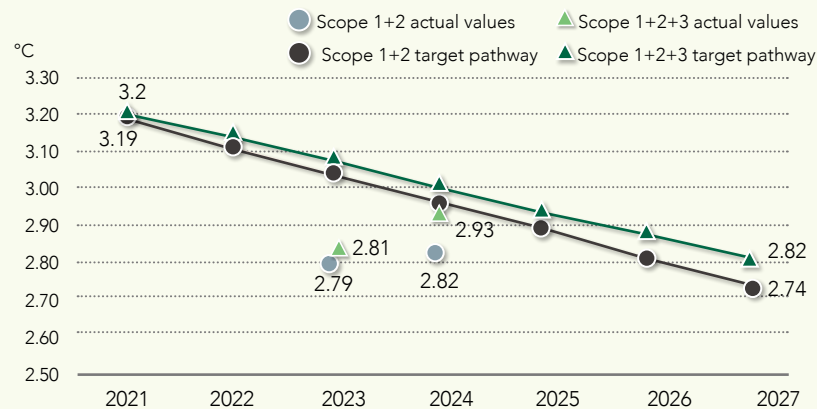
Note: The 2023 recorded power generation has been corrected from 0.16, as written in the 2023 Climate-related Financial Disclosure Report, to the actual value of 0.18.

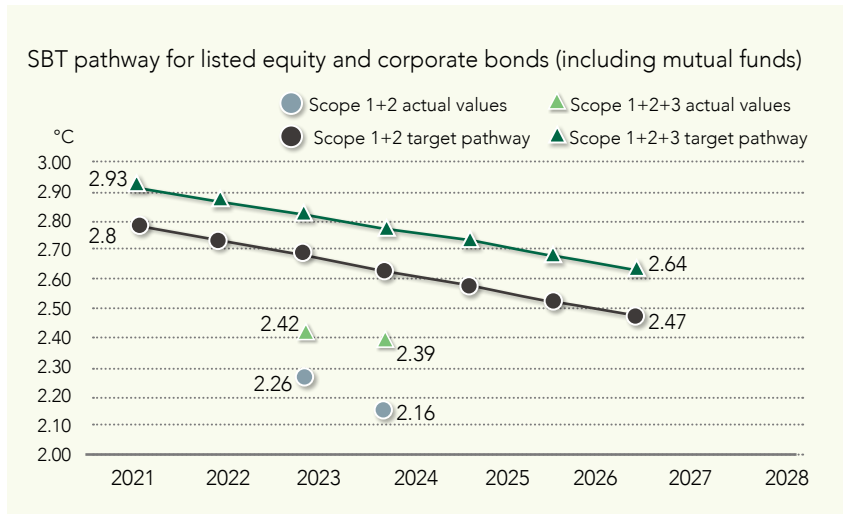
SBT pathway for corporate loans (electricity generation)



Note: The 2023 recorded power generation has been corrected from 0.44, as written in the 2023 Climate-related Financial Disclosure Report, to the actual value of 0.59.

SBT pathway for corporate loans (over one year maturity, excluding SMEs)





5.5 | Other Metrics

5.5.1 Internal Carbon Pricing

In response to external regulatory requirements and internal climate risk management needs, CTBC Holding adopted a shadow carbon pricing mechanism in 2019. This approach is used to conduct scenario-based financial assessments on key lending and investment assets to evaluate the potential financial impacts of carbon taxes, carbon fees, or carbon trading on the group’s financing and investment activities. The Company’s Risk Governance Policy explicitly mandates that scenario analysis be quantified and reported, enabling senior management to better understand potential impacts. This allows for an evaluation of whether the group’s business model and strategy are resilient enough to manage climate risks, thereby serving as a reference for formulating or adjusting related risk and opportunity strategies.

The scope of our investment and financing asset assessments covers various industries and geographic regions. To quantify and manage the carbon risks associated with our investees and borrowers, we reference and adopt the carbon pricing figures from the climate change scenarios published by the NGFS, which range from US\$1.54 to US\$1,042 per metric ton. Going forward, we will continue to monitor changes in domestic and international carbon pricing mechanisms for our analysis. For instance, Taiwan officially implemented a carbon fee rate starting January 2025. We will also take into account regional differences in economic capacity and progress toward net-zero emissions, and adjust our analytical approach accordingly to better reflect real-world conditions. Through the establishment of dedicated projects, we are exploring the correlation between carbon pricing and our financing and investment portfolios via carbon risk analysis. We are exploring the development of an internal carbon pricing mechanism, with the goal of adopting it as a management tool for transitioning toward a low-carbon economy once the methodology for determining carbon prices becomes sufficiently robust. This initiative supports the achievement of SBTs across our investment and financing portfolio.

5.5.2 Remuneration

CTBC Holding has in place Regulations Governing Board Performance Evaluations. The evaluation criteria include understanding of the Company's objectives and missions as well as focus on sustainable operations (ESG, including climate issues). Performance evaluation results serve as a reference for the selection or nomination of directors, including independent directors. The evaluation results of each director are also considered in determining their compensation and remuneration.

Regarding senior management in 2024, the presidents of CTBC Holding and its subsidiaries as well as CTBC Holding's functional heads and key senior executives with ESG-related duties were required to establish annual performance goals highly correlated with ESG, with an evaluation weighting of no less than 2%. ESG-related MBO (management by objectives) includes but is not limited to:

- (1) Enhancement of the Company's overall performance and ESG image.
- (2) Acquisition of third-party certifications or participation in sustainability-related ratings either by supporting CTBC Holding or as a subsidiary on a standalone basis via reference to domestic and international best practices in sustainability and adherence to international sustainability standards.
- (3) Management of significant risks and opportunities in sustainability related to a manager's specific responsibilities, such as performance in climate governance, low-carbon operations, corporate governance, financed carbon emissions management, or information security management.

Performance review criteria for the President of CTBC Holding:

In 2024, ESG (including climate issues) accounted for 10% of the President's performance review. The evaluation criteria included:

- Fostering of a culture of sustainability, including corporate governance, environmental sustainability, and social responsibility, and enhancing execution effectiveness.
- Upholding the Company's sustainable image and promoting interaction and communication with internal and external stakeholders.

Performance review criteria for the Chief Risk Officer of CTBC Holding:

In 2024, ESG (including climate issues) accounted for 9% of the Chief Risk Officer's performance review. The evaluation criteria include:

- Maintaining an industry-leading position in climate and nature-related risk management.
- Supervising departments and employees in implementing the Company's efforts to advance corporate governance, environmental sustainability, and social responsibility.





6

Appendix

6.1 CTBC Bank Co., Ltd.

6.2 Independent Limited Assurance Report

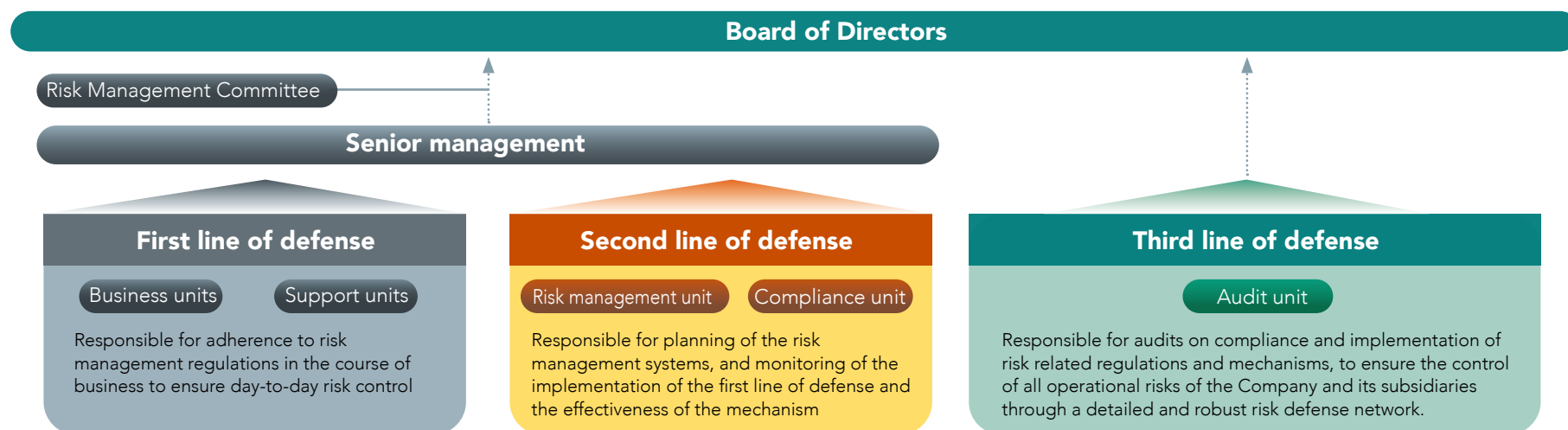
6.3 FSB TCFD Disclosure Recommendations and Corresponding Disclosures
by CTBC Holding

The preceding chapters contain the group’s **comprehensive disclosure** of climate-related risks and opportunities based on the TCFD recommendations. To address climate change related risks and opportunities, the main subsidiaries of CTBC Holding follow the parent company's supervisory principles and reporting mechanisms and establish appropriate management mechanisms according to their own business nature, scale, and complexity. Regular meetings are convened by the ESG Taskforce to facilitate the exchange of thoughts between the parent company and subsidiaries. As Taiwan Life (including CTBC Insurance), CTBC Securities, and CTBC Investments have incorporated their 2024 climate-related financial disclosure into their own published sustainability reports, this appendix provides only supplementary explanations on climate change governance, strategy, risk management, and metrics and targets for CTBC Bank. Furthermore, in compliance with the regulatory requirements of the Hong Kong Monetary Authority’s Supervisory Policy Manual GS-1 on climate risk management issued in 2021, CTBC Bank’s Hong Kong Branch prepares an annual Hong Kong TCFD disclosure report that adheres to local regulations. This year’s Hong Kong TCFD report primarily discloses the strategy planning, stress testing, and GHG inventory results of the Hong Kong Branch for 2024. For more information, visit the website of CTBC Bank Hong Kong Branch (https://www.ctbcbank.com/content/twcbo/zh_tw/global/greaterchina/HK.html).

6.1 | CTBC Bank Co., Ltd.

6.1.1 Governance

The CTBC Bank Board of Directors consists of nine members, three of whom are independent directors, accounting for 33% of the entire board. The Board of Directors serves as the highest supervisory body for climate-related risks and opportunities. In addition to continually identifying, assessing, and monitoring climate-related risks and opportunities, CTBC Bank’s management team also promotes carbon reduction efforts across our business portfolio and operations through close coordination among departments.



Organization	Meeting Frequency	Responsibilities
Board of Directors	Monthly	The highest supervisory unit for climate change risks and opportunities issues, responsible for approving, reviewing, and overseeing risk strategies and risk policies. Regular reviews of climate risk-related reports of the bank, to ensure that climate risk factors in the bank's strategic planning and business execution are controllable and to continuously supervise the implementation effectiveness of climate change risks and opportunities.
Risk Management Committee	Monthly	Reporting the execution status to the Board of Directors in a timely manner and proposing necessary improvement measures, according to the implementation status of climate-related risk management.
Senior management	Ad-hoc	Formulation of climate risk management policies, systems, climate opportunity business strategies, and monitoring indicators while keeping an eye on the exposure status of climate risks.

6.1.2 Strategy

In early 2022, the CTBC Holding Board of Directors formally approved the group's long-term net-zero emissions target for 2050, incorporating it into the group's long-term sustainability blueprint. In 2023, the group's targets were officially validated by the SBTi. Following the climate change initiatives set by its parent company, CTBC Bank has identified short-, medium-, and long-term climate-related risk factors and opportunities. It has also established two core climate strategies, Green Finance and Green Operations, and has developed and implemented corresponding strategies and action plans. The aforementioned strategies and action plans are aligned with CTBC Holding's climate governance framework. Under this framework, the ESG Taskforce—with the CTBC Holding President as Chairperson and with functional heads of CTBC Holding and presidents of subsidiaries as members—along with the Sustainability Committee and the Board of Directors, formulates strategic goals and performance indicators for designated taskforces on an annual basis. The ESG Taskforce regularly monitors the progress of each taskforce in achieving its assigned goals and metrics.

As part of the Green Finance strategy set by CTBC Holding, CTBC Bank has identified three key areas for action plans: promoting low-carbon products and services, focusing on green energy, and enhancing climate resilience.

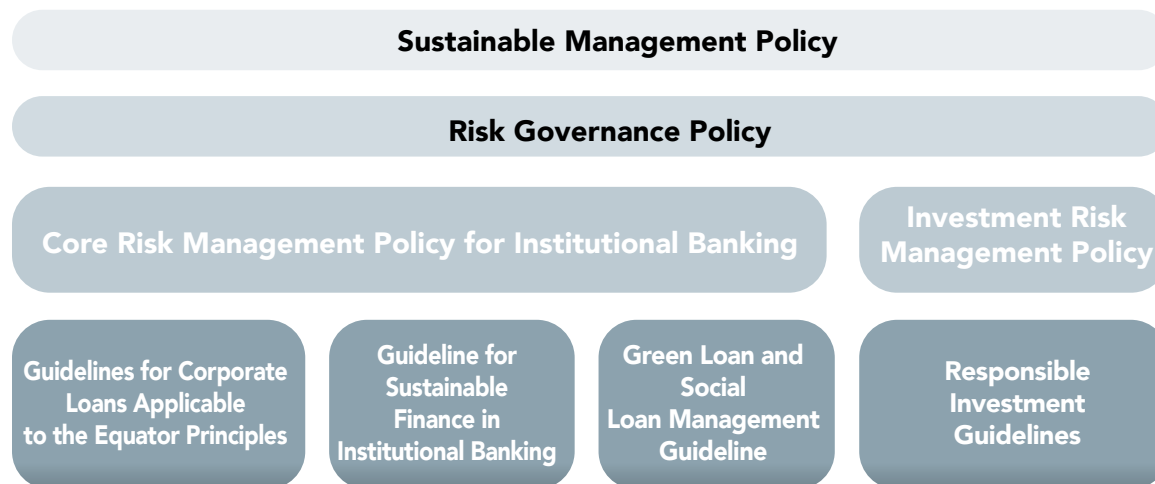
- In promoting low-carbon products and services, CTBC Bank's online financial services received dual domestic and international carbon footprint certifications in 2022. In 2023, the Bank was also awarded PAS 2060 Carbon Neutrality certification by the British Standards Institution. In addition, it participated in the Taiwan Carbon Solution Exchange's inaugural round of carbon credit transactions, applying the purchased credits to offset emissions from its credit card, ATM, and online services.
- Focusing on green energy and enhancing climate resilience, CTBC Bank leveraged its financial influence to promote the development of renewable energy and the circular economy, thereby advancing environmental sustainability. To date, CTBC Bank has served as lead arranger for syndicated loans totaling over NT\$470 billion for offshore wind power projects, with an installed capacity exceeding 3,700 MW. It has also led or participated in various renewable energy project financings, including for solar photovoltaics and onshore wind power. In the area of circular economy, the Bank has played an active role by leading project financing for all privately owned waste-to-energy plants to date, supporting resource regeneration and circular sustainability.

In addition, CTBC Bank has actively engaged with stakeholders and pioneered the industry's first-of-its-kind ESG Portfolio Lending, for which it has obtained a new patent in Taiwan. This product integrates green deposit and loan services, along with preferential financing rates, for core enterprises and their supply chain stakeholders. In doing so, it not only supports businesses in their sustainable transition but also leverages tangible economic incentives to further encourage sustainability transitions across entire industry value chains. In line with the Green Operations strategy, CTBC Bank has implemented action plans such as environmental management initiatives, renewable energy usage, and paperless services and operations to improve energy efficiency.

6.1.3 Risk Management

I. Integrated Climate Risk Management

In response to the potential impacts of climate change on its operations and business, CTBC Holding has established an overarching climate change risk management framework and procedures. CTBC Bank cooperates to identify the potential substantial losses and other associated risks that may arise from climate change on various assets. A total of eight policies and management regulations on sustainable investments and loans have been issued or amended: Sustainability Management Policy; Risk Governance Policy; Credit Risk Management Policy for Institutional Banking; Investment Risk Management Policy; Guidelines for Corporate Loans Applicable to the Equator Principles; Guideline for Sustainable Finance in Institutional Banking; Green Loan and Social Loan Management Guideline; and Responsible Investment Guideline.

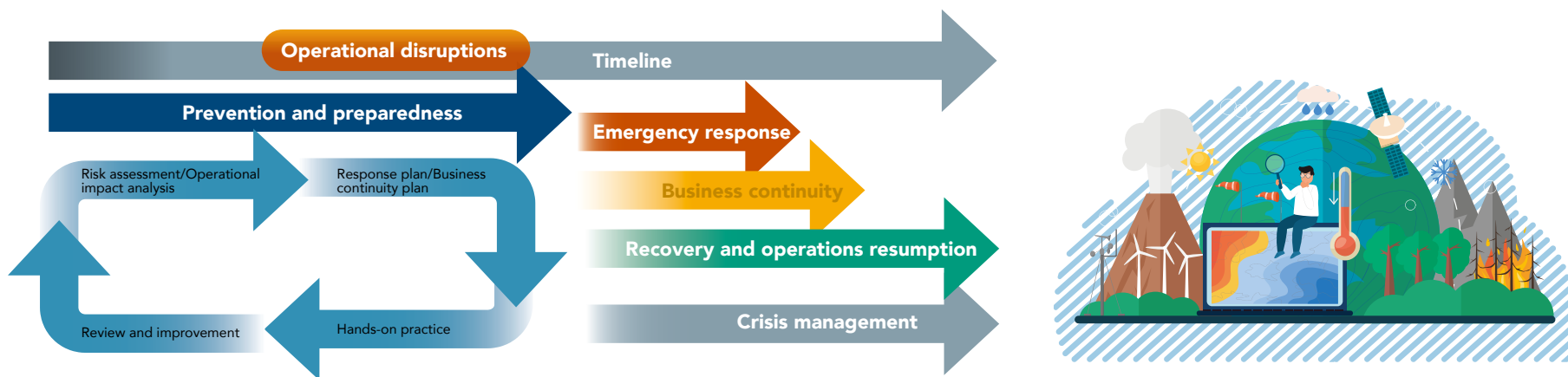


CTBC Bank stipulates in its Guideline for Sustainable Finance in Institutional Banking that the ESG impact of a potential borrower's business activities should be taken into account during the loan application and the review process. If significant ESG risks or relevant severely negative information are identified, the impact should be assessed during the credit review process and the findings should be explained in the credit review/reassessment report. Additionally, appropriate loan conditions may be determined based on the individual circumstances. The Guideline for Sustainable Finance in Institutional Banking provides a clear definition.

- ESG exclusion list (e.g., pornography and arms industries): Prohibited from undertaking.
- ESG-sensitive sectors: Credit acceptance conditions and management mechanism are in place.
- High ESG risk companies: CTBC Bank sets limits on lending to ESG-sensitive sectors and companies with high ESG risks, and monitors changes in risk exposure.
- Climate change risks and management (includes carbon-intensive industries)

CTBC Bank's Investment Risk Management Policy requires that ESG considerations be taken into account for investments. The Responsible Investment Guideline has put in place explicit control measures for when an investment involves the ESG exclusion list, an ESG-sensitive sector, or an ESG performance below expectations (including ESG rating methods and standards, investment approval processes, and engagement procedures). These measures aim to reduce the negative impact of investment activities on the environment and society and to take appropriate actions in response.

In addition, CTBC Bank has established the Business Continuity Management Measures to ensure that uninterrupted service is provided to customers. The objective is to implement operational continuity management mechanisms and resource integration, to ensure the effective operation of the mechanisms, continuous review and improvement and to enhance resilience in responding to various disasters or operational impacts before, during, and after disruptions. This also aims to protect employee safety and customer rights. Please also refer to Section 3.8 Operational Risk and Business Operation Risk Management in Chapter 3 of this Report.



II. Key Climate-related Issues Reported by CTBC Bank’s Overseas Branches and Subsidiaries

To meet the requirements set by the regulators of overseas branches regarding climate-related risks, the responsible units at CTBC Bank’s headquarters have closely collaborated with overseas branches and subsidiaries to establish and revise tailored climate-related mechanisms.

2024 Highlights of climate issues at CTBC Bank’s overseas branches

Name of the overseas branch	2024 Highlighted climate issues
Hong Kong Branch	The Hong Kong Branch has issued a climate change risk assessment report on its website, in compliance with the Hong Kong Monetary Authority’s Supervisory Policy Manual GS-1. The report discloses the stress test results and risk mitigations under the climate change risk scenario. The Hong Kong Branch does not have investments related to carbon-emitting industries and its liquidity is stable, subject to relatively lower market risks due to climate change.
New York Branch	The branch focuses on the bank-wide climate risk management mechanism published by the headquarters. Upon inauguration, U.S. President Donald Trump announced new policies, including again withdrawing from the Paris Agreement, which could take effect in as little as a year. The branch continues to monitor related policies announced by agencies overseeing the U.S. banking sector.
Tokyo Branch	The branch continues to focus on the key climate-related tasks announced by Japan’s Financial Services Agency, such as the Supervisory Guidance on Climate-related Risk Management and Client Engagement and the Report by the Working Group on Financial Institutions’ Efforts Toward Decarbonization of the Economy.
Singapore Branch	The branch continues to focus on the key climate-related tasks announced by Japan’s Financial Services Agency, such as the Supervisory Guidance on Climate-related Risk Management. The branch closely monitors climate change-related risks, with a particular focus on managing risks associated with collateral and natural disasters, such as flooding in the regions where the collateral is located.
Ho Chi Minh City Branch	The branch continues to comply with Circular 17 issued by the State Bank of Vietnam, emphasizing the importance of credit lending and environmental risk management. It manages credit activities in accordance with internal regulations (e.g., adhering to headquarters’ Guideline for Corporate Loans Applicable to the Equator Principles) and addresses environmental risks.
Shanghai Branch	In adherence to the headquarters’ climate risk management mechanism and business strategy; in support of green loan businesses and products related to environmental protection; and closer monitoring of borrowers whose operational activities are energy and resources intensive and generating high pollution.
New Delhi Branch	In line with the Reserve Bank of India’s issuance of the Framework for Acceptance of Green Deposit, the branch is developing green financial products, continually monitoring new policy developments, and exploring market opportunities in the green financial sector.

2024 Highlights of Climate Issues at CTBC Bank’s Overseas Subsidiaries

Subsidiary name	2024 Highlighted climate issues
CTBC Bank Corp. (Canada)	In accordance with Guideline B-15: Climate Risk Management issued by the Office of the Superintendent of Financial Institutions (OSFI), our Canadian subsidiary is progressively developing and implementing corresponding measures and risk management mechanisms. In alignment with OSFI requirements, it completed its first Standardized Climate Scenario Exercise and incorporated climate risk into its 2024 Internal Capital Adequacy Assessment Process.
PT Bank CTBC Indonesia	In 2024, the Indonesian subsidiary’s financed emissions were included for the first time in CTBC Holding’s groupwide calculations. The subsidiary will again conduct an inventory of its financed emissions in 2025, and is participating in a pilot project on climate risk management and scenario analysis led by Indonesia’s Financial Services Authority (Otoritas Jasa Keuangan). The results of this pilot will be submitted by July 31, 2025.
CTBC Bank (Philippines) Corp.	Our subsidiary in the Philippines adheres to the climate risk management mechanism and business strategies of CTBC Bank, and supports the Philippine government’s energy transition initiatives. The subsidiary continues to inventory its financed emissions and actively monitors counterparties in energy-intensive industries.
Land and Houses Bank	Our Thai subsidiary promotes green transition products and services, continues to inventory its financed emissions and conduct stress testing, and is formulating policies and guidelines related to environmental risks.

III. Analysis Based on the 2024 Climate Change Scenario Analysis Planning for Banks published by the Bankers Association of the Republic of China

CTBC Bank used its exposure positions as of Dec. 31, 2024, as the baseline to assess both long- and short-term climate scenarios to estimate the ECLs for both corporate and retail exposures. The three long-term assessment scenarios were Orderly Transition, Disorderly Transition, and Passive Transition, with evaluation points of 2030 and 2050, and the three short-term assessment scenarios were Physical Risks – Severe Adjustments, Transition Risks, and Combined Losses. The ratios of expected losses to pre-tax profit and to net worth for the base year are disclosed in the following tables.

Long-term scenario

Expected loss as a percentage of base-year pre-tax profit	Orderly Transition		Disorderly Transition		Passive Transition		Expected loss as % of net worth	Orderly Transition		Disorderly Transition		Passive Transition	
	2030	2050	2030	2050	2030	2050		2030	2050	2030	2050	2030	2050
Corporate exposure	15%	19%	22%	21%	20%	31%	Corporate exposure	2%	3%	3%	3%	3%	5%
Consumer exposure	23%	27%	29%	28%	25%	30%	Consumer exposure	4%	4%	4%	4%	4%	4%

Short-term scenario

Expected Loss as % of profit or loss before tax of the base year	Physical risks Severe adjustments	Transition risks	Combined losses	Expected loss as % of net worth	Physical risks Severe adjustments	Transition risks	Combined losses
Corporate exposure	8%	8%	15%	Corporate exposure	1%	1%	2%
Consumer exposure	34%	19%	34%	Consumer exposure	5%	3%	5%

Note 1: Due to differing methodologies between the long-term and short-term scenarios, the analysis results are not directly comparable.

Note 2: Due to the assumptions inherent in scenario analysis methodologies and the fact that relevant parameter settings are estimated values under different risk scenarios, there is a degree of uncertainty in the projected figures derived from each scenario, particularly given the long time periods involved. These projections do not represent actual future impacts. Therefore, caution should be exercised when interpreting and using the results, with an understanding of their limitations.

Overall, in the long-term scenarios, the expected losses in 2030 are highest in the Disorderly Transition scenario, followed by Passive Transition, and are lowest in Orderly Net-Zero. In 2050, expected losses are highest in Passive Transition, followed by Disorderly Transition, while remaining lowest in Orderly Net-Zero. In short-term scenarios, the impact of physical risks is more pronounced than that of transition risks.

IV. Physical and Transition Risks in Industries with High Credit Concentration (Exceeding 8%)

As the largest privately-owned bank in Taiwan, CTBC Bank cooperates with CTBC Holding by conducting regular identification of all climate risk factors. Based on the exposure of corporate loans as of Dec. 31, 2024, CTBC Bank found that the industries with high credit concentration of credit exposure (over 8%) are other services, real estate development, power and fuel gas supply, and electronic component manufacturing. In terms of transition risks, only power and fuel gas supply industry customers had high risks; those of all other industries had low/medium-low transition risks. The physical risks of customers in these industries with high credit concentration were mostly low/medium-low, at 97%.

Note: The classification of riskiness levels of transition risks and physical risks is based on the Climate Change Scenario Analysis Planning for Banks (2024 version). Transition risks are classified according to emission intensity of the industries where counterparties operate, and physical risks are categorized based on the losses specific to the locations of counterparties or collaterals into five levels.

6.1.4 Metrics and Targets

CTBC Bank (including all overseas branches, sub-branches, and subsidiaries) conducted an inventory of Scope 1 and 2 emissions. As of the end of 2024, Scope 1 and 2 emissions totaled 4,263 tCO₂e and 38,946 tCO₂e, respectively.

I. Transition Risk Metrics

CTBC Bank's inventory covered overseas subsidiaries (including those in the United States, Canada, Japan, the Philippines, Indonesia, and Thailand). The distribution of financed emissions by asset category and region is as follows:

■ Financed emissions of investment and lending portfolio by asset category

Asset type	2024 financed emissions (tCO ₂ e)	
	Scope 1+2	Scope 3
Commercial loans	8,857,928	12,641,274
Power plants/projects financing	307,789	-
Mortgages	446,772	-
Commercial real estate loans	166,474	-
Investment in equities and corporate bonds	350,833	1,367,762
Sovereign debts (excluding LULUCF) ^{Note}	4,059,973	-
Sovereign debts (including LULUCF) ^{Note}	3,898,517	-
Total (excluding LULUCF)	14,189,769	14,009,036
Total (including LULUCF)	14,028,313	14,009,036

Note: Country emissions calculated for sovereign debts are consumer emissions.

II. Physical risk metrics

■ High flood risk areas

Inventory scope: CTBC Bank's DBU + OBU institutional loans secured by real estate and residential mortgages; and operational sites in Taiwan owned by CTBC Bank (non-leased)

CTBC Bank	Mortgages / real estate-secured corporate loans		Owned operational sites	
	December 2023	December 2024	December 2023	December 2024
Northern Taiwan	2.805%	2.615%	0	0
Central Taiwan	3.181%	3.414%	1	1
Southern Taiwan	0.420%	0.345%	0	0
Eastern Taiwan	0.055%	0.051%	0	0
Offshore islands	0.025%	0.021%	0	0

■ Financed emissions of investment and lending portfolio by region

By region	2024 financed emissions (tCO ₂ e) - Scope 1+2
Asia: Taiwan	5,068,315
Asia: Greater China	1,779,850
Asia: Northeast Asia	850,819
Asia: Southeast Asia	3,158,608
Asia: Other	160,748
Americas	2,251,080
Europe	61,335
Others	859,014
Subtotal	14,189,769

■ High landslide risk areas

Inventory scope: CTBC Bank's DBU + OBU institutional loans secured by real estate and residential mortgages; and operational sites in Taiwan owned by CTBC Bank (non-leased)

CTBC Bank	Mortgages / real estate-secured corporate loans		Owned operational sites	
	December 2023	December 2024	December 2023	December 2024
Northern Taiwan	0.000%	0.000%	0	0
Central Taiwan	0.000%	0.000%	0	0
Southern Taiwan	0.000%	0.000%	0	0
Eastern Taiwan	0.000%	0.000%	0	0
Offshore islands	0.000%	0.000%	0	0

The remaining metrics and targets are disclosed from the group's perspective. Please refer to Chapter 5 Metrics and Targets of this report for details.

6.2 | Independent Limited Assurance Report

■ Metrics and targets for climate-related risks

Description of metrics/targets	Assurance Standards	Measurement Standard	
Quantitative transition risk exposure	TWSAE3000	Covering exposure to carbon-intensive industries: Group investment portfolio and CTBC Bank lending portfolio	
Quantitative transition risk exposure	TWSAE3000 TWSAE3410	Covering PCAF financed emissions:	Investments and loans: Total financed emissions from equities and corporate bonds, commercial loans, power plant project financing, residential mortgages, sovereign debts, and commercial real estate loans
			Insurance business: Total financed emissions from commercial insurance and consumer auto insurance
Quantitative physical risk exposure	TWSAE3000	Covering the areas exposed to risks of heavy rains and floods and risks of landslides: Percentage of residential mortgages and institutional loans secured by real estate in high-risk areas; percentage of real estate investments in high-risk areas; and number of owned operational sites in high-risk areas	
Quantitative transition risk metrics	TWSAE3000 TWSAE3410	Covering assets under CTBC Investments management: Total financed emissions from active and passive funds	
Transition risk targets	TWSAE3000 TWSAE3410	Asset categories covered by SBTs: Commercial real estate loans (kg/m ²); power plant project financing (tCO ₂ e/MWh); corporate loans (power supply industry) (tCO ₂ e/MWh); corporate loans (≥ 1 year, excluding SMEs) (temperature score); listed equity, bonds, ETFs, and mutual funds (temperature score).	

Note: The Independent Limited Assurance Report is as follows:

■ Metrics for climate-related opportunities

No.	Description	Assurance Standards
1	Outstanding balance of sustainable financing loans	TWSAE3000
2	Underwriting and issuance amount of sustainability bonds	TWSAE3000
3	Water consumption	TWSAE3000

Note: Refer to CTBC Holding's 2024 Sustainability Report for details.



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號88樓(台北101大樓)
88F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Limited Assurance Report

To CTBC Financial Holding Co., Ltd.:

We were engaged by CTBC Financial Holding Co., Ltd. (“CTBC Holding”) to provide limited assurance over the selected information (“the Subject Matter Information”) on the 2024 TCFD Report of CTBC Holding (“the Report”) for the year ended December 31, 2024.

Applicable Criteria of the Subject Matter Information

CTBC Holding shall prepare the Subject Matter Information in accordance with applicable criteria required by Recommendations of the Task Force on Climate-related Financial Disclosures issued by Financial Stability Board, FSB as set forth in Appendix I.

Management’s Responsibilities

CTBC Holding is responsible for using the applicable criteria to fairly prepare and present the Subject Matter Information. CTBC Holding is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and TWSAE3410 “Assurance Engagements on Greenhouse Gas Statement” issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of CTBC Holding;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above is based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Subject Matter Information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2024 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of CTBC Holding. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the assurance resulting in this independent auditors’ report is Huang, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)
Jun 10, 2025

Notes to readers

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

Appendix 1 : Summary of the Subject Matter Information

No.	Corresponding Section	Subject Matter Information	Applicable Criteria
1	5.3.1 Transition Risk Metrics – GHG Emissions from Investment and Loans, Assets Under Management by CTBC Investments, and Insurance	<ul style="list-style-type: none"> ■ GHG emissions from investments and loans <ul style="list-style-type: none"> ➢ Business loans <ul style="list-style-type: none"> - Scope 1 and 2: 8,983,748 tCO₂e - Scope 3: 12,797,925 tCO₂e ➢ Power plant project finance <ul style="list-style-type: none"> - Scope 1 and 2: 326,456 tCO₂e ➢ Mortgages <ul style="list-style-type: none"> - Scope 1 and 2: 446,772 tCO₂e ➢ Commercial real estate <ul style="list-style-type: none"> - Scope 1 and 2: 167,819 tCO₂e ➢ Listed & unlisted equity and corporate bonds <ul style="list-style-type: none"> - Scope 1 and 2: 3,800,889 tCO₂e - Scope 3: 11,198,360 tCO₂e ➢ Sovereign debt (excluding LULUCF) <ul style="list-style-type: none"> - Scope 1 and 2: 5,530,082 tCO₂e ➢ Sovereign debt (including LULUCF) <ul style="list-style-type: none"> - Scope 1 and 2: 5,540,349 tCO₂e ➢ Total <ul style="list-style-type: none"> - Scope 1 and 2 (excluding LULUCF): 19,255,766 tCO₂e - Scope 1 and 2 (including LULUCF): 19,266,033 tCO₂e - Scope 3: 23,966,285 tCO₂e ➢ Note: The GHG emissions from sovereign debt are considered consumption emissions. If classified as production emissions, the financed emissions from sovereign debt (excluding LULUCF) amount to 5,445,408 tCO₂e and financial emissions (including LULUCF) amount to 5,332,494 tCO₂e. 	The Global GHG Accounting and Reporting Standard for the Financial Industry issued by Partnership for Carbon Accounting and Financials
		<ul style="list-style-type: none"> ■ Financed emissions (Scopes 1 and 2) from business loans, listed & unlisted equities and corporate bonds by industry <u>Carbon-intensive industries</u> <ul style="list-style-type: none"> ➢ Power generation <ul style="list-style-type: none"> - Investment and loan portfolio (%): 4.3% - Financed emissions(tCO₂e): 4,480,502 - Financed emissions (%): 35% ➢ Marine and air transportation <ul style="list-style-type: none"> - Investment and loan portfolio (%): 1.8% - Financed emissions(tCO₂e): 389,214 - Financed emissions (%): 3% ➢ Iron and steel / Smelting <ul style="list-style-type: none"> - Investment and loan portfolio (%): 0.9% - Financed emissions(tCO₂e): 525,290 	

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No.	Corresponding Section	Subject Matter Information	Applicable Criteria
		<ul style="list-style-type: none"> - Financed emissions (%): 4% ➢ Cement <ul style="list-style-type: none"> - Investment and loan portfolio (%): 0.4% - Financed emissions(tCO₂e): 515,548 - Financed emissions (%): 4% ➢ Petrochemicals <ul style="list-style-type: none"> - Investment and loan portfolio (%): 3.7% - Financed emissions(tCO₂e): 1,341,132 - Financed emissions (%): 10% ➢ Fossil fuel mining <ul style="list-style-type: none"> - Investment and loan portfolio (%): 0.7% - Financed emissions(tCO₂e): 401,626 - Financed emissions (%): 3% ➢ Other domestic carbon-intensive industries <ul style="list-style-type: none"> - Investment and loan portfolio (%): 3.6% - Financed emissions(tCO₂e): 448,862 - Financed emissions (%): 4% <u>Non-carbon intensive industries</u> <ul style="list-style-type: none"> - Investment and loan portfolio (%): 84.6% - Financed emissions(tCO₂e): 4,682,463 - Financed emissions (%): 37% <u>Total</u> <ul style="list-style-type: none"> - Investment and loan portfolio (%): 100% - Financed emissions(tCO₂e): 12,784,637 - Financed emissions (%): 100% 	
		<ul style="list-style-type: none"> ■ Financed emissions (Scope 1 & 2) from domestic business loans, listed equities, and corporate bonds - the top 60% contributors ➢ Water, electricity, gas supply <ul style="list-style-type: none"> - No. of companies: 2 - Financed Emissions(tCO₂e): <ul style="list-style-type: none"> 1) 2,408,620 (Business loans); 2) 0 (Investments in listed equities and corporate bonds) ➢ Manufacturing <ul style="list-style-type: none"> - No. of companies: 4 - Financed Emissions(tCO₂e): <ul style="list-style-type: none"> 1) 219,428 (Business loans); 2) 427,793 (Investments in listed equities and corporate bonds) ➢ Total <ul style="list-style-type: none"> - No. of companies: 6 - Financed Emissions(tCO₂e): <ul style="list-style-type: none"> 1) 2,628,048 (Business loans); 2) 427,793 (Investments in listed equities and corporate bonds) 	

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No.	Corresponding Section	Subject Matter Information	Applicable Criteria																														
		<p>■ Insurance-Associated Emissions</p> <ul style="list-style-type: none"> ➢ Commercial lines: 6,847 tCO₂e <ul style="list-style-type: none"> - Commercial fire insurance: 2,792 tCO₂e - Marine insurance: 153 tCO₂e - Engineering insurance: 408 tCO₂e - Miscellaneous casualty insurance: 1,787 tCO₂e - Commercial automobile insurance: 1,707 tCO₂e ➢ Personal motor lines: 8,813 tCO₂e <ul style="list-style-type: none"> - Personal automobile insurance: 7,281 tCO₂e - Personal motorcycle insurance: 1,532 tCO₂e ➢ Total: 15,660 tCO₂e 																															
2	5.3.2 Metrics of Physical Risks	<p>■ Area exposed to high flood risks (December 2024)</p> <ul style="list-style-type: none"> ➢ Mortgages / Real estate-secured corporate loans <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">-Northern Taiwan: 2.622%</td> <td style="width: 50%;">-Central Taiwan: 3.359%</td> </tr> <tr> <td>-Southern Taiwan: 0.340%</td> <td>-Eastern Taiwan: 0.050%</td> </tr> <tr> <td>-Taiwan's offshore islands: 0.021%</td> <td>-Total Outstanding: NTS 95.2 billion</td> </tr> </table> ➢ Real estate investments <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">-Northern Taiwan: 0.043%</td> <td style="width: 50%;">-Central Taiwan: 0.000%</td> </tr> <tr> <td>-Southern Taiwan: 0.000%</td> <td>-Eastern Taiwan: 0.000%</td> </tr> <tr> <td>-Taiwan's offshore islands: 0.000%</td> <td>-Total Outstanding: NTS 49 million</td> </tr> </table> ➢ Owned operational sites <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">-Northern Taiwan: 0</td> <td style="width: 50%;">-Central Taiwan: 1</td> </tr> <tr> <td>-Southern Taiwan: 0</td> <td>-Eastern Taiwan: 0</td> </tr> <tr> <td>-Taiwan's offshore islands: 0</td> <td></td> </tr> </table> <p>■ Area exposed to high landslide risks (December 2024)</p> <ul style="list-style-type: none"> ➢ Mortgages / Real estate-secured corporate loans <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">-Northern Taiwan: 0.000%</td> <td style="width: 50%;">-Central Taiwan: 0.000%</td> </tr> <tr> <td>-Southern Taiwan: 0.000%</td> <td>-Eastern Taiwan: 0.000%</td> </tr> <tr> <td>-Taiwan's offshore islands: 0.000%</td> <td>-Total Outstanding: NTS 761 thousand</td> </tr> </table> ➢ Real estate investments <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">-Northern Taiwan: 0.000%</td> <td style="width: 50%;">-Central Taiwan: 0.000%</td> </tr> <tr> <td>-Southern Taiwan: 0.000%</td> <td>-Eastern Taiwan: 0.000%</td> </tr> <tr> <td>-Taiwan's offshore islands: 0.000%</td> <td>-Total Outstanding: NTS 0 thousand</td> </tr> </table> 	-Northern Taiwan: 2.622%	-Central Taiwan: 3.359%	-Southern Taiwan: 0.340%	-Eastern Taiwan: 0.050%	-Taiwan's offshore islands: 0.021%	-Total Outstanding: NTS 95.2 billion	-Northern Taiwan: 0.043%	-Central Taiwan: 0.000%	-Southern Taiwan: 0.000%	-Eastern Taiwan: 0.000%	-Taiwan's offshore islands: 0.000%	-Total Outstanding: NTS 49 million	-Northern Taiwan: 0	-Central Taiwan: 1	-Southern Taiwan: 0	-Eastern Taiwan: 0	-Taiwan's offshore islands: 0		-Northern Taiwan: 0.000%	-Central Taiwan: 0.000%	-Southern Taiwan: 0.000%	-Eastern Taiwan: 0.000%	-Taiwan's offshore islands: 0.000%	-Total Outstanding: NTS 761 thousand	-Northern Taiwan: 0.000%	-Central Taiwan: 0.000%	-Southern Taiwan: 0.000%	-Eastern Taiwan: 0.000%	-Taiwan's offshore islands: 0.000%	-Total Outstanding: NTS 0 thousand	Recommendations of the Task Force on Climate-related Financial Disclosures issued by Financial Stability Board (FSB)
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3	5.3.1 Transition Risk Metrics – GHG Emissions from Investment and Loans, Assets Under Management by CTBC Investments, and Insurance	<p>■ GHG emissions from assets under management by CTBC Investments</p> <ul style="list-style-type: none"> ➢ Active funds <ul style="list-style-type: none"> - Bonds: 57,030 tCO₂e - Equities: 106,456 tCO₂e - Balanced: 12,480 tCO₂e ➢ Passive funds <ul style="list-style-type: none"> - Bonds: 1,709,735 tCO₂e - Equities: 736,549 tCO₂e ➢ Total: 2,622,250 tCO₂e 	The Global GHG Accounting and Reporting Standard for the Financial Industry issued by Partnership for Carbon Accounting and Financials																		
4	5.4 SBTs for Investment and lending portfolio	<p>■ Performance of Science-based Carbon Reduction Targets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Asset Class</th> <th>Method</th> <th>2024 Performance</th> </tr> </thead> <tbody> <tr> <td>Corporate loan (Commercial real estate)</td> <td>Sector Decarbonization Approach (SDA)</td> <td>163 kgCO₂e/m²</td> </tr> <tr> <td>Electricity generation project finance</td> <td>Sector Decarbonization Approach (SDA)</td> <td>0.07 tCO₂e/MWh</td> </tr> <tr> <td>Corporate loan (electricity generation)</td> <td>Sector Decarbonization Approach (SDA)</td> <td>0.55 tCO₂e/MWh</td> </tr> <tr> <td>Corporate loan (Over one year maturity, excluding SMEs)</td> <td>Temperature Rating (TR)</td> <td>Scope 1+2 Score: 2.82 °C Scope 1+2+3 Score: 2.93 °C</td> </tr> <tr> <td>Listed equity, corporate bonds(including mutual funds)</td> <td>Temperature Rating (TR)</td> <td>Scope 1+2 Score: 2.16 °C Scope 1+2+3 Score: 2.39 °C</td> </tr> </tbody> </table>	Asset Class	Method	2024 Performance	Corporate loan (Commercial real estate)	Sector Decarbonization Approach (SDA)	163 kgCO ₂ e/m ²	Electricity generation project finance	Sector Decarbonization Approach (SDA)	0.07 tCO ₂ e/MWh	Corporate loan (electricity generation)	Sector Decarbonization Approach (SDA)	0.55 tCO ₂ e/MWh	Corporate loan (Over one year maturity, excluding SMEs)	Temperature Rating (TR)	Scope 1+2 Score: 2.82 °C Scope 1+2+3 Score: 2.93 °C	Listed equity, corporate bonds(including mutual funds)	Temperature Rating (TR)	Scope 1+2 Score: 2.16 °C Scope 1+2+3 Score: 2.39 °C	Science Based Targets Initiative, SBTi
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6.3 | FSB TCFD Disclosure Recommendations and Corresponding Disclosures by CTBC Holding

Aspect	Disclosure items recommended by FSC TCFD	Corresponding chapter
Governance	Describe the Board of Directors' supervision of climate-related risks and opportunities.	Chapter 1
	Describe the management's role in the assessment and management of climate-related risks and opportunities.	
Strategy	Identify short-term, medium-term and long-term climate-related risks and opportunities	Chapter 2 Chapter 4
	Describe the possible impact of climate change on the organization's operation, strategy, and financial planning (use scenario analysis).	
	Describe the organization's resilience to different climate scenarios.	
Risk Management	Describe the organization's climate-related risk identification and evaluation process.	Chapter 3
	Describe the organization's management procedures of climate-related risks.	
	Describe how the identification, assessment, and management mechanisms for climate-related risks are integrated into the overall risk management system.	
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Chapter 5
	Disclose Scope 1 and 2 and, if appropriate, Scope 3 emissions, and the related risks	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	





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