SinoPac Holdings

2023 Climate and Nature-Related Financial Disclosures Report

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Chairman's Message

According to the World Economic Forum's Global Risks Report 2024, "Extreme weather events," "Critical change to Earth systems," and "Biodiversity loss and ecosystem collapse" are the top three most severe risks over the next decade. This trend, consistent with the 2023 risk landscape, highlights that climate change and biodiversity loss remain critical global issues. While achieving net-zero emissions was the primary strategy for governments and businesses around 2021, mitigating biodiversity loss has emerged as a major challenge starting from 2023.

Faced with the risks climate change poses to the global economy and human survival, the world urgently needs to transition to a low-carbon economy. SinoPac Holdings has long recognized the impact of climate change and included "mitigating and adapting to climate change" as one of our three core sustainability commitments. In 2021, we incorporated "achieving net-zero emissions" into our five-year work plan. By March 2022, with Board of Directors approval, we publicly pledged to achieve net zero emissions in its own operations by 2030 and its financial portfolios by 2050. To manage and advance our net-zero efforts, we established a cross-subsidiary, cross-departmental net-zero Project Management Office (PMO), led by senior executives from relevant departments from the holding or subsidiaries. The net-zero PMO developed a comprehensive five-year work plan, subject to regular review. Through the dedication of the PMO, we have set Science-Based Targets (SBT), received the SBTi validation and progressively divested from thermal coal and unconventional oil and gas industries. As of July 1, 2022, we ceased new project financing for thermal coal and unconventional oil and gas, with existing positions not being renewed upon expiration. From July 1, 2023, we further expanded our decarbonization policy to include investment and lending in thermal coal mining and thermal coal-fired power generation, and unconventional oil and gas sectors. It is expected that by 2030, full divestment will be achieved in the project investment and lending of thermal coal, thermal coal mining and thermal coal-fired power generation financing of overseas enterprises. The project investment and lending of unconventional oil and gas industries and the financing of overseas enterprises have now been fully divested. In addition to our coal divestment efforts, we actively promote green operations and provide financial support for energy and industrial transition, channeling funds into green and sustainable economic activities, leveraging our financial influence to support Taiwan's net-zero journey.

To reach net-zero across our financial portfolios in 2050, since 2021, we have annually conducted carbon inventory for Scope 3 investment and lending portfolios in accordance with the latest PCAF guidelines. These results are disclosed in our sustainability reports and climate and nature-related financial disclosures reports (originally, TCFD reports). In 2023, we formally joined PCAF, continuously expanding our asset boundary for inventory and improving methodology, including newly added inventory of facilitated emissions, avoided emissions, and financed emissions of asset management, which have been verified by third parties, and improving the data quality. For our own operations, we have implemented extensive green and carbon reduction measures, achieving 100% coverage in Scope 1 and Scope 2 greenhouse gas inventory. Since 2022, we have voluntarily adopted green electricity, with its usage accounting for 10.12% of our total electricity consumption in 2023. We also implemented internal carbon pricing to foster a company-wide awareness of carbon reduction, driving behavioral changes and embedding carbon reduction practices into our daily operations.

In response to the Kunming-Montreal Global Biodiversity Framework (GBF) from the UN Biodiversity Conference (CBD COP 15), which calls for governments to form national plans to conserve and restore global biodiversity to ensure the sustainability of nature, SinoPac Holdings co-founded the "Taiwan Nature Positive Initiative" with the BCSD Taiwan in late 2022. We actively participate in and support various promotional activities and professional talent cultivation initiatives. By organizing forums and promoting the use of natural capital management tools, we enhance domestic corporate understanding of nature and biodiversity issues. Additionally, we collaborate with conservation group, such as co-advocating the conservation of Taiwanese white dolphins *(Sousa chinensis taiwanensis)* with the ecological association and various public welfare activities, which engage in ocean carbon sink issue, aim to conserve marine species, and clean up ocean waste. We also follow the global biodiversity framework's (GBF) 15th business responsibility goal, the TNFD framework, and the LEAP (Locate, Evaluate, Assess, and Prepare) approach to identify and analyze the dependencies and impacts of our business activities and value chain on the natural environment and ecosystems.

As we navigate the complex interplay of climate, nature, and sustainability trends, SinoPac Holdings remains committed to care for these critical issues. We expect to deepen our products and service in sustainable finance from various perspectives, harnessing the potential of climate, nature, and sustainable development to attain the corporate vision of "Together, a better life."

SinoPac Holdings, Chairman

S.K. Chen

Awards and Honors

Item Description (As of February 2024)

I Related evaluations, assessments, or certifications (external recognition)

- ★ SinoPac Holdings was selected as a constituent of the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Market Index for three consecutive years.
- ★ SinoPac Holdings was ranked top 5% in the S&P Global Sustainability Yearbook for three consecutive years
- ★ SinoPac Holdings ranked AA (leader) from MSCI ESG Rating for two consecutive years
- ★ SinoPac Holdings rated Leadership A- from the Carbon Disclosure Project (CDP) for four consecutive years
- ★ SinoPac Holdings received British Standards Institution (BSI) Level 5+: Excellence Certification, the highest grade verification in TCFD climate related financial disclosure conformity check and maturity model, and 2023 Sustainable Resilience ESG Practice Award

II Awards

1 Overall sustainable developments

- ★ SinoPac Holdings was ranked in the ***CommonWealth Magazine*** Excellence in Corporate Social Responsibility - Top 50 in Large Enterprise Group for four consecutive years
- ★ SinoPac Holdings received ***The Asset*** Benchmark Award – Platinum Award in the ESG Corporate Award for four consecutive years
- ★ SinoPac Holdings received ***HR Asia*** Best Companies to Work For in Asia for four consecutive years
- ★ SinoPac Holdings received ***1111 Job Bank*** Gold Award - Happy Enterprise for three consecutive years
- ★ SinoPac Holdings received ***Enterprise Asia*** 2023 Asia Responsible Enterprise Awards (AREA) - Corporate Sustainability Reporting, Corporate Governance, Green Leadership, Investment in People, Social Empowerment, Chairman Madam Shi-kuan CHEN was awarded Responsible Business Leadership
- ★ SinoPac Holdings received ***TCSA Executive Committee*** 2023 Taiwan Corporate Sustainability Awards (TCSA) - Top 100 Sustainable Corporation Award, Sustainability Report - Platinum Award, GCSA Sustainability Reporting - Bronze Award, Climate Leader Award, Information Security Leadership Award, Talent Development Leadership Award
- ★ SinoPac Holdings received ***Small and Medium Enterprise and Startup Administration, MOEA*** First Prize for Social Innovation Products and Services in 2023 Buying Power
- ★ SinoPac Holdings received the ***Ministry of Environment*** Excellence for Corporate's Green Procurement for three consecutive years
- ★ Bank SinoPac received ***TCSA Executive Committee*** 2023 Taiwan Corporate Sustainability Awards (TCSA) - Human Rights Leadership Award, Social Inclusion Leadership Award, Gender Equality Leadership Award, Aging-Friendly Leadership Award
- ★ Bank SinoPac received ***FinanceAsia*** Awards 2023 Finalist: Best Sustainable Bank in Taiwan

2 Sustainable/innovative products and services

- ★ SinoPac Holdings received ***International Business Magazine*** Outstanding Company on Corporate Governance in Taiwan 2023, Best Digital Talent Cultivation in Taiwan 2023, Information Security Leadership in Taiwan 2023
- ★ Bank SinoPac received ***Energy Administration, Ministry of Economic Affairs*** Best Financial Service Provider Award for eight consecutive years
- ★ Bank SinoPac received ***TCSA Executive Committee*** 2023 Taiwan Sustainable Action Awards (TSAA) - SDG 7: Creating a Friendly Ecosystem for Renewable Energy Trading - Gold Award and SDG 13: SinoPac Life - Taking steps for a sustainable planet every day - Bronze Award
- ★ Bank SinoPac received ***TCSA Executive Committee*** 2023 Asia - Pacific Sustainable Action Award (APSAA) - SDG 8: 'funBIZ' Online Collection Service - Bronze Award
- ★ Bank SinoPac received ***Excellence*** Best Green Finance Achievement Award, Best Innovative Trust Service Award in 2023 Banking Company Evaluation
- ★ Bank SinoPac received ***Joint Credit Information Center*** Special Contribution Award for Sustainable Financing in the 17th Golden Security, Golden Quality, and Golden Excellence Award
- ★ SinoPac Holdings subsidiaries SinoPac Securities, SinoPac Securities Investment Service, and SinoPac Securities Investment Trust respectively received ***3rd TWSIA Taiwan Sustainable Investment Awards*** Excellence Award for Institutional Influence in Securities Company, Silver Award for ESG Innovation in Institutional Influence Group, and Excellence Award for Institutional Influence in the Investment Trust Group

Company Overview

SinoPac Financial Holdings Company Limited (hereinafter SinoPac Holdings, the Company, we, us, or our) consists of subsidiaries in a wide range of financial services including banking, securities, securities investment trusts, leasing, and venture capital. SinoPac Holdings also maintains overseas service locations in Hong Kong, Macao, Nanjing, Shanghai, Guangzhou, Chongqing, Chengdu, Yinchuan, Tianjin, Dongguan, Kunshan, Xiamen, Vietnam, Thailand, Myanmar, Los Angeles, and London. With the complete and solid financial landscape, SinoPac Holdings commits to providing comprehensive financial solutions and services for customers.

Profile of SinoPac Holdings

Headquarter	Taipei, Taiwan
Establishment Date	May 9, 2002
Paid-in capital	123,864
Total assets	2,771,353
Total number of employees	9,376
Industry	Finance and Insurance
TWSE Stock Code	2890

NT$ million (As of year-end 2023)

Bank SinoPac

Bank SinoPac's main businesses include corporate banking, retail banking, wealth management, financial services, and electronic banking. In addition to 125 branches and Offshore Banking Unit, Bank SinoPac has overseas branches in Hong Kong, Kowloon, Macau, Los Angeles, Ho Chi Minh City, as well as a Vietnam Representative Office. Bank SinoPac has a subsidiary in mainland China, namely Bank SinoPac (China), with headquarter in Nanjing and 4 branches in Shanghai, Guangzhou, Chengdu, and Nanjing. Bank SinoPac has also established a service network of 11 locations along the Pacific Rim to provide comprehensive financial services to customers.

SinoPac Securities

SinoPac Securities' services include stockbroking, proprietary trading, underwriting, international business, fixed income, and new financial products. SinoPac Securities is one of Taiwan's leading integrated securities companies with 44 service locations in Taiwan and overseas service locations in Hong Kong, Shanghai, and London.

SinoPac Leasing

SinoPac Leasing mainly engages in the leasing business and provides customers with a wide range of flexible financial services. SinoPac Leasing has actively expanded across Asia Pacific as its high-quality services are available at 12 service locations set up in Taiwan, Mainland China, Hong Kong, and Southeast Asia.

SinoPac Securities Investment Trust

SinoPac Securities Investment Trust ("SinoPac SITC" hereinafter) offers a wide variety of products to satisfy customers' diversified investment and financial needs, including mutual funds, ETF, private placement funds, and discretionary investment products. SinoPac SITC currently has 3 operating locations in Taipei, Taichung, and Kaohsiung. In 2014, Golden Trust SinoPac Fund Management Co., Ltd. was established as a joint venture with Xiamen International Trust Co., Ltd.

SinoPac Venture Capital

SinoPac Venture Capital focuses on venture capital investment and provides consulting services for investee companies. The Company closely follows global economic, industrial, and technological development, and looks for venture capital investment opportunities for companies with core competences and great growing potential. It also provides added value to the invested companies by bringing in the integrated financial services of the SinoPac Holdings group of companies. SinoPac Venture Capital currently has 1 operating location.

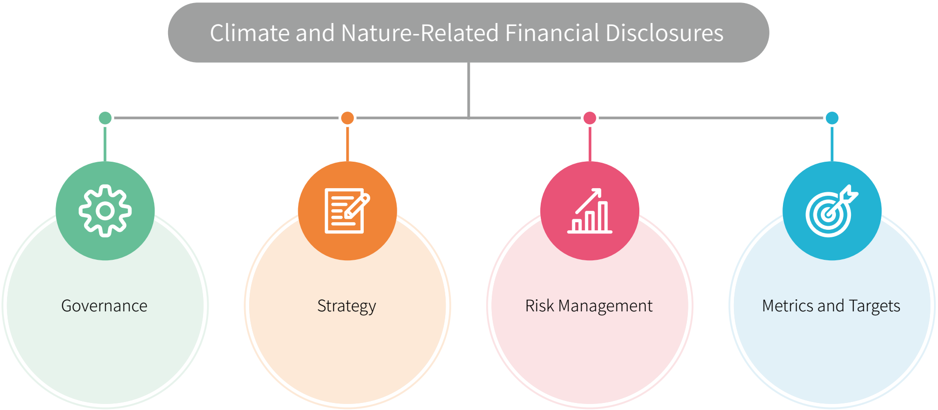
About This Report

Since 2022, SinoPac Holdings has adhered to the Recommendation of Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB) and the "Guidelines for Financial Disclosures Related to Climate Risks by Domestic Banks" issued by the Financial Supervisory Commission R.O.C. (Taiwan) to identify our climate risks and opportunities, which are disclosed in the TCFD Report. Additionally, starting in 2023, SinoPac Holdings began identifying nature-related dependencies, impacts, risks, and opportunities using the framework released by the Taskforce on Nature-related Financial Disclosures (TNFD); this information is disclosed alongside climate-related content in our Climate and Nature-Related Financial Disclosures Report (hereafter "this Report").

This Report encompasses the Company and five major subsidiaries (Bank SinoPac, SinoPac Securities, SinoPac Securities Investment Trust, SinoPac Leasing, and SinoPac Venture Capital), collectively referred to as SinoPac Holdings in this Report. The scope of this Report mainly covers business activities in Taiwan (inconsistencies in scope, if any, are specifically detailed within this Report). This Report aims to aid the public and related stakeholders in understanding our assessments and measures related to the four aspects (Governance, Strategy, Risk Management, and Metrics and Targets) of TCFD and TNFD. This Report also provides specific explanations of scenario analysis for physical and transition risks. By reviewing the progress of climate and nature-related strategies, the Company expect to work together with stakeholders to promote sustainable corporate development.

The first section on Governance details our governance units and responsibilities, as well as relevant assessment methodologies. The second section on Strategy clarifies our responses to and financial impacts of climate risks and opportunities; puts forward short, medium, and long-term assessments and plans; describes our achievements; analyzes the biodiversity impacts of our value chain; assesses dependencies and impacts on natural environments; and describes our identified nature-related risks and opportunities. The third section on Scenario Analysis for Physical and Transition Risks details the risks and opportunities of our businesses, strategies, and financial plans under different climate scenarios, and reviews the resilience of our formulated strategies. The fourth section on Risk Management lays out our management processes for identified risks, proposes plans for business continuity, and explains how climate and nature-related issues are incorporated into investment and lending. The fifth section on Metrics and Targets not only discloses fundamental environmental information, but also provides further details of low-carbon investment and lending and exposure to industries with high climate risks.

The reporting period spans the whole of 2023 (January 1 to December 31, 2023). The Report was checked by a third-party organization, which has issued a conformity statement for climate-related financial disclosure. All disclosed environmental data have passed ISO14064-1, 14001, and 50001 verifications. This Report will be updated and issued on an annual basis. Both the Chinese and English versions of this Report can be downloaded from the SinoPac Holdings website.



SinoPac Holdings Climate and Nature Governance Progress

2021

- DJSI: Listed as a constituent of Dow Jones Sustainability Emerging Markets Index for the first time.
- Corporate Governance Evaluation: Ranked in the top 5% among TWSE listed companies for three consecutive years.
- Climate Governance: Climate change risks were submitted to the Risk Management Committee and Board of Directors each quarter.
- CDP: Rated Leadership A- from CDP for two consecutive years.
- TCFD: Signed on as a TCFD Supporter.
- Solar PV Lending: Total installed capacity reached 1,929.14 MW with nearly 25% market share.
- Green Energy Trading Platform: Provided innovative financing and cash flow services.
- Solar Power Plant Management System: Incorporated four major evaluation functions for power plants and obtained patent certification in Taiwan.
- Green Buildings Urban Renewal: Bank SinoPac led the first syndicated loan for green building urban renewal.

2022

- DJSI: Listed as a constituent of Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index.
- MSCI ESG Ratings: Ranked AA (leader).
- CDP: Rated Leadership A- from CDP for three consecutive years.
- Decarbonization Commitment: Established a more proactive decarbonization policy.
- GSS Bonds: Cumulative issuance of NT$8.4 billion in GSS bonds.
- SBT: Signed the SBTi commitment letter in and submitted science-based targets for validation.
- Net Zero Commitment: Achieve net zero emissions in our own operations by 2030 and financial portfolios by 2050.
- GHG Inventory: Achieved 100% coverage of domestic and overseas business sites.
- Use of Green Electricity : Signed a Power Purchase Agreement (PPA) and planned to import 3.30 million kWh of green electricity each year.
- Internal Carbon Pricing: Implemented internal carbon pricing mechanisms.

2023

- DJSI: Listed as a constituent of Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index.
- MSCI ESG Ratings: Ranked AA (leader) for two consecutive years.
- CDP: Rated Leadership A- from CDP for four consecutive years, and rated Leadership A in CDP Supply Chain Engagement Rating 2023.
- GSS bonds: Cumulative issuance of NT$10.4 billion in GSS bonds.
- SBT: Received SBTi validation for our science-based GHG reduction targets.[Note 1]
- Decarbonization commitment: Expanded decarbonization business restrictions and continues to develop more proactive decarbonization policy.[Note 2]
- PCAF: Joined the Partnership for Carbon Accounting Financials (PCAF), aligned with international carbon inventory standards, and expanded PCAF carbon inventory items to include inventory of facilitated emissions, avoided emissions, and financed emissions of SITC asset management businesses.
- ISO 14064: Scope 3 financed emissions were verified in accordance with the ISO 14064-1:2018 standards.
- Use of Green Electricity : Signed a Power Purchase Agreement (PPA) and plans to import 6.74 million kWh of green electricity each year.
- Carbon Credit Trading: Purchased 10,000 tons of carbon credit in the first batch of transactions on Taiwan Carbon Solution Exchange.
- Internal Carbon Pricing: Expansion of internal carbon pricing mechanisms to SinoPac Holdings and its one down level subsidiaries.

Note 1 SinoPac Holdings received SBTi verification in January 2024.

Note 2 SinoPac Holdings expanded the scope of the decarbonization policy since July 1, 2023 to include investment and lending of thermal coal mining and thermal coal-fired power generation. SinoPac Holdings continues to develop more proactive decarbonization policy. Please refer to the website for the latest developments.

01 GOVERNANCE

1.1 Governance Structure

The Board of Directors of SinoPac Holdings is the highest governance unit for climate-related issues. It bears the ultimate supervision and management responsibilities for climate-related issues. The Company has set up the "Sustainable Development Committee" and the "Risk Management Committee" under the governance of the Chairman to take charge of critical issues such as the supervision and management of sustainable development and climate change.

Governance Structure

Board of Directors of SinoPac Holdings

Chairman of SinoPac Holdings

Sustainable Development Committee of SinoPac Holdings

Chairman of the Committee: Chairman of SinoPac Holdings

Committee members:

President of SinoPac Holdings/Chairman of SinoPac Securities, Chairman of Bank SinoPac, Chairman of SinoPac Leasing, Chairman of SinoPac Securities Investment Trust, President of Bank SinoPac, President of SinoPac Securities

Established five teams responsible for corporate governance, customer relations, employee welfare, social involvement, and environmental protection. Continues to monitor the risks and opportunities of climate change on the Company's operations to formulate action plans and set targets for implementing SinoPac Holdings' commitment to "mitigating and adapting to climate change".

The Committee tracks and manages implementations status each quarter and reports results to the Board of Directors every six months.

Risk Management Committee of SinoPac Holdings

Chairman of Committee: Chairman of SinoPac Holdings

Committee members: President of SinoPac Holdings, Independent Director of SinoPac Holdings (1 Independent Director), an external member, Chairman of Bank SinoPac, Head of the Risk Management Division of SinoPac Holdings

Risk Management Division of SinoPac Holdings

Established the TCFD Team to integrate climate-related financial data and quantified financial impacts to evaluate and adjust the overall sustainable financial development, sustainable products and services, green energy, and environmental energy management strategies and policies of SinoPac Holdings and increase climate resilience.

The Risk Management Division of SinoPac Holdings also discloses the overview of climate change risks and the progress of related projects. The results are reported to the Risk Management Committee and the Board of Directors each quarter.

The Chairman of SinoPac Holdings serves as the chairman of the Sustainable Development Committee, with the President of SinoPac Holdings and the Chairmen and presidents of major subsidiaries serving as members. The Committee manages action plans and targets for climate change-related risks and opportunities to fulfill SinoPac Holdings' sustainability commitment to "mitigate and adapt to climate change". The implementations status is reported to the Board of Directors every six months (Please refer to the SinoPac Holdings 2023 Sustainability Report). The Chairman also serves as the chairman of the Risk Management Committee. An independent director, an external member, the President of SinoPac Holdings and the Chairman of Bank SinoPac serve as members. The Committee manages climate change risks to strengthen climate resilience. SinoPac Holdings incorporated climate change risks into the "Risk Management Policy" and established the "Guidelines for the Management of Climate-related Risks and Opportunities" to improve the management mechanisms of climate risks and opportunities. Since 2021, the Risk Management Division of SinoPac Holdings has disclosed the overall climate change risks (including physical risks and transition risks related metrics) in the quarterly Risk Management Report and reported them to the Risk Management Committee and the Board of Directors. The overall status of the Company's management of existing or potential risks or climate change risks (including physical risks and transition risk indicators) and the progress of related projects are also reported to the Audit Committee. The Risk Management Committee has established the "TCFD Team" and the Risk Management Division serve as the organizing unit to integrate climate-related financial data and quantified financial impacts to evaluate and adjust the overall sustainable financial development, sustainable products and services, green energy, and environmental energy management strategies and policies of SinoPac Holdings. The TCFD Team also formulates climate risk management standards, establishes climate risk management mechanisms, tracks progress and reviews KPI implementations each quarter, and reports to the Risk Management Committee and the Board of Directors.

The TCFD Team discloses and manages climate information in accordance with the four major aspects of TCFD including: governance, strategy, risk management, and metrics and targets. The TCFD Team has four main tasks which include "specifying quantitative scenario analysis and financial impacts"; "establishing corresponding operational strategies, financial plans, and mitigation and adaptation measures for climate resilience"; "formulating metrics and targets"; and "compiling climate and nature-related financial disclosure reports."

Main tasks of TCFD Team

Specifying quantitative scenario analysis and financial impacts

- Follow climate risk assessment methods and processes to identify transmission routes with other risks (credit risks/market risks/operational risks and liquidity risks) based on client and asset portfolios.
- Specify quantitative scenario analysis and financial impacts of physical risks and transition risks.

Establishing corresponding operational strategies, financial plans, and mitigation and adaptation measures for climate resilience

- Identify impacts of climate risks on operations, strategies, products, and financial plans based on different climate change scenario analysis, then formulate corresponding operational strategies, financial plans, and mitigation and adaptation measures for climate resilience.
- Formulate management measures for clients and assets with high climate risks.

Formulating metrics and targets

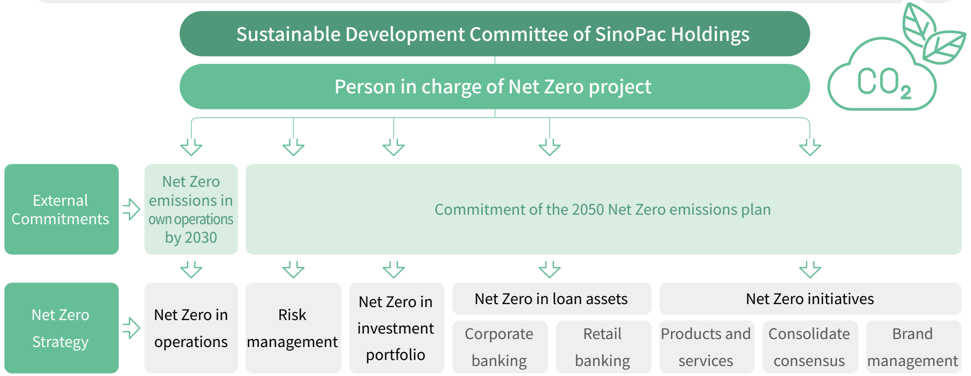
- Set key metrics and formulate short/medium/long-term targets for investment and lending portfolios based on risk appetite.
- Establish integrated climate risk management dashboard for continuous management and monitoring of metrics and targets.

Compiling climate and nature-related financial disclosure reports

- Compile independent climate and nature-related financial disclosure reports based on the recommended disclosure framework (governance, strategy, risk management, and metrics and targets).

SinoPac Holdings understands the influence and responsibilities as a financial institution for controlling the flow of investments, so the Sustainable Development Committee of the Company passed the short-, medium-, and long-term work plans in relation to the net zero emissions in December 2021, which was approved by the Board of Directors in January 2022. The Board of Directors subsequently in March 2022 approved the Company's net zero commitment, pledging to achieve net zero emissions of its own operations by 2030 and the entirety of its financed portfolios by 2050 to contribute to Taiwan's net zero emission through sustainable finance. In terms of governance, SinoPac Holdings has established a cross-subsidiary and cross-departmental Net Zero Project Management Office (PMO) in the first quarter of 2022 to implement its sustainability strategies. The PMO consisted of 8 teams (detailed in the figure below) based on the five major net zero emission strategies: net zero in operations, risk management, net zero in investment portfolios, net zero in loan assets, and net zero initiatives. The Company also formulated the short-, medium-, and long-term targets up to 2028. The progress is reviewed bi-monthly by the PMO and quarterly by the Sustainable Development Committee to oversee the implementation and execution of management tasks, as well as conduct ongoing reviews of project progress and effectiveness. The results are reported to the Board of Directors every six months, along with the overall status of sustainable development task execution. (Please refer to the "SinoPac Holdings 2023 Sustainability Report" for more information.)

SinoPac Holdings Net Zero PMO Framework



As a solid member of the Business Council for Sustainable Development of Taiwan (BCSD Taiwan), SinoPac Holdings supports the Council in promoting various international sustainability initiatives and proposes policy recommendations as appropriate. In alignment with BCSD Taiwan initiatives, SinoPac Holdings became a founding member of the "Sustainable Finance Implementation Platform" and the "Taiwan Nature Positive Initiative (TNPI)" in 2021 and 2022, respectively. Natural capital, nature, and biodiversity have become sustainability issues of global concern in recent years, are intertwined with climate change issues, and are also key factors for achieving net zero emission targets by 2050. Therefore, SinoPac Holdings/Bank SinoPac aim to build financial resilience through ESG practices and worked with BCSD Taiwan to host related forums, including the SinoPac Holdings ESG forums "Building Financial Resilience with Natural Capital" and "Finance and Natural Capital Linkage Forum." The Company also supported BCSD Taiwan in obtaining authorization from Capitals Coalition to publish the Chinese version of Natural Capital Protocol to enhance public understanding of these issues. The Company work to accelerate sustainable finance achievements and developments through knowledge sharing, capability building, and experience learning, and assist corporations in enhancing their response capabilities towards nature-related risks.

1.2 Board of Directors Responsibilities

1.2.1Board Supervision of Climate and Nature-related Issues

The Board of Directors is the highest governance unit for climate change issues at SinoPac Holdings, and is responsible for the ultimate supervision and management of climate-related issues. To fully understand the impacts of climate risks on our operations, SinoPac Holdings directors attend sustainability and climate-related classes, participate in ESG forums, and also hire external consultants to aid establishment of climate governance frameworks and promote sustainable developments to facilitate management and implementation of corporate sustainability matters and climate issues at SinoPac Holdings.

The SinoPac Holdings' 8th Board of Directors is composed of 7 Directors (including 3 independent Directors). Our directors have solid expertise in sustainable issues. Chairman Shi-kuan CHEN serves as the executive supervisor of the Business Council for Sustainable Development of Taiwan (BCSD Taiwan), Independent Director Wei-ta PAN serves as a director of the ESG World Citizens & Digital Governance Foundation in Taichung City, and Independent Director Huey-jen SU is a public health scientist with expertise in sustainable development, climate change, and environmental science who had served as a committee member of the Executive Yuan National Council for Sustainable Development for many years. Together, our directors lead SinoPac Holdings in proactive participation of corporate sustainable developments and ESG matters, and continue to be attentive of climate change and environmental sustainability issues.

SinoPac Holdings regularly monitors climate risk conditions and progress on related projects, which are disclosed in Risk Management Reports and submitted to the Risk Management Committee and Board of Directors each quarter. To achieve our "mitigate and adapt to climate change" sustainability commitments, the Sustainable Development Committee tracks management implementations every quarter and reports to the Board of Directors every six months.

1.2.2 Climate Governance Decision-Making in 2023

Sustainable development issues are included in Board meeting agendas once every six months, though relevant proposals were submitted to the Board of Directors 3 times in 2023 due to the requirements of associated issues.

SinoPac Holdings and all subsidiaries have pledged to "Cease financing for new thermal coal and unconventional oil and gas projects and will not renew the existing projects when they expire since July 1, 2022." To achieve our net zero commitments and advance our decarbonization policies, we expanded our decarbonization scope to include investment and lending in thermal coal mining and thermal coal-fired power generation, and unconventional oil and gas sectors starting on July 1, 2023. In future, the Company will gradually expand the scope of our decarbonization commitments and introduce (on a trial basis) transition degree analysis mechanisms for high-carbon-emission industries which have set Science Based Targets (SBTs). The Company will also continue to engage experts in the industry, government, and academia to learn about the latest technologies and business opportunities for attaining net zero emissions, work with stakeholders in the low carbon transition, and attain net zero by 2050.

1.2.3 External Consultants

SinoPac Holdings hired external consultants to provide TCFD consulting services, assess financial impacts from physical/transition risks, create climate risk heatmaps, strengthen climate risk management mechanism, and provide TCFD training in 2022, 2023, and 2024. After establishing the Net Zero PMO in 2022, the Company continuously worked with external consultants to promote net zero projects, conduct PCAF carbon inventory of our investment and lending positions, set SBTs, and received SBTi validation. SinoPac Holdings joined SBTi in August 2022 and completed submission of SBTs at the end of 2022. Our SBTs were approved in January 2024. Please refer to our corporate website for more information.

1.2.4 Board of Directors Training

All directors of SinoPac Holdings completed 108 hours of training in 2023, including 36 hours of climate-related training covering Corporate Governance 3.0 disclosure requirements and development trends of green industries. SinoPac Holdings and subsidiary directors also participated in ESG forums to proactively respond to net zero actions and business opportunities in the financial industry.

Participating Directors (SinoPac Holdings)	Course Title	Course Syllabus	Hours
Shi-kuan CHEN, Wen-ling MA, Stanley CHU, Chi-hsing YEH, Wei-thyr TSAO	Observe the 2030 sustainable governance in financial institutes through the 2023 global ESG trends	1. Major risks from an unsustainable world 2. The true face of corporate social responsibility (CSR): business implications of ESG 3. Identification of market transition signals 4. Current statuses and development trends of mainstream sustainable finance 5. Sustainable innovation in the financial industry 6. 2030 sustainability governance in the financial industry	3
Shi-kuan CHEN	Corporate resilience to strengthen Taiwan's competitiveness	1. Dual-axis transition: Build corporate resilience to strengthen Taiwan's competitiveness 2. WBCSD: Introduction to and value of sustainable management tools 3. Symposium (1) Climate risks: Net zero transitions 4. Symposium (2) Nature risks: Nature and circular transitions	3
Wei-ta PAN	Low Carbon Transition Pathway Planning - Carbon Inventory	1. Low-carbon net zero transition 2. Overview of organization carbon inventory 3. Overview of product carbon inventory 4. Overview of project carbon inventory 5. Carbon inventory and promotion of corporate net zero targets	3
Huey-jen SU	Net-Zero Emission Trends and Adaptation Strategies for the Paper Industry. Carbon Credit Management and Net Zero Boost	1. Net-Zero Emission Trends and Adaptation Strategies for the Paper Industry 2. Carbon Credit Management and Net Zero Boost	3
Huey-jen SU	2023 Cathay Sustainable Finance and Climate Change Summit	1. Driving Collaboration for Climate Action – Together towards a net-zero, nature-positive and resilient future 2. Paving the Way for Change: The Key to Net Zero is Sustainable Finance 3. Trend Analysis: Moving Towards Global Carbon Market 4. Understanding Trends: The Trends and Development of International Climate Action 5. Panel Discussion: A New Mindset on Climate Change	6
Wei-thyr TSAO			3
Wen-ling MA	Sustainable Development Trend of ESG and Implement of Responsible Investment	Sustainable Development Trend of ESG and Implement of Responsible Investment	3

1.3 Senior Management Responsibilities

1.3.1 Links with Sustainability Performance

Remuneration policies for senior management at SinoPac Holdings are linked to short-term, medium-term and long-term (next 3 years) performance targets. SinoPac Holdings has established the "Long-Term Incentives and Remuneration Program" for the Presidents and Vice Presidents (senior executives) of SinoPac Holdings and associated subsidiaries. The Sustainability indicator is additionally account for 15% and has been included in annual assessment targets for 2023-2025 to encourage promotion of medium-term and long-term sustainability actions.

Each year, SinoPac Holdings conducts performance management procedures for all employees, and performance results are linked to individual remuneration through the following mechanisms: Sustainability indicators account for at least 10% of 2023 annual targets for the SinoPac Holdings President and department KPI scores. All departments formulate plans for related indicators which are incorporated into annual performance targets for first-tier managers in each department, and these targets are linked to variable bonuses for the year.

Relevant performance targets are continually optimized in response to the expectations of the stakeholders and exert our financial influence. (Please refer to 5.3 Performance and Remuneration Systems for information on climate performance indicators)

1.3.2 Senior Management Education and Training

Senior managers completed 5,786 hours of training, of which 531 hours were related to climate issues, including a series of courses on sustainable financial trends, experiences of benchmark enterprises, net zero transitions in practice, and corporate social responsibility.

531 hours were related to climate issues

Senior management education and training

Sustainable finance trends	Experiences of benchmark enterprises	Net zero transitions in practice	Corporate social responsibility
Observe the 2030 sustainable governance in financial institutes through the 2023 global ESG trends	*Business Today* "How to achieve sustainable development in Taiwan"	Carbon credit mechanisms and applications in corporate management	Net zero commitments of SinoPac Holdings and promotion of environmental protection and energy conservation actions in offices
International net zero trends and corporate development	Yang Ming Marine Transport Corporation "Sailing toward mutual sustainability"	Carbon-free hydrogen developments	Sustainable finance literacy courses for all employees
Sustainability and net zero trends in the financial industry	ASE Technology Holding Corporation's 4 strategies to build a green semiconductor industry chain	What you need to know about carbon sinks and carbon credits	Compulsory course on corporate sustainability: ESG from concepts to actions podcast
Introduction to Taskforce on Nature-related Financial Disclosures (TNFD)	Reiju transformed into a green supply chain and increased revenues by seven- times	Energy storage system applications and small hydropower generation	Carbon reduction trends: Innovative ideas for achieving sustainability through daily living
Connecting Finance and Natural Capital	IKEA's 2 major sustainability strategies and transitions for a circular business model	Sustainable finance trends, business opportunities, and building sustainable ESG links to green finance	Understanding the SDGs: Exploring a Sustainable World with SinoPac Children
Building Financial Resilience Using Natural Capital			Unveiling the secrets of manufacturing in the future: Green actions
			Net zero emissions training

02 STRATEGY

Our identification processes for climate risks and opportunities carefully examine the impacts from climate-related transition risks and physical risks on our businesses, as well as traditional financial industry risks. Additionally, climate scenario analysis enables us to examine the impacts of climate risks and propose corresponding mitigation and adaptation measures. The figure below illustrates the transmission pathways of climate-related risks.

Climate change risks

Transition Risks

Policies and regulations

Technology

Market

Physical Risks

Acute

- Typhoons, heavy rainfall, drought, and other extreme weather events

Chronic

- Rising sea levels
- Rising average temperatures

Risk transmission pathways

Economic activities

Microeconomics-Enterprises

- Increased compliance and transition costs
- Reduced profitability
- Impaired asset values
- Operational interruptions

Microeconomics-Individuals

- Reduced household income
- Reduced real estate values

Macroeconomics

- GDP, labor force changes, socioeconomic changes

Business categories

Business categories

Loans

- Corporate loans
- Personal loans

Investment

- Stocks, bonds, short-term commercial papers, and other investments
- Venture capital

Own operations

Financial risks

Risk categories

Credit risks

- Customer default rate
- Collateral recovery

Market risks

- Target price changes

Operational risks

- Operational interruptions
- Equipment repairs

Other risks

- Such as liquidity risks, reputational risks, and liability risks

2.1 Climate Risks and Opportunities

Climate change has significant impacts on corporate and social environments. In order to monitor specific impacts of climate change and respond to climate issues, the Risk Management Division creates climate risk and opportunity assessment tables each year and references climate laws and reports released by domestic and foreign institutes. The risk management units of all subsidiaries are responsible for identifying climate-related risks and opportunities.

2.1.1 Process for Identifying Climate-related Risks and Opportunities

STEP 1 → STEP 2 → STEP 3 → STEP 4

STEP 1: Identification of risks/opportunities

SinoPac Holdings activates climate risk/opportunity identification procedures

- Use the TCFD recommendations and sustainability reports of benchmark companies as guidelines the identification, assessment, and management of climate-related risks and opportunities.
- SinoPac Holdings requires subsidiaries to assess climate-related risks and opportunities each year.

STEP 2: Risk/opportunity assessment and measurement

Subsidiaries assess climate-related risks/opportunities

- Subsidiaries use qualitative or quantitative methods to evaluate likelihood of occurrence.
- Subsidiaries use qualitative or quantitative methods to evaluate extents of impacts.
- Subsidiaries identify climate-related risks and opportunities of concern in operations and business and prepare mitigation/adaptation measures.
- Subsidiary risk management units submit evaluation tables of climate-related risks and opportunities to the Risk Management Division of SinoPac Holdings.

STEP 3: Responses to risks/opportunities
(mitigation or adaptation measures/ response strategies)

Identify group-level climate-related risks/opportunities and mitigation or adaptation measures

- SinoPac Holdings compiles the climate change risks/opportunities of subsidiaries and considers "Likelihood" and "Impacts" to identify group-level climate change risks/opportunities.
- Feedback for subsidiaries is reviewed again to verify group-level climate-related risks/opportunities.
- Prepare mitigation or adaptation measures/response strategies for group-level climate-related risks/opportunities.

STEP 4: Report

Report climate-related risks/opportunities

- The climate-related risks/ opportunities identified by SinoPac Holdings and mitigation/adaptation measures shall be disclosed in the Company's annual Sustainability Report or Climate and Nature-related Financial Disclosures Report after approval.

To establish an integrated risk management framework, SinoPac Holdings incorporated climate change risks into the Risk Management Policy and established the "Guidelines for the Management of Climate-related Risks and Opportunities" to evaluate the climate-related risks and opportunities of own operations, measure the impact of risks and opportunities on financial/business plans and strategies, and formulate mitigation and adaptation actions in response to climate change. Additionally, SinoPac Holdings established the "Natural Disaster Emergency Response Guidelines" and emergency notification procedures and response handling guidelines to strengthen emergency response capabilities to natural disasters and other major emergencies.

In the process of identifying climate risks and opportunities, SinoPac Holdings comprehensively considers "time of occurrence," "likelihood," and "impact"[Note]. The scores identified for each dimension are multiplied and weighted in accordance with net values for each subsidiary to obtain overall identification results for the Group, serving as a basis for ranking the materiality of risks and opportunities. The Company selected the risk and opportunity issues with the highest likelihood and extent of impact (first quadrant), and identified their potential operational and financial impacts on different sections of our value chain (suppliers, self-operations, and investment and lending businesses), possible time of occurrence, and connections with existing risks in the financial industry (such as credit risks, market risks, and operational risks), to serve as a reference for formulating mitigation and adaptation strategies as well as for risk management.

Climate Risks and Opportunities-Timelines

Timeline of Occurrence		
Short-term	Mid-term	Long-term
Likely to occur before the end of 2024	Likely to occur from 2025-2026 (inclusive)	Likely to occur after 2026 (exclusive)

2024 2025 2026 2050

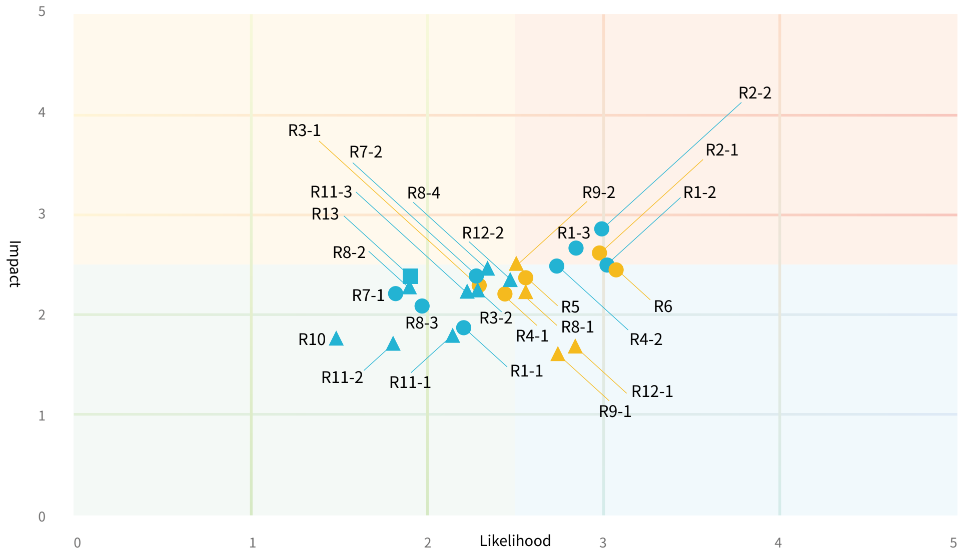
Short-term Mid-term Long-term

Note "Likelihood" and "Impact" were divided into 5 levels, with 1 being the lowest and 5 being the highest. The maximum "Impact" for major unexpected incidents was set at expected losses of US$10 million (NT$300 million).

2.1.2 Identified Climate Risks

The company divided compiled risk incidents into physical risks, transition risks, and liability risks, then comprehensively considered "likelihood" and "impact". Risk incidents with relatively material impacts for SinoPac Holdings different parts of the entire value chain (suppliers, own operations, and investment and lending businesses) are as follows:

Climate Risk Matrix



Short-term Mid-term Long-term

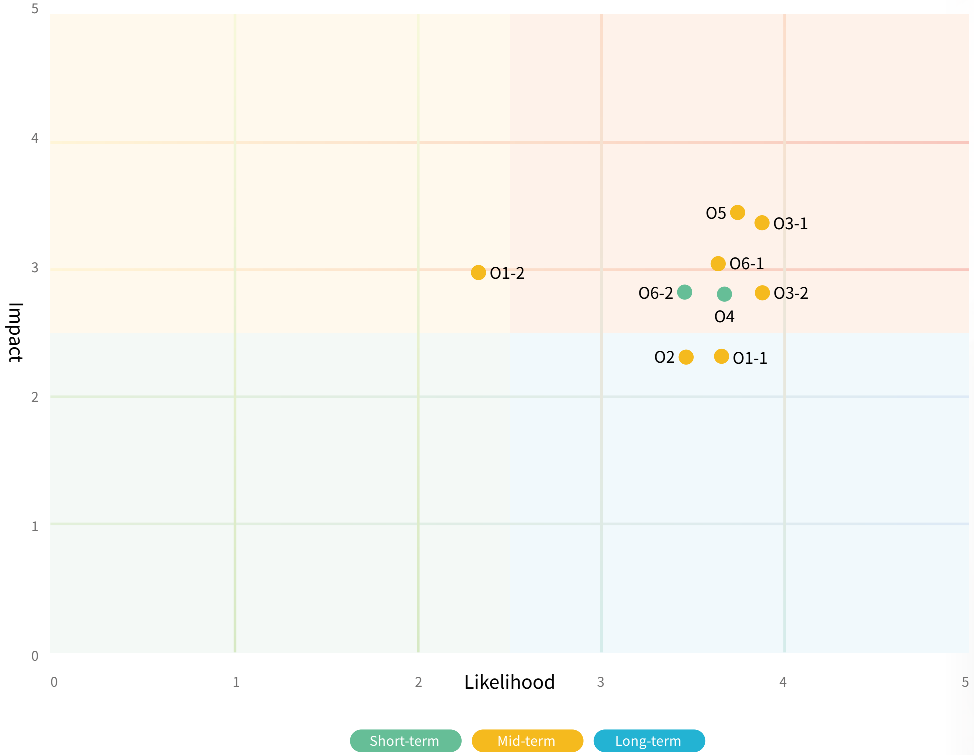
● Transition Risks: Policy and Legal, Technology, Market, Reputation ▲ Physical Risks: Acute, Chronic ■ Liability Risks

TCFD Risk Category	TCFD Climate-related Risk Types	Item Code	Climate-related Risks	Impact Code	Impacts
Transition Risks	Policy and Legal	R1	Economic changes caused by climate change-related regulations and policies	R1-1	Tightening policies or regulations related to greenhouse gas reductions, energy conservation, power consumption, or other environmental efficiency and energy efficiency issues may cause increases in operational costs or penalties from failure to comply with related laws
				R1-2	The promulgation and implementation of net-zero policies in different countries will affect the overall sales of specific products and services. For example, policies on the percentage of electric vehicles on the market or new building energy efficiency standards will result in dramatic increases/decreases in the output value of individual industries, which may affect their business or revenue
				R1-3	As a result of the low carbon policy implemented by the government, large quantities of equipment in industries with high carbon emissions (e.g., fossil fuel industry) will be written off earlier than planned in during the useful life due to accelerated depreciation and become "stranded assets"
	Policy and Legal	R2	Tightening policies or regulations on carbon pricing, carbon taxes/emissions, carbon reduction targets, and reporting obligations	R2-1	Increasingly strict policies or regulations on carbon reduction goals and reporting obligations (e.g., commitment to net zero emissions and SBT carbon reduction goals) reduce business opportunities and may cause declines in company revenue
				R2-2	Increasingly strict policies or regulations on carbon pricing and carbon tax/emissions, carbon reduction targets, reporting obligations, and energy or electricity conservation may reduce the profitability of borrowers and investees and affect the Company's creditor rights or revenue
	Technology	R3	Impacts on future corporate developments from technological advances or emerging technologies	R3-1	Failure to successfully develop financial technologies, and lead paper-free functions and carbon-reducing green monetary flows through digital finance and electronic services may reduce customer willingness to interact with SinoPac, impacting revenues
				R3-2	During transition processes, errors in technological judgment or investing a large amount of money in new technology development which failed may result in increased costs or reduced profits, affecting corporate creditor rights and incomes
	Market	R4	Changes in customer behavior	R4-1	Failure to launch sustainable finance products and services at suitable times may lead to loss of markets associated with climate change themes, causing loss of business and customers as well as declines in revenue
				R4-2	Rising environmental sustainability awareness or extreme weather may impact companies with high energy consumption / high carbon emissions and increase the difficulties of recovering creditor rights or the impairment of the investment value
	Market	R5	Reduced stability in power supply due to changes in energy structures	R5	Renewable energies tend to be intermittent energy resources. Changes in energy structures without auxiliary measures may lead to instability of power supplies. For example, unstable power supplies from intermittent renewable energy sources may result in nationwide or regional power outages or power rationing
	Market	R6	Increases in raw material prices	R6	Due to the far-reaching impact of the EU Carbon Border Adjustment Mechanism (CBAM), the gradual increase in global carbon tariffs on imported goods may continue to increase the price of raw materials, which may affect their business or revenue
	Reputation	R7	Increased stakeholder concern toward climate change issues	R7-1	Company considered to be not environmentally friendly or which do not offer green products may suffer damage to their corporate reputations, causing loss of business and customers as well as declines in revenue
				R7-2	Failure to actively participate in climate change issues of stakeholder concern may affect corporate image and reputation

TCFD Risk Category	TCFD Climate-related Risk Types	Item Code	Climate-related Risks	Impact Code	Impacts
Physical Risks	Acute	R8	Increased frequency and severity of typhoons, heavy rainfall, and other extreme weather events	R8-1	Damage to operational sites or equipment, operational interruptions, or personnel injuries
				R8-2	Key customer data may be lost if data center equipment is damaged, increasing associated legal risks
				R8-3	Depreciated loan collateral in values may affect creditor rights recovery
				R8-4	Damage to operational headquarters, sites, factories, and other assets of our loan and investment targets may affect creditor rights recovery or impact investment values, such as climate-sensitive assets (assets associated with agriculture or real estate)
	Acute	R9	Increased frequency and severity of droughts, water shortages, and other extreme weather events	R9-1	Operational sites may suffer operational interruptions, equipment damages, or impacts on the prices of own real estate due to heightened probability of droughts/water shortages
				R9-2	Increased likelihood of drought/water shortage results in losses due to potential water shortages in industries with high water consumption, such as manufacturing, agriculture, or semiconductors, which affects the Company's creditor rights or impacts the value of investment positions.
	Acute	R10	Bank liquidity issues caused by extreme climate events	R10	Enterprises and residents affected by natural disasters will rapidly increase bank withdrawals (customer overdrafts caused by extreme weather events) to meet sudden post-disaster capital needs. Banks will have limited short-term capabilities to provide loans to those affected, so these withdrawals may affect bank liquidity, causing internal liquidity risks to materialize
	Chronic	R11	Rising global sea levels may flood some low-lying areas and damage some assets	R11-1	Damage to operational sites or equipment, operational interruptions, or personnel injuries
				R11-2	Depreciated loan collateral in values may affect creditor rights recovery
				R11-3	Damage to operational headquarters, sites, factories, and other assets of our loan and investment targets may affect creditor rights recovery or impact investment values, such as climate-sensitive assets (assets associated with agriculture or real estate)
	Chronic	R12	Rising in average temperature	R12-1	High temperature caused by extreme climate conditions will force outdoor workers to leave their jobs or increase electricity and water consumption required by using air-conditioner, impacting operational costs
				R12-2	Decreasing expected value of some climate-sensitive assets (such as assets related to agriculture or real estate)
Liability Risk	Liability Risk	R13	Failure to establish a climate governance structure, failure to reduce greenhouse gas emissions, insufficient disclosures of climate-related risks, and failure to adjust business strategies or loan/investment targets that cause environmental damage or cause property losses to third parties may lead to lawsuits or risk of liability claims	R13	There have been an increasing number of climate-related lawsuits brought to courts by business owners, city governments, insurance companies, shareholders, and charity organizations in recent years. These types of lawsuits mainly involve organizations which have failed to mitigate climate change impacts, adapt to climate change condition, or fully disclose material financial risks. As losses and damages from climate change continue to increase, litigation risks are also likely to increase.

2.1.3 Identified Climate Opportunities

Climate Opportunity Matrix



● **Opportunity categories:** Resource Efficiency, Products and Services, Energy Source, Markets, Resilience

TCFD Opportunity Categorization	TCFD Climate Change Opportunity Type	Item Code	Climate-related Opportunities	Impact Code	Impacts
Opportunities	Resource Efficiency	O1	Enhancing efficiency of energy resources	O1-1	Relocating IT rooms to more efficient buildings, purchasing new energy-saving equipment to improve energy efficiency, and reduce operational costs
				O1-2	Incorporating green building design into offices or self-owned buildings to reduce energy costs
	Energy Source	O2	Increasing proportion of renewable energy used at operational sites	O2	The Company has invested in renewable energy usage, installed solar power generator systems in self-owned buildings for own use, and sold surplus electricity to others, thereby achieving our carbon reduction targets, and creating opportunities to earn non-operating income through market transactions. Additionally, in response to the “Green Leasing 2.0 Program” launched by the Ministry of Economic Affairs, we assist corporate tenants of commercial buildings or similar venues in changing their power supply models so they can obtain green electricity and renewable energy certificates. Note: Green leasing involves an agreement between a landlord and a tenant, with said agreement stipulating how improvement, management, and optimization of building environments can be achieved through sustainable operations. Reductions in overall energy consumption can be translated into overall cost savings for the landlord and tenant through carbon reductions, waste reductions, operational cost reductions, and productivity enhancements.
	Products and Services	O3	Increasing green financial products and services	O3-1	Complying with government policies and regulations to expand investment and lending for renewable energy or green industries, and develop innovative sustainable finance products and services to increase business opportunities
				O3-2	Due to global low-carbon and renewable energy trends, there is an increasing demand for products related to environmental sustainability and climate change. Increasing low-carbon products and services as well as optimizing digital financial services to improve convenience will help to attract customers and expand business opportunities. Internally, we implement paper-free financial technologies through digitalized services to improve operational efficiency and save storage space
	Products and Services	O4	Engagement with customers	O4	In response to international green finance trends, the market has negatively listed, raised thresholds, or declined to work with non-green industries. If SinoPac can act as a client-side ESG communicator, we can assist and guide clients in undergoing low-carbon transitions through loans and investments, improving operational strategies and creating mutual benefits by protecting the environment and stabilizing our relationship with existing customers, enhancing our corporate image
	Markets	O5	Increasing issuance of green financial products and green investments to seek out new business opportunities in the market	O5	Increasing issuance and investment of green bonds or participation in underwriting of renewable energy industries can help enter new markets, obtain new business opportunities related to the circular economy, and increase revenue
	Resilience	O6	Developing adaptation capabilities in response to climate change	O6-1	Actively participating in government and international sustainability and climate change initiatives, and putting related concepts into practice may garner positive media coverage and enhance our overall corporate image
				O6-2	Adding products related to climate change into our investment and lending portfolios can help keep informed of market trends, and increase operational flexibility

2.2 Climate Strategies and Actions

SinoPac Holdings has identified the impact periods and potential financial impacts of climate-related risk and opportunity issues for different sections of our value chain (suppliers, own operations, investment and lending businesses), as well as their connections with existing risks in the financial industry (such as credit risks, market risks, and operational risks) to serve as a basis for formulating related countermeasures and risk management. The Company selected the risks and opportunities located in the first quadrant (high likelihood and high impact) and ranked them by materiality for further analysis.

In the process of identifying risks and opportunities, the company have considered the most likely timeframes for each issue and have formulated mitigation and adaptation measures for the short, medium, and long term accordingly. As climate change scenarios and international trends evolve, the characteristics of these risks or opportunities may also change. The Company continuously monitors and identifies these impacts through our annual identification process and adjusts our strategies based on the findings to respond effectively to changing scenarios and trends.

Material climate risks, potential strategies, and management measures for 2023 are shown in the table below. To better understand climate risks, SinoPac Holdings has formulated risk management measures and response strategies for identified key climate risks based on past operational performance of related businesses. Please refer to "5.2 Metrics and Targets" for more information.

Risk Category	Risk Classification	Item Number	Risk Incident	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans	Mitigation or Adaptation Measures/Response Strategies	Possible Occurrence Time
 Transition Risks	Policy and Legal	R2-2	Tightening policies or regulations on carbon pricing, carbon taxes/ emissions, carbon reduction targets, and reporting obligations	Increasingly strict policies or regulations on carbon pricing and carbon tax/emissions, carbon reduction targets, reporting obligations, and energy or electricity conservation may reduce the profitability of borrowers and investees and affect the Company's creditor rights or revenue.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks	1. If investees and borrowers belong to industries with high power consumption, high pollution, or high climate risks, changes in energy laws, domestic and foreign carbon fees, and carbon taxes (such as carbon tariffs imposed by the EU and US) will increase operational costs and affect profitability, resulting in difficulties with creditor rights recovery or reductions in investment proceeds.	1. The Customer Relations Team is responsible for implementing and enhancing responsible investment and responsible lending and the development of sustainable financial products/services. 2. SinoPac Holdings has pledged to attain net zero emissions of its financial portfolios by 2050, and formulated short, medium, and long-term work objectives for net zero emissions. The Company has received the Science Based Targets (SBT) validation in January 2024. In terms of investment and lending, the Company has established the carbon inventory, monitoring, and disclosure mechanisms of the Partnership for Carbon Accounting Financials (PCAF) and actively engage investment and lending partners. The Company also plans to gradually withdraw from investment and lending of thermal coal and unconventional oil & gas projects. 3. SinoPac Holdings and subsidiaries established the "Responsible Investment Management Guidelines" for promoting and implementing responsible investment. Bank SinoPac established "the Responsible Lending Management Guidelines" and signed "the Equator Principles" to gradually enhance the ability of the Bank's credit service personnel to identify ESG risks and assess the financial impact of climate change. It also provides guidance to borrowers for developing green energy industries and industry upgrades, and adjust risk allocations in accordance with regulations. 4. The Risk Management Division of SinoPac Holdings oversees the establishment of the "Financial Impact Quantitative Analysis for TCFD Scenario Simulation" and the units responsible for projects evaluate and adjust the existing strategies and policies for the overall sustainable financial development, sustainable products and services, green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Long-term

Risk Category	Risk Classification	Item Number	Risk Incident	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans	Mitigation or Adaptation Measures/Response Strategies	Possible Occurrence Time
Transition Risks	Policy and Legal	R2-1	Tightening policies or regulations on carbon pricing, carbon taxes/ emissions, carbon reduction targets, and reporting obligations	Increasingly strict policies or regulations on carbon reduction goals and reporting obligations (e.g., commitment to net zero emissions and SBT carbon reduction goals) reduce business opportunities and may cause declines in company revenue.	· Lending business · Investment/ Underwriting business · Legal compliance risks	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks · Legal compliance risks · Strategic risks · Reputational risks	1 Competent authorities are requiring the financial industry to achieve net zero investment and lending portfolios as well as set annual limits, affecting the growth momentum of lending or causing declines in equity collateral values for the financial industry. 2 If we are unable to achieve SBTs, comply with our declared net zero commitments, or comply with reporting obligations, this may cause investors and consumers to reduce their transactions with us, causing revenue to decline. 3 Consumers and investors are become increasingly attentive of climate change issues. Tightening policies or regulations related to carbon reduction targets and reporting obligations may lead to loss of markets associated with climate change themes, causing loss of business and customers.	1 The Company has pledged to attain net zero emissions of its financial portfolios by 2050, and formulated short, medium, and long-term work objectives for net zero emissions. In terms of investment and lending, the Company has established the carbon inventory, monitoring, and disclosure mechanisms of the Partnership for Carbon Accounting Financials (PCAF). The Company also plans to gradually withdraw from investment and lending of thermal coal and unconventional oil & gas projects and actively engage investment and lending partners in high-emission industries to support the transition and decarbonization in the industry. 2 The Customer Relations Team is responsible for implementing and enhancing responsible investment and responsible lending. It regularly reviews, updates, and develops green financial products and services. 3 SinoPac Holdings and subsidiaries established the "Guidelines for the Management of Climate-related Risks and Opportunities" or "Standards for the Management of Climate-related Risks and Opportunities" to manage climate-related risks, disclose information on climate-related risks and opportunities, and comply with the disclosure requirements of the competent authorities on climate-related information. 4 SinoPac Holdings and subsidiaries established the "Responsible Investment Management Guidelines" or related regulations. Bank SinoPac established the "Responsible Lending Management Guidelines" and signed the "Equator Principles" to incorporate ESG factors and related risks into the business decision-making process. When processing investment and asset management and making decisions on projects lending, they carefully evaluate the investee or borrower's environmental, social, and corporate governance risks. The Company also supports the FSC's "program to encourage domestic banks to provide loans to new key innovative industries" by providing lending for the green energy industry.	Mid-term
	Policy and Legal	R1-3	Economic changes caused by climate change regulations and policies	As a result of the low carbon policy implemented by the government, large quantities of equipment in industries with high carbon emissions (e.g., fossil fuel industry) will be written off earlier than planned in during the useful life due to accelerated depreciation and becoming "stranded asset" as a result.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks	1 If investment and financing targets belong to industries with high power consumption, high pollution, or high climate risks, government low-carbon policies, domestic and overseas carbon fees or carbon taxes, and changes in energy regulations may accelerate depreciation such that equipment are written off before the end of their life cycles, causing their value to decline, following which they become"stranded assets," which may increase operational costs and impact profitability, leading to difficulties in creditor rights recovery, reducing investment income/underwriting benefits, and causing market liquidity problems.	1 To support international trends and the national target for attaining net zero emissions by 2050, the Board of Directors of the Company approved the net zero emission target on March 15, 2022. It has officially pledged to achieve net zero emissions in its own operations by 2030 and its financial portfolios by 2050. It also established the Project Management Office (PMO) for operations across different subsidiaries and departments to formulate short, medium, and long-term work objectives. 2 The Company has set science-based targets (SBTs) and received the validation in January 2024. The Company will continue to enhance all carbon reduction actions. 3 The Company announced that starting from July 1, 2022, SinoPac Holdings and subsidiaries will cease lending for new thermal coal and unconventional oil & gas projects and will not renew existing lending projects. To attain our net-zero commitment and continue improvements, the Company has expanded the scope of decarbonization to include investment and lending of thermal coal mining and power generation starting from July 1, 2023. 4 The Risk Management Division of SinoPac Holdings oversees the establishment of the "Financial Impact Quantitative Analysis for TCFD Scenario Simulation" and the units responsible for projects evaluate and adjust the existing strategies and policies for the overall sustainable financial development, sustainable products and services, green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Long-term

Risk Category	Risk Classification	Item Number	Risk Incident	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans	Mitigation or Adaptation Measures/Response Strategies	Possible Occurrence Time
Transition Risks	Market	R6	Increases in raw material prices	Due to the far-reaching impact of the EU Carbon Border Adjustment Mechanism (CBAM), the gradual increase in global carbon tariffs on imported goods may continue to increase the price of raw materials, which may affect their business or revenue.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks	1 Widespread impacts from the European Union Carbon Border Adjustment Mechanism (CBAM) are leading to gradual global increases of carbon tariffs on imported goods, which may further increase raw material prices and affect business or revenue, causing difficulties in creditor rights recovery or impairing investment values. 2 According to statistics compiled by the Ministry of Economic Affairs, CBAM has imposed restrictions on 248 products; products associated with Taiwan are mainly steel products. Trade data from the Ministry of Finance showed that, in 2022, exports of base metals and associated products from Taiwan accounted for 7.69% of total exports, of which 15% was exported to the EU. We will continue to observe the developments of related industries, compare historical profits, and conduct research and analysis.	1 The Customer Relations Team is responsible for implementing and enhancing responsible investment and responsible lending and the development of sustainable financial products/services. Carefully review investments or lending for companies with high climate risks. 2 SinoPac Holdings and subsidiaries established the “Responsible Investment Management Guidelines” or related regulations for promoting and implementing responsible investment. Bank SinoPac established the Responsible Lending Management Guidelines and signed the Equator Principles to gradually enhance the ability of the Bank’s credit service personnel to identify ESG risks and assess the financial impact of climate change. It also provides guidance to borrowers for developing green energy industries and industry upgrades, and adjusts risk allocations in accordance with regulations. 3 The Risk Management Division of SinoPac Holdings oversees the establishment of the “Financial Impact Quantitative Analysis for TCFD Scenario Simulation” and the units responsible for projects evaluate and adjust the existing strategies and policies for the overall sustainable financial development, sustainable products and services, green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Mid-term
	Policies and Legal	R1-2	Economic changes caused by climate change regulations and policies	The promulgation and implementation of net-zero policies in different countries will affect the overall sales of specific products and services. For example, policies on the percentage of electric vehicles on the market or new building energy efficiency standards will result in dramatic increases/ decreases in the output value of individual industries, which may affect their business or revenue.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks · Strategic risks	1 The promulgation and implementation of net-zero policies in different countries will affect the overall sales of specific products and services, impacting business and revenues. Compliance with regulations may directly or indirectly increase operational costs for investment and lending clients, thereby impacting profits. If clients do not make timely changes to operational strategies based on market conditions, they may lose orders or suffer business impacts; clients in poor financial health may be unable to repay their debts or their income may not meet expectations. Therefore, investment values of corporations may decline, and risks will increase for creditor and other financial market participants. 2 Changes in net zero policies of various countries will affect investment and lending strategies of the financial industry. Failure to be attentive of current events, regulations, and policy trends may result in missed or misjudged changes in industrial operations, resulting in loss of business opportunity or revenue.	1 The Customer Relations Team is responsible for implementing and enhancing responsible investment and responsible lending and the development of sustainable financial products/services. 2 The Board of Directors of the Company officially approved the net zero emission target on March 15, 2022. It has officially pledged to achieve net zero emissions in its own operations by 2030 and its financial portfolios by 2050. 3 The Company has set science-based targets (SBTs) and received the validation in January 2024. The Company will continue to enhance all carbon reduction actions. 4 In addition to continuous promotion of green and paperless operations and use of green electricity, the Company announced that starting from July 1, 2022, SinoPac Holdings and subsidiaries will cease lending for new thermal coal and unconventional oil & gas projects and will not renew existing lending projects. To attain our net-zero commitment and continue improvements, the Company has expanded the scope of decarbonization to include investment and lending of thermal coal mining and power generation starting from July 1, 2023. 5 The Risk Management Division of SinoPac Holdings oversees the establishment of the “Financial Impact Quantitative Analysis for TCFD Scenario Simulation” and the establishment of the TCFD Team. It evaluates and adjusts the existing strategies and policies for the overall sustainable financial development, sustainable products and services, and green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Long-term

Risk Category	Risk Classification	Item Number	Risk Incident	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans	Mitigation or Adaptation Measures/Response Strategies	Possible Occurrence Time
Transition Risks	Market	R4-2	Changes in customer behavior	Rising environmental sustainability awareness or extreme weather may impact companies with high energy consumption / high carbon emissions and increase the difficulties of recovering creditor rights or the impairment of the investment value.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks	1. Extreme weather events may damage the operational headquarters, assets, or impact product and service sales of our investees, negatively affecting profitability and debt repayment capabilities, thereby reducing the value of our investments. 2. Environmental sustainability is a global initiative. Industries with high power consumption/high emissions are facing major financial impacts, so the Company should strengthen client engagement on climate change risks when conducting business. 3. Increasing awareness of environmental protection issues may affect selection of investment targets. Changes in products and services may also cause sales for the original products and services provided by our investees to decline, impairing investment values.	1. The Company has pledged to attain net zero emissions of its financial portfolios by 2050, and formulated short, medium, and long-term work objectives for net zero emissions. The Company also plans to gradually withdraw from investment and lending of thermal coal and unconventional oil & gas projects and actively engage investment and lending partners in high-emission industries to support the transition and decarbonization in the industry. 2. SinoPac Holdings and subsidiaries established the "Responsible Investment Management Guidelines" or related regulations for promoting and implementing responsible investment. Bank SinoPac established the "Responsible Lending Management Guidelines" and carefully evaluates investment and lending in sensitive industries (including high-emission industries). 3. When the first line of defense processes related businesses, they must evaluate climate risks, particularly those of industries susceptible to more significant climate risks, and take climate-related measures for clients in industries susceptible to more significant climate risks. 4. Reference the ESG rating mechanism of professional institutions, constituent stocks of ESG-related benchmarks indexes, or ESG-related external resources or tools to enhance evaluations. Enhance the ESG risk analysis of "sensitive industries". Where such risks are known, avoid underwriting if the assessment concludes that there is a risk of deterioration of ESG risks in the future. 5. The Risk Management Division of SinoPac Holdings oversees the establishment of the "Financial Impact Quantitative Analysis for TCFD Scenario Simulation" and the units responsible for projects evaluate and adjust the existing strategies and policies for the overall sustainable financial development, sustainable products and services, green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Long-term
Physical Risks	Acute	R9-2	Increased frequency and severity of droughts, water shortages, and other extreme weather events	Increased likelihood of drought/water shortage results in losses due to potential water shortages in industries with high water consumption, such as manufacturing, agriculture, or semiconductors, which affects the Company's creditor rights or impacts the value of investment positions.	· Lending business · Investment/ Underwriting business	· Increase in losses in creditor rights · Decrease in investment proceeds	· Credit risks · Market risks	1. Borrowers or investees in industries with heavy water usage (such as agriculture, electronics, semiconductors, and manufacturing) may be affected by water shortages or uneven water distribution, causing operational interruptions or equipment damage, affecting production volumes, reducing profits, and creating difficulties in creditor rights recovery or reducing investment income.	1. SinoPac Holdings and subsidiaries established the "Responsible Investment Management Guidelines" or related regulations for promoting and implementing responsible investment. They also incorporate ESG issues into investment analysis and decision-making processes, and review ESG information disclosed by investees. 2. Bank SinoPac established the "Responsible Lending Management Guidelines" and signed the "Equator Principles" to incorporate ESG issues in the credit review decision-making process. It carefully evaluates the borrower's environmental, social, and corporate governance risks and monitors whether clients evaluate and adequately respond to climate change risks and opportunities. 3. When the first line of defense processes related businesses, they must evaluate climate risks, particularly those of industries susceptible to more significant climate risks, and take climate-related measures for clients in industries susceptible to more significant climate risks. 4. The Risk Management Division of SinoPac Holdings oversees the establishment of the "Financial Impact Quantitative Analysis for TCFD Scenario Simulation" and the units responsible for projects evaluate and adjust the existing strategies and policies for the overall sustainable financial development, sustainable products and services, green energy and environmental energy management based on the quantitative financial impact to increase climate resilience.	Mid-term

Material climate opportunities, potential strategies, and management measures for 2023 are shown in the table below. To better understand climate opportunities, SinoPac Holdings has formulated opportunity development management measures and response strategies for corresponding indicators associated with identified key climate opportunities based on past operational performance of related businesses. Please refer to"5.2 Metrics and Targets" for more information.

Opportunity Category	Item Number	Opportunity Event	Impacts	Impact Aspects	Potential Impacts	Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Financial Plans	Opportunity Development Management Measures/ Response Strategies	Possible Occurrence of Time
Products and Services	O3-1	Increase in green financial products and services	Complying with government policies and regulations, expand investment and lending in renewable energy or green industries and innovate development of sustainable financial products and services to expand business opportunities.	· Product and merchandise sales · Lending business · Investment/ Underwriting business	· Increase in income	1 Global trends in low-carbon green energies have increased demand for products associated with environmental sustainability and climate change. Active alignment with government policies and promotion of appropriate green products and services (such as green deposits, national rooftop green energy participation plan, and preferential mortgage rates for electric vehicles) help us to expand business opportunities. 2 The Company continues to optimize our responsible lending and responsible investment policies to increase investment and lending in companies with better performance in ESG, carbon reduction, and sustainable economic activities, while also encouraging corporate enhancement of information disclosures and launching of green products to increase revenue proportions from sustainable economic activities. 3 Align with government policies and regulations by expanding investment and lending in renewable energy and green industries, developing innovative sustainable finance products and services, and expanding business opportunities though lending for solar photovoltaic power generation and green buildings. 4 The Company continues to launch green bonds, green consumer loans, green funds, and other financial products to align with current consumption trends and policies proposed by competent authorities. 5 Sustainable development has become an international trend. After COP26, all countries have intensified their carbon reduction actions and strengthened carbon reduction regulations. Taiwan also plans to introduce carbon fee measures in 2024. Additionally, the introduction of RE100 and brand company requirements toward adherence with net zero trends for supply chain vendors mean that OEM companies in Taiwan are now faced with carbon reduction and renewable energy investment and lending plans, as well as CBAM changes, which will extend to carbon credit requirements. 6 The Ministry of Economic Affairs has set a policy target to achieve 20% of renewable energy usage by 2025, focusing on renewable energy and low-carbon gas-fired power, so it is necessary to continue developing investment and lending products for renewable energies. 7 Providing competitively priced loans for renewable energy and green industries to assist renewable energy companies in obtaining the capital required for operational developments with our financial expertise . And also engaging with our investees and borrowers to guide relevant industries, investors, and consumers in enabling transitions in green low-carbon economies, green investments, green consumption, and daily life.	1 The Sustainable Development Committee of Sinopac Holdings continues to be attentive of domestic and foreign sustainable development issues and climate change trends, and has formulated specific sustainable guidelines. The five teams established under the Committee formulate action plans and short, medium, and long term targets aligned with our sustainability commitment to "mitigate and adapt to climate change"; these action plans and targets are adjusted on a rolling basis each year. 2 The "Customer Relations" Team is responsible for promoting and strengthening responsible investment and responsible lending, development of sustainable finance products/services, as well as promting Bank SinoPac to sign and incorporated the Equator Principles to integrate our core financial businesses into sustainable development. The Team continues to keep abreast of market trends and develop green finance products to provide themed products that meet client needs, and formulate short, medium, and long-term plans and annual work plans. 3 Besides formulating strategies related to net zero economies by continuing to develop products for solar power, wind power, and other renewable energies, the Company as well as conduct evaluations of international sustainable syndicated loan projects and research issues related to carbon trading, including carbon inventory and lending opportunities from clients upgrading to energy-saving equipment, automation equipment, and pollution prevention equipment. 4 Underwrite green bonds and green infrastructure projects; use of funds, evaluation and screening of green projects, fund management, regular disclosures and reports to investors on use of funds and environmental benefits all adhere to the Taipei Exchange Operational Directions for Green Bonds. We have sound management plans that ensure raised funds are actually used on green investment plans, and we continue to track use of funds and regularly disclose the same to investors. 5 Develop more energy storage, energy conservation, and green electricity trading opportunities, create innovative green finance and technology services (such as digital certification) to enhance customer experience and satisfaction.	Mid-term

Opportunity Category	Item Number	Opportunity Event	Impacts	Impact Aspects	Potential Impacts	Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Financial Plans	Opportunity Development Management Measures/Response Strategies	Possible Occurrence of Time
Market	O5	Increase in issuance of green financial products and green investments to seek out new business opportunities in the market	Increase in the issuance of or investment in green bonds or participating in underwriting of green energy industries will help us enter new markets, win new business opportunities in the circular economy, and increase operating revenue.	· Investment/ Underwriting business · Products and sales services	· Increase in income	1 Increase in issuance of or investment in green bonds will help us enter new markets and obtain new business opportunities related to circular economy. 2 Issuance of green finance bonds rely on bank's high credit ratings. Positive market ratings for bank allow it to absorb market funds at lower interest rates, and insurance companies and publicly listed companies have a higher willingness to subscribe. All funds can be used for developing renewable energy financing services. 3 Increase in the proportion of investments in green bonds reduces our exposure to climate risks, enhances our resilience to climate change. The Company issues bonds to collect funds for our green investment plans and social investment plans, invest in low-carbon and renewable energy industries, and increase our investment proportion in environmental sustainability. 4 Increase in green investments helps us to enhance our image so that the Company can be included in ESG-related funds. The Company issues green bonds and uses all collected funds for loans related to our green investment plans.	1 Grasp new business opportunities and work to understand investor and consumer concerns regarding climate change issues as well as needs and preferences for green financial products and services; continue to develop green/ESG funds, bonds, and loan products and services themed around sustainable development; and increase investment balances of green bonds as appropriate. The Company also issues green bonds to raise funds required for development of renewable energy businesses and environmental sustainability businesses. 2 In response to the "Green Finance 3.0" and "Trust 2.0" initiatives of competent authorities, Bank SinoPac has successively issued green bonds and sustainable bonds in recent years, and has launched innovative local rebate trust mechanisms to support developments of green energy-related industries. In future, we will continue to use trusts, lending, and other diverse finance tools to expand our green and sustainable finance services. 3 Provide low-carbon products and services, and offer investment plans for solar energy, wind power, hydropower, biomass power, and other renewable energy solutions.	Mid-term
Resilience	O6-1	Develop adaptation capabilities in response to climate change	Actively participate in government and international sustainability and climate change initiatives. Implement the concepts in real actions and gain positive media coverage to enhance the overall corporate image.	· Corporate image · Own operations · Legal compliance risks	· Improve the Company's reputation · Decrease in operating costs	1 Increase employee awareness of environmental protection through internal activities and implement concepts through specific actions to achieve energy and carbon reduction goals. 2 Participate in sustainability and climate change initiatives hosted by government units, international organizations, or large corporations to increase media coverage. 3 Host or sponsor sustainability and climate change forums to enhance our corporate image. 4 Participate in lectures and activities hosted by relevant public associations, support and promote various international climate initiatives, propose policy recommendations as appropriate, and actively develop sustainable finance to exert our financial influence and drive low-carbon transitions for ourselves and the industry.	1 The Sustainable Development Committee of SinoPac Holdings continues to be attentive of domestic and foreign sustainable development issues and climate change trends, and is responsible for formulating specific sustainability guidelines. The five teams established under the Committee formulate action plans and regularly track sustainable development blueprint, short, medium, and long-term targets, as well as annual work plans. 2 SinoPac Holdings actively works to shape the "SinoPac Life" environmental protection culture, encouraging green actions in daily life through education, promotion, initiatives, commercial services, and diverse channels. The Company has hosted online and physical activities based on our "SinoPac Life - A Million Acts of Green" theme, organizing green markets, used goods donations, beach clean-ups, habitat maintenance, and other environmental protection and charity activities. The Company organize monthly environmental protection themes and environmental protection Q&A activities to guide our colleagues in reducing consumption of single-use resources (such as paper towels), climb stairs for exercise, and eat in-season ingredients. The Company simultaneously promote replacements of energy-consuming equipment and office power-saving measures, and constantly encourage our colleagues to implement green actions in their daily work and lives, cherish resources, and reduce waste. 3 SinoPac Holdings has established the "Code of Environmental Protection and Energy Conservation" and actively promotes environmental protection and energy-saving concepts to our employees; the Company also requires SinoPac Holdings and subsidiaries personnel to sign documents online. 4 Actively participate in governmental and international sustainability and climate change initiatives. For example, SinoPac Holdings is one of the founding members of the "Taiwan Nature Positive Initiative," which initiated by Business Council for Sustainable Development of Taiwan (BCSD Taiwan) and the Company supported BCSD Taiwan in obtaining authorization from Capitals Coalition to release the Chinese version of Natural Capital Protocol.	Mid-term

Opportunity Category	Item Number	Opportunity Event	Impacts	Impact Aspects	Potential Impacts	Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Financial Plans	Opportunity Development Management Measures/Response Strategies	Possible Occurrence of Time
Products and Services	O3-2	Increase in green financial products and services	In response to the global trends in low carbon and green energy and the increased demand for products that support environmental sustainability and climate change issues, increasing low-carbon products and services and optimizing digital financial services to enhance the convenience of use will be conducive to increasing customers and expanding business opportunities. Additionally, adopting paperless financial technology inside the Company with electronic services can also improve operational efficiency and save storage space.	· Product and merchandise sales · Customer service	· Increase in income · Decrease in operating costs	1. In respond to global low-carbon and renewable energy trends, providing low-carbon products and services will be beneficial for attracting customers and expanding business opportunities. For example, digital technologies enable us to provide or optimize digital-friendly application processes for mortgages/credit loans/credit card/card acquiring businesses, increasing customer willingness to apply for these services, reducing physical documents and operational costs, and lowering carbon emissions. 2. Digitalized financial services and transactions, increased services provided by non-physical channels, and used electronic files to replace paper files, thereby avoiding resource wastage and reducing the chance of damage to files. 3. During transition processes to reduce paper-based operations, the Company not only reduced carbon emissions, but also used automated services to enhance our efficiency and expand our customer base as we continued to promote green and paper-free operations while developing low-carbon products and services, gradually moving financial products from physical channels to online channels while guiding customers in accepting digital channels and applying for related services.	1. The Company actively develops various digital finance services, conducts research, and invests resources into developing smart finance technologies, new products, and innovative smart finance strategies. The Company continues to launch online platform services, paper-free transactions, and other digitalized processes to reduce the time and carbon footprint required to travel for bill paying, reduce physical contact risks, and reduce resulting problems such as forgetting to pay bills. 2. In future, the Company will continue to launch innovative services and optimize user experiences for existing functions to achieve our goal of providing "Zero contact but zero distance services," making digital innovation our new frontline for epidemic prevention as we work to become the ideal digital finance brand in the hearts of our customers. 3. The Company developed the DACARD app and increased payment items by connecting to the Taiwan Clearing House platform, added credit card payment tools, payment records, payment reminders, and other digital functions to enhance mobile services and convenience. 4. The Company launched the funBIZ online service mechanism which is not constrained by time and space limits. Application documents can be uploaded at any time, eliminating the need to print paper documents and reducing the time required for processing of paper documents. 5. The Company expanded our online bill payment services to digital service channels: We optimized customer authentication mechanisms on the DACARD Paybill website, provided online bill payment services on the DACARD app, and added new payment items. 6. The Company added a fund matching function to our mobile financial advisor, and Bank SinoPac is also developing mother-child fund investment and bond functions for our mobile financial advisor according to planned schedules. 7. The Company continues to offer more green online banking services (such as membership points) to improve customer satisfaction toward Bank SinoPac. 8. The Company provides credit cards and debit cards made using low-carbon manufacturing processes. 9. The Company optimizes front-, middle-, and back-end systems to enhance customer convenience and attract potential customers. 10. The Company strengthens trust business systems to enhance customer services, increase personnel efficiency, reduce overtime hours, and lower electricity usage and water consumption. 11. The Company has completed internal electronic services for funds, bonds, mother-child fund investment, and investment matching to spearhead paper-free processes. 12. In response to the advent of the post-pandemic era, Bank SinoPac has launched ESG-related investment targets, green deposits, and other programs, and is currently working to design and build a new online bank and new DAWHO app to provide a better customer experience. 13. SinoPac Securities actively develops digital financial services, continues to invest in research, and in resources for developing smart finance technologies and new products. SinoPac Securities and Bank SinoPac launched the industry-first online settlement account—the DAWHOTOU app—and also launched the brand-new wealth management DAWHOFONE app to integrate seven major client assets, providing one-stop asset overviews and powerful functions.	Mid-term

Opportunity Category	Item Number	Opportunity Event	Impacts	Impact Aspects	Potential Impacts	Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Financial Plans	Opportunity Development Management Measures/Response Strategies	Possible Occurrence of Time
Products and Services	O4	Engagement with customers	In response to the international green finance trends, the market raised the threshold for collaboration with other non-green industries in the market by adopting a negative list or declining business transactions. By adopting the role of an ESG communicator with clients and assisting and guiding them in the low-carbon transition and improvement of their business strategies through lending and investment, the Company can create an environmentally friendly environment and consolidate existing client relationships, which will enhance our corporate image.	· Lending business · Investment/ Underwriting business · Corporate reputation	· Increase in income · Increase in operational flexibility	1 Bank SinoPac provides preliminary ESG self-assessments for enterprises, and assists corporations in understanding international sustainability and renewable energy requirements, keeping informed of sustainability transition programs, and adhering to low-carbon transition standards so they can lower their interest rates for loans. 2 Design lending for green energy products, assist clients in entering green industries, and collaborate with financial industry peers to expand market share, guide non-green industries, introduce lending assessment mechanisms for green energy and environmental protection corporations, and provide preferential conditions to lending targets which adhere to government regulations. 3 Carbon Border Adjustment Mechanisms and supply chain carbon management from foreign companies have triggered carbon anxiety in enterprises seeking to conduct carbon inventory. The financial industry can work together with consultant companies to identify corporate carbon risks and further provide corresponding financial products and services.	1 The "Customer Relations" Team is responsible for promoting and strengthening responsible investment and responsible lending, develops green finance products/services, and works to enhance climate awareness in customers and provide themed products that adhere to customer needs.	Short-term
Resilience	O6-2	Develop adaptation capabilities in response to climate change	Include climate-related products in investment and lending portfolios to monitor market trends and increase operational flexibility.	· Lending business · Investment/ Underwriting business · Product and merchandise sales	· Increase in operational flexibility · Increase in revenue	1 Global trends in low-carbon, green energies have increased demand for products associated with environmental sustainability and climate change. The Company have included climate change-related products in our investment and lending portfolios to align with current investment trends, and we evaluate industries with high climate risks in our investment and lending portfolios to enhance our resilience toward climate risks and increase income. 2 The Company have increased climate change-related products (such as carbon emission and ESG related products) in our investment and lendng portfolio, focusing not only on financial indicators, but also diversifying investment targets, increasing investment in different industries such as electric vehicles and energy transition, or adding carbon credit collateral to lending products, which can help increase operational flexibility, track market trends, and respond to market changes.	1 The "Customer Relations" Team is responsible for promoting and strengthening responsible investment and responsible lending, develops green finance products/services, and works to enhance climate awareness in customers and provide themed products that adhere to customer needs. 2 The Company keeps informed of market products, continue to assess/ provide themed products that adhere to customer needs, and references and utilizes ESG evaluation mechanisms, ESG benchmark index constituents, and other ESG-related external resources or tools from professional institutes. The Company also supports thematic investments that contribute to sustainable development, with a focus on industries or investment targets that promote sustainability. 3 SinoPac Holdings and subsidiaries established the "Responsible Investment Management Guidelines" or related regulations for promoting and implementing responsible investment. They also incorporate ESG issues into investment analysis and decision-making processes, and review ESG information disclosed by investees. 4 Bank SinoPac established the "Responsible Lending Management Guidelines" and signed the "Equator Principles" to incorporate ESG issues in the credit review decision-making process. It carefully evaluates the borrower's environmental, social, and corporate governance risks and monitors whether clients evaluate and adequately respond to climate change risks and opportunities.	Short-term

2.3 Strategies for Nature-related Risks

Apart from climate change risks, SinoPac Holdings has also long been attentive of nature-related risks. In 2022, the Convention on Biological Diversity (15th meeting of the Conference of the Parties to the Convention on Biological Diversity, CBD COP15) reached a historical agreement, the Kunming-Montreal Global Biodiversity Framework (GBF), which set forth a long-term plan for global biodiversity governance. Subsequently, The TNFD published the official TNFD Recommendations in September 2023 and focused on the four pillars including governance, strategy, risk and impact management, and metrics and targets as the framework of disclosure. It also established the LEAP (Locate, Evaluate, Assess, Prepare) approach for financial institutions called LEAP-FI, which emphasized that financial institutes must consider the scope of their LEAP assessment before commencing the identification of risks and opportunities. They must then assess their dependencies on ecosystem services and impact driver to identify material nature-related risks and opportunities. LEAP-FI focuses on assessing the natural risks and opportunities associated with investment and lending activities (e.g., equity and bond investments, trading and insurance, and lending).

SinoPac Holdings firmly believes that the loss of natural capital and the resulting nature-related risks will affect the business activities, capital allocation, and risk management of enterprises, which in turn will have a potential impact on financial business activities and lead to asset value impairment. On the other hand, the protection and restoration of natural capital will contribute to the sustainable development of industries and economic activities. In response to Target 15 of the GBF, SinoPac Holdings adhered to the TNFD recommendations for identification and understanding of nature-related dependencies, impacts, risks, and opportunities. The following figure illustrates the transmission channels for nature-related risks.

Endogenous risks (Impact of financed activities on nature)

Feedback between economy and financial sector

Contagion within financial system

Nature

Degradation of nature and its ecosystems driven by:

- Land use change
- Overexploitation
- Climate change
- Pollution
- Invasive alien species

Physical Risks

Decline of ecosystem services, e.g.:

- Provisions (fish, timber, energy)
- Climate, surface temperature and hydrological cycle regulation
- Water capture and filtration
- Soil quality
- Hazard protection from storms and floods
- Habitat, species and biodiversity intactness

Transition Risks

Misalignment with actions aimed at protecting, restoring, and/or reducing negative impacts on nature, e.g. via:

- Regulations/policies/legal precedent
- Technology
- Consumer and investor preferences

Risks from dependence and impact on nature

Microeconomics

Microeconomic effects on businesses / households, e.g. via:

- Damage to assets
- Stranded assets
- Higher or more volatile prices
- Disruption of processes
- Relocation and adjustment of economic activities
- Reduced human health and/or labour productivity

Regional/ Sectoral

Macroeconomics

Macroeconomic effects, e.g. via:

- Prices
- Productivity
- Trade and capital flows
- Capital (investment needs/depreciation)
- Socio-economic changes
- Fiscal balances

Financial Risks

Strategic risks

- Increased uncertainty
- Changes in business models

Credit risks

- Increases in defaults
- Collateral depreciation

Market risks

- Repricing of assets
- Fire sales

Liquidity risks

- Shortages of liquid assets
- Refinancing risk

Operational risks

- Disruption of financial institution's processes

Dependencies

Dependencies are aspects of environmental assets and ecosystem services that a person or an organization relies on to function. A company's business model, for example, may be dependent on the ecosystem services of water flow, water quality regulation and the regulation of hazards like fires and floods.

Impacts

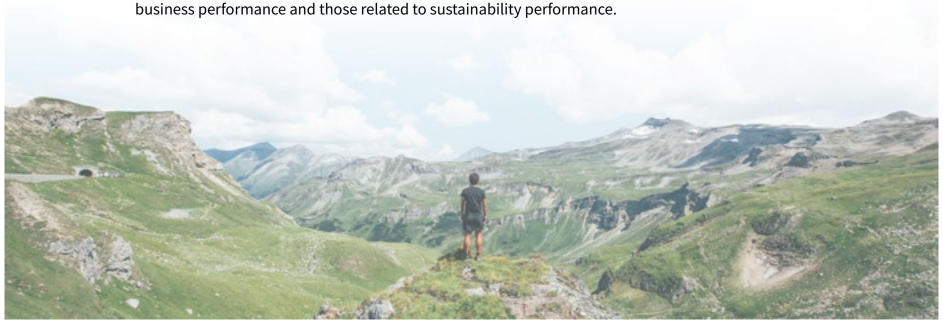
Changes in the state of nature (quality or quantity), which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative. They can be the result of an organization's or another party's actions and can be direct, indirect or cumulative. A single impact driver may be associated with multiple impacts.

Nature-related risks

Nature-related risks are potential threats posed to an organization that arise from its and wider society's dependencies and impacts on nature. Risks can be physical risks, transition risks or systemic risks.

Nature-related opportunities

Nature-related opportunities are activities that create positive outcomes for organizations and nature through positive impacts or mitigation of negative impacts on nature. TNFD opportunity categories are split into those related to business performance and those related to sustainability performance.



2.3.1 Biodiversity Hotspot Analysis

SinoPac Holdings follows the LEAP-FI analysis procedures, including "L" (Locate), which emphasizes whether the Company's own business activities and value chains affect the natural environment, specific biomes, or ecologically sensitive areas. SinoPac Holdings thus overlays the latitude and longitude location data of own real estate/operations, upstream suppliers' operations, and downstream corporate clients' plants with the areas designated as biodiversity hotspots by laws and regulations or programs related to important domestic nature conservation in 7 maps that include national parks, terrestrial wildlife refuges, terrestrial major wildlife habitats, coastal nature reserves, coastal general protected areas, nature reserves , and forest reserves.

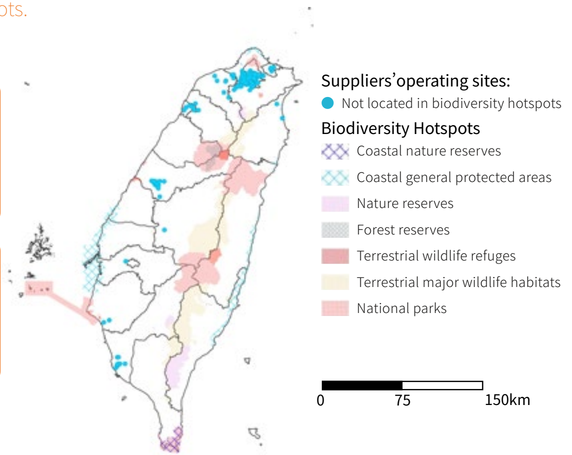
Upstream suppliers' operating sites

Methodology: Overlay the maps to evaluate the procurement amount from suppliers' operating sites in biodiversity hotspots.

Results: The operating sites and headquarters of suppliers are mostly located in urban area, and the impact on biodiversity is relatively minor. There are no operating sites of upstream suppliers of SinoPac Holdings located in biodiversity hotspots.

Procurement amount from biodiversity hotspots	Percentage of total procurement of SinoPac Holdings
0	0.00%

Reference date: December 29, 2023 Unit: NT$ million



Downstream corporate clients' plants

Methodology: Overlay the maps to evaluate the financing amount for downstream corporate clients' plants in biodiversity hotspots.

Results: Downstream corporate clients' plants are mostly located in areas near the coast and rivers, which often overlap with biodiversity hotspots. The risk exposure to investment and lending of downstream corporate clients' plants in Taiwan that are in biodiversity hotspots amounts to approximately NT$33.25 million, which accounts for approximately 0.14% of SinoPac Holdings' total investment and lending.

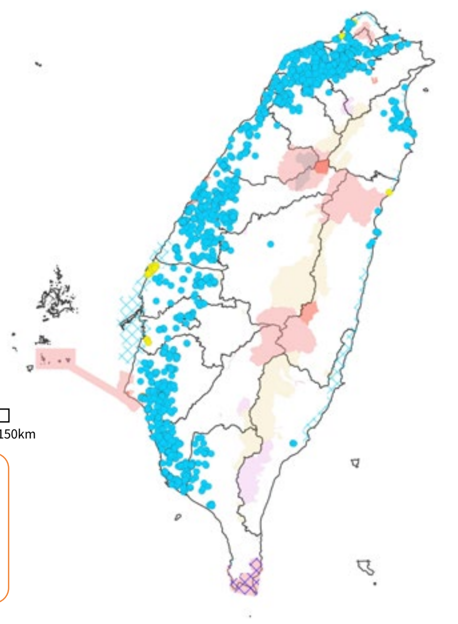
Downstream corporate clients' plants

- Located in 1 biodiversity hotspot
- Located in 2 biodiversity hotspots
- Not located in biodiversity hotspots

Biodiversity Hotspots

- Coastal nature reserves
- Coastal general protected areas
- Nature reserves
- Forest reserves
- Terrestrial wildlife refuges
- Terrestrial major wildlife habitats
- National parks

0 75 150km



Investment and lending amount in biodiversity hotspots	Percentage of total investment and lending of SinoPac Holdings
3,325	0.14%

Reference date: December 29, 2023 Unit: NT$ million

Own real estate/operating sites

Methodology: Overlay the maps to evaluate the book value of own real estate located in biodiversity hotspots and the number of operating sites located in biodiversity hotspots.

Results: As the locations of own real estate and operations are mostly in urban areas, they have little impact on biodiversity. The book value of own real estate of SinoPac Holdings located in biodiversity hotspots is approximately NT$26 million, which accounts for approximately 0.001% of the total assets of SinoPac Holdings. No operating sites of SinoPac Holdings are located in biodiversity hotspots.

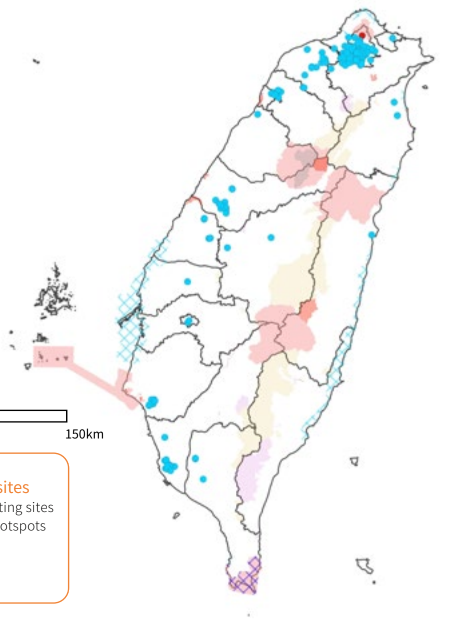
Own real estate and operating sites

- Located in biodiversity hotspots
- Not located in biodiversity hotspots

Biodiversity Hotspots

- Coastal nature reserves
- Coastal general protected areas
- Nature reserves
- Forest reserves
- Terrestrial wildlife refuges
- Terrestrial major wildlife habitats
- National parks

0 75 150km



Own real estate Book value of properties in biodiversity hotspots	Own real estate Percentage of total assets of SinoPac Holdings	Operating sites Number of operating sites in biodiversity hotspots
26	0.001%	0

Reference date: December 29, 2023 Unit: NT$ million

2.3.2 Nature-related Dependencies and Impacts Evaluation

SinoPac Holdings complies with the TNFD "Additional guidance for financial institutions" to disclose the exposure to nature-related sensitive industries and references the LEAP-FI approach, including "E" (Evaluate), which identifies and evaluates nature-related dependencies and impacts. Using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tools in accordance with the guidance to establish a matrix of the dependencies and impacts of each industry in the investment and lending portfolio and understand the overall nature-related risk exposure. The Company also focuses on high-risk exposure and high-risk industries, collects information on the production processes of individual investees and borrowers, and identifies the critical ecosystem services and impact drivers for the investment and lending portfolio to determine the extent of the investment and lending counterparty's dependencies and impacts on natural capital. The analysis procedures are as follows:

Industries	1 Inventory	Inventory and disclose the amount of investment and lending exposure to TNFD nature-related sensitive industries according to the TNFD Sector Guidance: Additional guidance for financial institutions (industry classifications are inventoried based on GICS definitions).
Industries	2 Evaluate dependencies and impacts	Assign scores based on the degree of dependencies and impacts of the industry according to the significance ratings of the ENCORE database (based on the GICS six-digit identification codes for industries). **Materiality ratings:** VH H M L VL **Score:** 5 4 3 2 1
Industries	3 Matrix of dependencies and impacts of each industry	Summarize the scores of the industry for each ecosystem service and impact driver, and standardize them for dependencies and impacts scores to create a matrix of dependencies and impacts of each industry.
Companies	4 Analyze dependencies and impacts factors	Collect information on the production processes and corresponding revenue of individual recipients of investment and lending, and use the ENCORE database to identify the ecosystem services and impact drivers with potential dependencies and impacts.

Exposure to TNFD nature-related sensitive industries

According to the definition of top 16 nature-related sensitive industries listed in the "Additional Guidance for Financial Institutions" released by TNFD in September 2023 (the industry classification is defined in accordance with the GICS classification), as of December 29, 2023, the investment and lending amount of TNFD in nature-related sensitive industries was NT$522,516 million, accounting for approximately 33.01% of the investment and lending portfolio on corporate clients, or 22.37% of the overall investment and lending amount of SinoPac Holdings (including personal loans).

Reference date: December 29, 2023 Unit: NT$ million

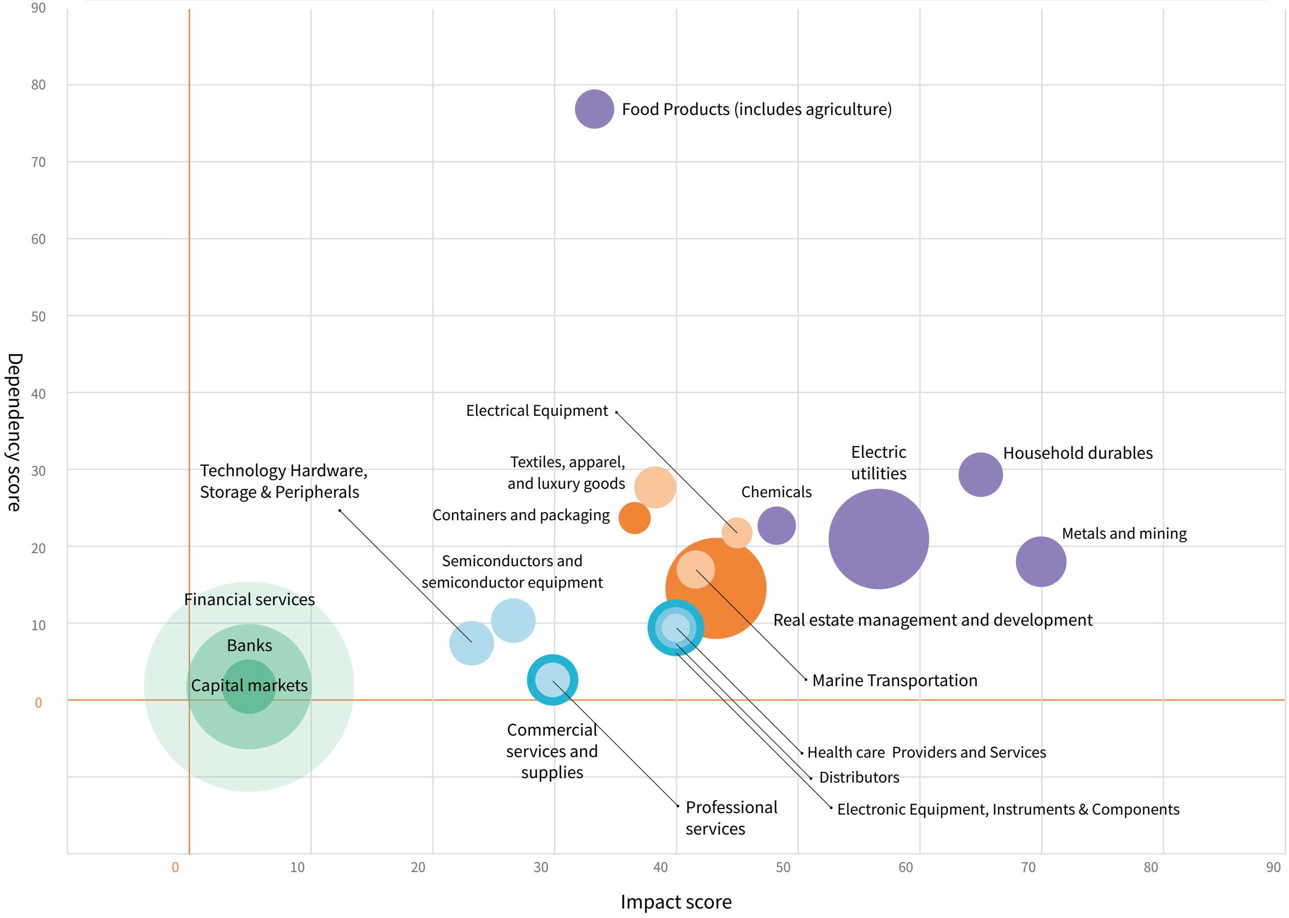
TNFD nature-related sensitive industries	Number of invested and lent companies	Total investment and lending amount	Percentage of investment and lending portfolio on corporate clients	Percentage of overall investment and lending amount (including personal loans)
Construction services (includes manufacture of metal products)	1,140	175,635	11.10%	7.52%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities)	961	129,505	8.18%	5.54%
Sewerage, waste collection, treatment and disposal	293	30,749	1.94%	1.32%
Transport and associated services (includes passenger airlines)	229	28,970	1.83%	1.24%
Metals and mining	252	27,813	1.76%	1.19%
Textiles, apparel, and luxury goods	204	24,820	1.57%	1.06%
Semiconductors and semiconductor equipment	147	24,792	1.57%	1.06%
Beverages and food products (includes agriculture)	185	19,554	1.24%	0.84%
Chemicals	139	15,809	1.00%	0.68%
Containers and packaging	200	14,232	0.90%	0.61%
Oil, gas, and consumable fuels	50	10,757	0.68%	0.46%
Automobiles	31	7,736	0.49%	0.33%
Paper and forest products	36	4,692	0.30%	0.20%
Pharmaceuticals	64	3,814	0.24%	0.16%
Construction materials	25	2,746	0.17%	0.12%
Personal care products	8	893	0.06%	0.04%
Total nature-sensitive industries	**3,964**	**522,516**	**33.01%**	**22.37%**
Non-nature sensitive industries	**4,157**	**1,060,200**	**66.99%**	**45.38%**
Total	**8,121**	**1,582,716**	**100.00%**	**67.75%**

Matrix of dependencies and impacts of each industry

The Company produces a matrix of dependencies and impacts of the top 20 industries, which are defined in accordance with the GICS classification, according to the investment and lending amount.

In identifying the overall investment and lending portfolio, the top five industries with the highest dependency and impact are: food products (including agriculture), household durables, metals and mining, electric utilities, and chemicals.

Matrix of dependencies and impacts of the top 20 GICS industries



Description of matrix axis

Level of dependencies

Dependencies are aspects of environmental assets and ecosystem services that a person or an organization relies on to function. A company's business model, for example, may be dependent on the ecosystem services of water flow, water quality regulation and the regulation of hazards like fires and floods. The ENCORE database includes 21 ecosystem services.

Level of impacts

Changes in the state of nature (quality or quantity), which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative. They can be the result of an organization's or another party's actions and can be direct, indirect or cumulative. A single impact driver may be associated with multiple impacts. The ENCORE database includes 12 impact drivers.

Bubble size

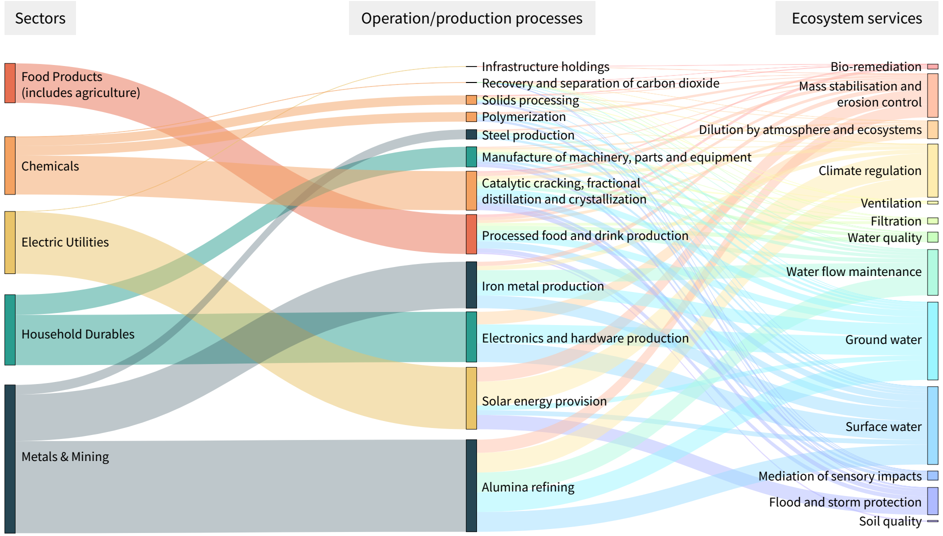
Total amount of investment and lending on December 29, 2023.

Sankey diagram of Top 25 listed companies in the top five high dependencies and impacts industries

For the top five industries with the highest dependency and impact on nature (including food products, including agriculture; household durables; metals and mining; electric utilities and chemicals), SinoPac Holdings collected information on the business activities of the top five listed companies in each industry (totaling 25 companies) according to exposure. SinoPac Holdings uses public information to identify the operation/production processes of these companies, maps out the operation/production processes and identifies potential dependencies (ecosystem services) and impacts (impact drivers). By doing so, this enables the Company to carry out nature-risk identification of the entire investment and lending portfolios and establish corresponding risk management processes, expecting to mitigate potential impacts.

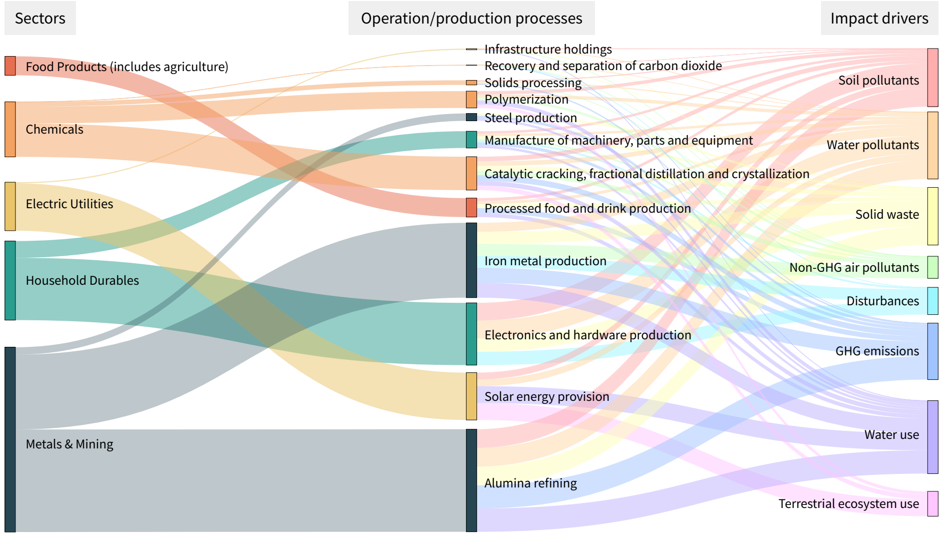
Sankey Diagram of Nature-related Dependencies

The results of the dependencies analysis are shown in the figure below. Through the analysis, it is found out that the companies operation/production processes depend on the following top three ecosystem services: groundwater, surface water, and climate regulation, accounting for approximately 55.2%



Sankey Diagram of Nature-related Impacts

The results of the impacts analysis are shown in the figure below. Through the analysis, it is found out that the companies operation/production processes have the top three impact drivers: including water use, water pollutants, and soil pollutants, accounting for approximately 51.3%.



2.3.3 Nature-related Risks and Opportunities

Referencing the LEAP-FI approach, including "A" (Assess), SinoPac Holdings identifies nature-related risks and opportunities in its own operations and investment and lending business.

Nature-related risks

Corporate's dependencies and impacts on nature may generate corresponding risks. From a dependency perspective, deterioration in natural capital increases procurement costs for clients who depend on ecosystem services, so they may change their production models. From an impact perspective, if companies' and clients' operations cause negative impacts on natural capital, or if they invest insufficient resources, this may damage their reputation, and working to meet increasingly strict regulations may create additional burdens. SinoPac Holdings identified nature-related risks and opportunities to formulate future response measures.

TNFD Risk Category	TNFD Risk Classification	Nature-related Risk Incident	Links to Other Risks
Physical Risks	Acute, Chronic	Changes in states of nature / ecosystem services may result in additional expenditures for borrowers / investees, such as expenditures for infrastructure repairs for damage caused by natural disasters, relocation of operations or suppliers dependent on specific natural environments, adaptation measures to specific natural disasters or ecosystem service changes (e.g. mechanical or hand pollination, protection against floods).	Credit / market risks
		Changes in states of nature / ecosystem services may cause operational / supply chain interruptions, reducing operational profits for borrowers / investees.	Credit / market risks
		Changes in states of nature / ecosystem services may lead to write-offs and early scrapping of existing assets or equipment in own operations.	Operational risks
Transition Risks	Policy and legal	Tightening nature-related policies and regulations may result in additional expenditures or reductions in operational profits for borrowers / investees, such as from losses caused by increased compliance costs, labor costs for monitoring activities, costs for replacing existing products / services / processes, and changes in operating permits.	Credit / market risks
		Stricter nature-related policies and regulations may result in borrowers / investees being fined by competent authorities.	Credit / market risks
		Stricter nature-related policies and regulations may lead to write-offs and early scrapping of existing assets or equipment in own operations.	Operational risks
	Market	Changes in customer preferences, changes in raw material costs, and conflicts with stakeholders may reduce demand for products and services, reducing operational profits and increasing costs to replace existing products / services for borrowers / investees.	Credit / market risks
	Reputation	The impact of corporate / brand actions on the nature may cause losses in own operations / borrowers / investees, declines in revenues, increased costs from replacing existing products / services, and increased employee turnover.	Credit / market / operational / reputational risks
	Technology	Demand for environment-friendly technologies used for transition may increase development costs, operational costs, and costs for replacing products / services for own operations / borrowers / investees.	Credit / market / operational risks

Nature-related opportunities

Nature-related opportunities are activities that create positive outcomes for organizations and nature through positive impacts or mitigation of negative impacts on nature, such as benefits from avoiding, reducing, or managing nature-related risks; reduction or reversal of natural losses through products, services, or investment strategies, including protecting, restoring, or adopting nature-based solutions or provision of related funds.

TNFD Opportunity Category	TNFD Opportunity Classification	Nature-related Opportunity Event
Business Performance	Resource efficiency	Adopt high-performance, circular production systems and nature-based solutions to increase resource efficiency, reduce operational or compliance costs, and lower capital / infrastructure costs.
	Products / services	Develop financial products that benefit nature to create positive natural impacts / reduce negative impacts, increase income sources and competitiveness, while also enhancing corporate images.
	Markets	Increase issuance of and investment in nature-related bonds or participation in underwriting of related industries to enter new markets, obtain new business opportunities, and increase revenues.
	Capital flow and financing	Provide funding to help corporate transition and adopt nature-based solutions to increase income from related investment and lending.
	Reputation capital	Actively work with the government and international nature-related policies and initiatives to generate positive impacts on society and local economies, thereby enhancing corporate images and brand values.
Sustainable Performance	Ecosystem protection, restoration, and regeneration	Improve ecosystems and increase resilience toward natural disasters through direct / indirect restoration, conservation, or protection of ecosystems or habitats.
	Sustainable use of natural resources	Transition in own operations or borrowers / investees enhances sustainable use of natural resources to create positive impacts on nature.

2.4 Green Strategies

2.4.1 Green Operations

SinoPac is committed to reducing the environmental impact of its operations through promoting various carbon reduction actions, and working with stakeholders in the value chain to achieve low-carbon transition and achieve net zero goal. In March 2022, SinoPac Holdings has officially pledged to achieve net zero emissions in its own operations by 2030 and SBT goal for net zero in the Group's investment and financing portfolio by 2050, and our target was verified by the Science Based Targets Initiative (SBTi) in January 2024. In terms of operation, SinoPac is committed to protecting the environment, raising the environmental awareness of employees and suppliers, introducing environmental management systems, and reducing greenhouse gas emissions and waste. The Company also convene meetings of the Sustainable Development Committee at least once every quarter to track the short, medium, and long-term targets by Environmental Protection Team report to the progress.

SinoPac Holdings continues to implement green and low-carbon actions, after expanding the coverage of ISO 14064-1:2018 GHG inventory to 100% in Taiwan in 2020, the Company completed the inventory for overseas sites in August 2021 and obtained external certification in 2022 to increase both the scope of inventory and certification of domestic and overseas operations to 100%, SinoPac Holdings therefore adjusted the base year to 2021. In 2023, the Company also expanded the scope of the ISO 50001:2018 Energy Management System to 86%, expanded the scope of ISO 14001:2015 Environmental Management System to 86%, and obtained external certification for the company's seven self-owned buildings, and was awarded the 2023 British Standards Institution (BSI) Sustainability and Resilience Practice Award. In addition, SinoPac and its first-tier subsidiaries have introduced an internal carbon pricing mechanism to improve energy efficiency, deepen carbon reduction awareness, and implement low-carbon operations by promoting internal behavior changes.

In 2023, SinoPac Holdings used 3.468 million kWh of green electricity in office buildings and operational sites for operational power consumption. We obtained 3,464 renewable energy certificates and our green electricity usage accounted for 10% of total power consumption. As of the end of 2023, SinoPac Holdings has already accumulated on signing a Power Purchase Agreement (PPA), securing a total of 6.74 million kWh green electricity per year. In addition, SinoPac Holdings completed the construction of rooftop solar PV system totaling 13.5KW, which is expected to generate approximately 16,000 kWh each year equivalent to approximately 8 tons of carbon emissions reduction (4,231 kWh of electricity generated from September 2023). In the same year, SinoPac and its subsidiaries purchased the first batch of 10,000 metric tons of carbon credits from the Taiwan Carbon Solution Exchange to for preparing carbon neutrality, and will continue to launch green energy and low-carbon transition plans in accordance with the net zero emissions goal in the future, moving towards the vision of sustainable finance. Our efforts in management of environmental operations have been recognized by internal and external stakeholders. In 2023, SinoPac Holdings responded to CDP climate change surveys for the fourth year and received an A- (Leadership) ranking for the fourth consecutive year.

Energy Management

SinoPac Holdings gradually introduced the ISO 50001 energy management system in all seven office buildings starting in 2019 to optimize energy management efficiency. In 2023, we completed incorporation of the ISO50001 energy management system in our sixth building (Beigao), increasing our coverage rate to 86%. We plan to complete implementation of the ISO 50001 energy management system in all seven buildings by 2024, and will also continuously monitor and measure the performance of energy conservation measures and key operational characteristics. Certificate

Environmental Management

SinoPac Holdings gradually introduced the ISO 14001:2015 environmental management system in all seven office buildings starting in 2019 to improve environmental risks. In 2023, we completed incorporation of the ISO14001 environmental management system in our sixth building (Beigao), increasing our coverage rate to 86%. We plan to complete implementation of the ISO 14001 environmental management system in all seven buildings by 2024, and will also continue to control and reduce impacts from major environmental factors, as well as establish long-term and feasible measures to facilitate climate sustainable development. Certificate

Greenhouse Gas Management

SinoPac Holdings began conducting GHG inventories in 2018 and began implementing ISO 14064-1:2018 in 2019. We formulated plans to inventory total greenhouse gas emissions from SinoPac Holdings and all subsidiaries, and also set short, medium, and long-term reduction targets for Scope 1 and Scope 2 emissions in accordance with the financial industry indicators of the Science Based Targets Initiative (SBTi). We plan to achieve net zero emissions goals in 2030 through energy conservation and carbon reduction, use of renewable energy, and renewable energy certificates. In 2022, we completed inventory of all domestic and foreign sites for SinoPac Holdings and our five main subsidiaries, achieving a coverage rate of 100%. In future, we will continue to conduct GHG inventories in accordance with our carbon reduction pathway plans, and will incorporate green energy and low-carbon transitions into our sustainable finance vision. (Please refer to 5.4 Greenhouse Gas Emissions) Certificate

Energy Conservation and Carbon Reduction Measures and Results in 2023

Business Premise	Energy Conservation Measure	Description	Annual Electricity Saved (MWh)	GHG Reduced (metric tons -CO_2e)
Bank SinoPac	Electricity consumption of air conditioning cooling tower	Replacing the air conditioning ice water hosts, ice water pumps, and cooling towers at Zhonglun Building, saving power on the hosts and cooling tower fans.	273	135.14
Bank SinoPac	Electricity consumption of air conditioning	Replacing the original air conditioning water-cooling ice water hosts in Wugu branch with inverter split air conditioners.	131.56	65.12
Bank SinoPac	Installation of LED lighting fixtures	Replacing traditional lighting fixtures with energy-saving LED lighting fixtures in branches and offices.	295.81	146.42
SinoPac Securities	Electricity consumption of air conditioning Note	Replacing the ice water hosts in Taikai Building, and replacing the original split air conditioners at Wanshen, Banxin, Guting branches with new ones.	107.78	53.35
SinoPac Securities	Installation of LED lighting fixtures Note	Replacing traditional lighting fixtures with energy-saving LED lighting fixtures in offices.	19.76	9.78
Total			**827.91**	**409.81**

Note The annual electricity saved was calculated based on the difference of electricity consumption in two years.

2.4.2 Green Investments and Financing

To achieve the carbon reduction goals set forth in the "Glasgow Climate Pact" and respond to the "Green Finance Action Plan 3.0" announced by the FSC in 2022. SinoPac Holdings and its subsidiaries utilized their core financial businesses to promote energy-saving and carbon reducing products and services that can reduce greenhouse gas emissions. The Company takes action to mitigate climate change, in hopes of becoming a green finance accelerator that will drive the sustainable transition of value chains.

Green Investing Products and Services

① Proprietary sustainable (mainly green) investment products

Unit: NT$

Category	2022		2023	
	Year-end AUM	Percentage of Green products	Year-end AUM	Percentage of Green products
ESG Integration	428,763,214	0.90%	400,129,383	0.51%
· SinoPac SITC: SinoPac Taiwan ESG Plus Fund	428,763,214	0.90%	400,129,383	0.51%
Best in Class	6,234,172,439	13.12%	9,930,668,890	12.78%
· SinoPac SITC: SinoPac Taiwan Target Exposure ESG ETF	6,234,172,439	13.12%	9,930,668,890	12.78%
Thematic	—	—	2,159,231,374	2.78%
· SinoPac SITC: SinoPac Taiwan ESG Low Carbon High Dividend 40 ETF	—	—	2,159,231,374	2.78%
Total Green AUM	**6,662,935,653**	**14.03%**	**12,490,029,647**	**16.07%**
Total AUM Note	**47,505,055,883**		**77,721,662,709**	

Note The total net assets of mutual funds of the SinoPac SITC.

② Third-party sustainable (mainly green) investment products

Unit: NT$

Category	2022		2023	
	Year-end AUC	Percentage of Green products	Year-end AUC	Percentage of Green products
ESG Integration	1,829,257,566	1.57%	1,291,957,510	0.95%
Best in Class	491,257,497	0.42%	440,672,911	0.32%
Total Green AUC	**2,320,515,063**	**2.00%**	**1,732,630,421**	**1.27%**
Total AUC Note	**116,245,275,361**		**136,160,506,868**	

Note The total amount of Bank SinoPac and SinoPac Securities' domestic and overseas funds.

Green Financing Products and Services

① Corporate finance

Unit: NT$

Category	2022		2023	
	Year-end Monetary value	Percentage of Green products	Year-end Monetary value	Percentage of Green products
Sustainability linked corporate loans	13,686,155,429	1.83%	23,206,226,538	2.89%
Bank SinoPac: Loans to Domestic Textile companies for obtaining bluesign® standard	3,242,707,395	0.43%	3,231,354,959	0.40%
Bank SinoPac: Financing energy storage systems	3,513,316,921	0.47%	5,971,175,359	0.74%
Bank SinoPac: Replacement of Large Diesel Vehicles	1,057,748,677	0.14%	671,471,040	0.08%
Bank SinoPac: Solar Photovoltaic Energy Generation Equipment Financing for Companies	82,129,113,498	10.96%	104,653,625,328	13.05%
Bank SinoPac: Other Green Energy Loan	1,129,117,104	0.15%	2,265,524,893	0.28%
SinoPac Leasing: Financing for Green Energy Equipment and its Supply Chain	844,514,492	0.11%	1,222,773,020	0.15%
Total green value	**105,602,673,516**	**14.09%**	**141,222,151,137**	**17.61%**
Total value of corporate lending Note	**749,569,467,779**		**801,913,439,540**	

Note The balance includes Bank SinoPac and SinoPac Leasing's total corporate loan/ financing outstanding (including overdue receivables). The balance of Financing for Green Energy and total value of corporate lending in 2023 of SinoPac Leasing encompassed subsidiary SinoPac International Leasing.

② Consumer finance

Unit: NT$

Category	2022		2023	
	Year-end Monetary value	Percentage of Green products	Year-end Monetary value	Percentage of Green products
Bank SinoPac: Green Mortgage	533,077,944	0.08%	2,049,002,574	0.29%
Bank SinoPac: Financing for Household Solar Energy Equipment	261,220,545	0.04%	239,227,712	0.03%
Bank SinoPac: Personal Electric Vehicle loans	98,541,903	0.02%	62,493,744	0.01%
Total green value	**892,840,392**	**0.14%**	**2,350,724,030**	**0.33%**
Total value of personal and mortgage lending [Note]	**652,795,714,089**		**712,390,342,790**	

Note Outstanding amount of the overall retail banking (including overdue receivables), which includes the balance of mortgages, car loans, credit loans, credit card lending, etc.

2.4.3 Green Procurement

In order to maintain sound management of environmental performance, SinoPac Holdings carefully selects collaborating suppliers, conducts supplier risk identification and on-site audits prior to each procurement, and has established a supplier assessment platform to support low-carbon and sustainable product suppliers through green procurement and sustainable supplier management.

SinoPac Holdings Achievements in Green Procurement

Unit: NT$

Indicator	2021		2022		2023	
	Procurement Amount	Green procurement amount	Procurement Amount	Green procurement amount	Procurement Amount	Green procurement amount
Construction Services	434,558,532	25,992,442	396,320,211	11,613,044	394,791,791	59,898,204
Computer and Information Services	1,319,566,014	47,765,780	1,528,147,601	23,756,510	1,534,304,028	15,824,758
Office Supplies	84,623,917	48,279,193	72,734,925	33,490,463	69,168,348	44,903,745
Property Management and Security	154,932,328	0	127,244,960	0	116,729,307	0
Printed Materials	103,173,601	10,902,264	94,492,124	9,464,182	86,295,076	5,529,389
Advertising and Marketing	139,936,728	16,321,864	146,253,757	25,498,040	229,791,992	40,980,458
Total procurement amount	**2,236,791,120**	**149,261,543**	**2,365,193,578**	**103,822,239**	**2,431,080,542**	**167,136,554**
Green procurement ratio	**6.67%**		**4.39%**		**6.87%**	

03 SCENARIO ANALYSIS FOR PHYSICAL AND TRANSITION RISKS

3.1 Physical Risks

SinoPac Holdings has proposed three scenario analyses for physical risks: "heavy rainfall and flooding," "droughts," and "rising sea levels," with "heavy rainfall and flooding" and "droughts" being acute physical risks, and "rising sea levels" being a chronic physical risk.

Heavy rainfall and flooding may occur as Taiwan is often impacted by typhoons which bring heavy rain and cause flooding in low-lying areas. Impacts from global climate change in recent years have increased the frequency of flooding incidents due to heavy rainfall in some regions, causing financial losses and impacts to real estate assets. SinoPac Holdings referenced the RCP 8.5 scenario to analyze various sections of our overall value chain (suppliers, our own operations, investment and lending business) and assess potential financial impacts from heavy rainfall and flooding.

Droughts result from Taiwan's high mountains, short rivers, and high variability in river flows, which make it difficult to retain water. Impacts from global climate change in recent years have increased fluctuations in river flows, causing businesses to cease operations or suffer financial impacts due to additional costs required to obtain water (for example, costs from deploying water trucks). SinoPac Holdings referenced the RCP 2.6 and RCP 8.5 climate scenarios to analyze various sections of our overall value chain (suppliers, our own operations, investment and lending business) and evaluate potential financial impacts from droughts.

In terms of rising sea levels, as Taiwan is an island, rising sea levels over the long term may impact real estate in low-lying coastal areas and around rivers. SinoPac Holdings referenced the RCP 2.6, RCP 4.5, and RCP 8.5 climate scenarios to analyze various sections of our overall value chain (suppliers, our own operations, and investment and lending business) and evaluate the potential financial impacts from rising sea levels.

SinoPac Holdings analyzed the physical risks for various sections of our overall value chain (suppliers, our own operations, and investment and lending business) and evaluated the potential impacts on capital adequacy ratios from expected losses, setting five degrees of potential impact as follows:

Potential Impact Level	Low	Moderately Low	Moderate	Moderately High	High
Capital Adequacy Ratio Reduction (A)	0%<A<1%	1%<A<2%	2%<A<3.5%	3.5%<A<5%	A>5%
Equivalent Amount	Under NT$1.9 billion	NT$1.9-3.8 (inclusive) billion	NT$3.8-6.6 (inclusive) billion	NT$6.6-9.4 (inclusive) billion	Over NT$9.4 billion

Overview of Physical Risk and Scenario Analysis Results

Risk Factors			Acute Physical Risk: Heavy Rainfall and Flooding	Acute Physical Risk: Droughts	Chronic Physical Risk: Rising Sea Levels
Parameters			Rainfall and parameters in the Climate Change Scenario Analysis Report for Domestic Banks loss ratios for real estate values revenue impact ratios	Drought levels for each city and county, water supply monitoring index from the Water Resources Agency of the Ministry of Economic Affairs, and parameters in the Climate Change Scenario Analysis Report for Domestic Banks revenue impact ratios	Rising sea levels and parameters in the Climate Change Scenario Analysis Report for Domestic Banks loss ratios for real estate values revenue impact ratios
Climate Scenarios			RCP 8.5 Note 1	RCP 2.6 RCP 8.5 Note 4	RCP 2.6 RCP 4.5 RCP 8.5 Note 5
Timeline			The lifespan of real estate is around 50-80 years. Lending businesses with real estate as collateral may extend our business relationships with clients due to refinance in loan. Based on the availability of data and the time point of the impact on real estate falling after the middle of the century, the analysis is conducted at the following time points. Base period (1995~2014) Note 2 mid-century (2036~2065)	2030 2050	The lifespan of real estate is around 50-80 years. Lending businesses with real estate as collateral may extend our business relationships with clients due to refinance in loan. Based on the availability of data and the time point of the impact on real estate falling after the middle of the century, the analysis is conducted at the following time points. Mid-century (2050) end of the century (2100)
Scenario Analysis Methods			Obtained latitude and longitude for each real estate property Note 3 and used geographic information system (QGIS) to conduct overlap analysis with areas prone to heavy rainfall and flooding.	Obtained respective drought risk levels based on the counties and cities where real estate are located.	Obtained latitude and longitude for each real estate property Note 6 and used geographic information system (QGIS) to conduct overlap analysis. Analyzed sea levels at various timepoints under each scenario and areas in Taiwan that may fall below predicted sea levels.
Value Chain Analysis	Upstream suppliers' operating sites	Operational risks	Low impact L	Low impact L	Low impact L
	Own operating sites	Operational risks	Low impact L	Low impact L	Low impact L
	Own real estate	Operational risks	Low impact L	–	Low impact L
	Downstream: Loan collateral	Credit risks	Low impact L	–	Low impact L
	Downstream: Corporate clients' plants	Credit risks and market risks	Low impact L	Low impact L	Low impact L
Analysis Results			Under this scenario, the total expected losses from own operating sites, own real estate, loan collateral, upstream suppliers' operating sites, and corporate clients' plants have potentially low impacts on capital adequacy ratios at SinoPac Holdings.	At the timepoints for these scenarios, the total expected losses from own operating sites, upstream suppliers' operating sites, and corporate clients' plants have potentially low impacts on capital adequacy ratios at SinoPac Holdings.	At the timepoints for these scenarios, the total expected losses from own operating sites, own real estate, loan collateral, upstream suppliers' operating sites, and corporate clients' plants have potentially low impacts on capital adequacy ratios at SinoPac Holdings.

Note 1 Assessed according to the latest (July 2023) "Climate Change Flood Risk Map Version 3 (RCP 8.5 only provided)" released by the "National Science and Technology Center for Disaster Reduction" to determine areas prone to flood and severity levels when daily rainfall volumes exceed 650 mm/day.
Note 2 The period of global warming with temperature rises of 1° C as recommended by the National Science and Technology Center for Disaster Reduction was used as the base period.
Note 3 Conducted assessments for each real estate asset located in Taiwan Island.
Note 4 Assessed additional costs and revenue impacts to corporations from work stoppages or from obtaining water resources based on the Bankers Association of the Republic of China "Climate Change Scenario Analysis Report for Domestic Banks" drought risk levels for each city or county, and the Ministry of Economic Affairs Water Resources Agency water conservation alert levels.
Note 5 Analyzed using the Climate Central Coastal Risk Screening Tool developed by Climate Central based on a study by Kopp et al. (2014) published in the international academic journal Earth's Future, which contained a model for predicting rising sea levels around the globe.
Note 6 Conducted assessments for each real estate asset located in Taiwan Island.

Physical Risks Mitigation and Adaptation Measures

Analysis Target	Mitigation and Adaptation Measures
Upstream suppliers' operating sites	• Raise signing rates of supplier commitment. The signing rate for 2023 was 100%. The Company also plans to incorporate climate issues into the contents of the commitment . ①②③ • Continue to strengthen supplier awareness of climate change issues and regularly organize supplier communications and exchanges themed around climate issues. We hosted 1 supplier training session themed around ESG/climate change issues in 2023. ①②③
SinoPac Holdings operating sites and own real estate	• Apart from adhering to the "Natural Disaster Emergency Response Guidelines," SinoPac Holdings and all subsidiaries have formulated business continuity plans and organized remote backup drills to prepare for sudden natural disasters. ①②③ • The company takes comprehensive commercial fire insurance and comprehensive electronics equipment insurance for all assets each year which cover typhoon and flooding incidents. With total-mass-based control, our insurance policies entitle us to settlements of approximately 90% of post-disaster recovery costs, so most losses can be offset. ① • Operating sites in drought-prone areas prepare water storage tanks and rent water trucks when necessary to shorten operation interruption times. ② • Enhance waterproofing facilities and drainage pipelines for offices in identified high-risk areas. Installations of floodgate have been completed for 50% of self-owned buildings in high-risk areas as of 2023. ① • Continue to track the scenario analysis results of physical risks and reference historical climate data from the National Science and Technology Center for Disaster Reduction when purchasing own real estate. ①
Loan collateral	• The credit investigation process already incorporated the ESG risks included in the environmental (including climate change) risks for analysis, and the Company reviews clients' action plans for ESG risks. ①③ • Avoid lending on real estate targets prone to flooding, landslides, faults, soil liquefaction, tsunamis, and nuclear disasters. ①③ • Apart from land, guarantees, deposits, securities, and items governed by other regulations, all collateral shall be insured by the borrower (or provider) based on appraised values and loan amounts to reduce risks, and the subsidiary providing the loan shall be listed as a designated beneficiary. ①③ • Major natural disasters should be considered when ranking region of real estate for undertaking , and immediate reviews of associated areas should be conducted during emergency incidents. ①③ • With regard to physical risks of areas where real estate collateral are located, rigorous assessments should be conducted as needed to determine whether said areas may be potential climate disaster sites, and the Disaster Risk Adaptation Platform (Dr. A) should be referenced when determining loan ratios. When listing real estate as collateral, climate-related physical risks should be taken into consideration, and climate risks of heavy rainfall, rising sea levels, and flood-prone areas should be identified. ①③ • The Company have formulated corresponding short/medium/long-term targets and incorporated climate change risk factors into loan evaluation procedures and regulations to serve as references for determining loan conditions and review levels. ①③
Corporate clients' plants	• The credit investigation process already incorporated the ESG risks included in the environmental (including climate change) risks for analysis, and the Company reviews clients' action plans for ESG risks. ①②③ • Determine whether clients have analyzed and established appropriate responses to climate change risks (both physical and transition risks) and opportunities, for example the physical risks associated with their main operating sites or plants. As needed, carefully assess whether said areas are potential climate disaster sites and to serve as a reference for credit investigations. ①②③ • SinoPac Holdings pays attention to the environment, society, and governance of potential investees before investments. The Company also learns about the impact of climate change on the industry and the company's operations through Investors' conferences, seminars, and interviews of upstream and downstream suppliers and includes them in the factors to be considered for investment assessment. ①②③ • The "Responsible Investment Management Guidelines" stipulate that: "Climate risks of investment targets should be assessed and reviewed before setting investment quotas, and assessment results should be used to establish mechanisms for differential management. Due diligence and careful evaluation should be conducted for listed industries with high climate risks. Climate risk assessment and reviews should be based on the Banking Book Stock ESG Risk Assessment Form or Banking Book Bond ESG Risk Assessment Form." ①②③ • The Company has formulated corresponding short/medium/long-term targets which are incorporated into non-financial risk identifications/assessments for investment and lending client operations. ①②③

Risk Factors

①
Acute physical risk:
Heavy Rainfall and Flooding

②
Acute physical risk:
Droughts

③
Chronic physical risk:
Rising Sea Levels

3.1.1 Heavy Rainfall and Flooding

Heavy rainfall and flooding may occur as Taiwan is often impacted by typhoons which bring heavy rain and cause flooding in low-lying areas. Impacts from global climate change in recent years have increased the frequency of flooding incidents due to heavy rainfall in some regions, causing financial losses and impacts to real estate assets. SinoPac Holdings referenced the RCP 8.5 scenario to analyze various sections of our overall value chain (suppliers, our own operations, investment and lending business) and assess potential financial impacts from heavy rainfall and flooding.

Upstream suppliers' operating sites

Procurement amounts and expected losses from suppliers located in areas ranked as "high risk" of climate sensitivity, and the procurement costs transferred to SinoPac Holdings are measured based on the expected losses.

Method: Calculated procurement amounts and expected losses[Note 1] from suppliers located in areas ranked as "high risk" of climate sensitivity to heavy rainfall and flooding under the RCP 8.5 scenario.

Results: Procurement amounts from suppliers located in areas ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario amounted to NT$ 675 million, around 30.00% of total procurement of SinoPac Holdings, and expected losses amounted to NT$ 34 million.

Acute Physical Risk: Heavy Rainfall and Flooding — Scenario RCP 8.5

Mid-century (2036-2065)

Procurement amounts from "high risk" of climate sensitivity	Proportion of total procurement of SinoPac Holdings	Expected losses
675	30.00%	34

Reference date: December 29, 2023 Unit: NT$ million

Own operating sites

Revenues and expected losses from own operating sites located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the "Climate Change Scenario Analysis Report for Domestic Banks" issued by the Bankers Association of the Republic of China and used the revenue impact ratios of the highest physical risk level (Level 5) to calculate expected losses[Note 2] from own operating sites located in areas ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario. This calculation took into account expected losses from work stoppage, costs of asset damage repairs, and costs offset by insurance settlements.

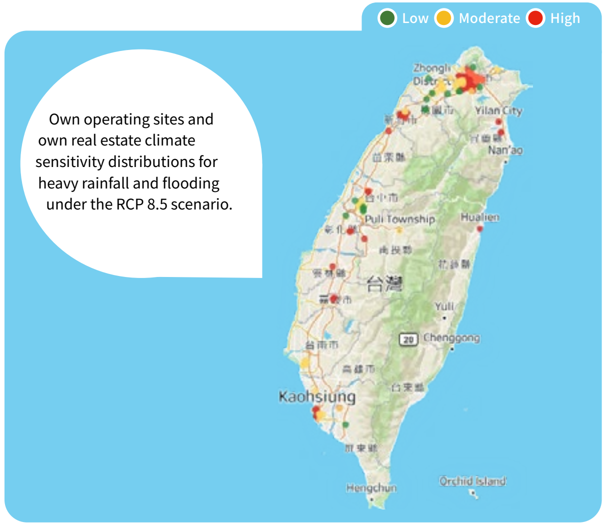
Results: Expected losses from own operating sites located in areas ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario amounted to NT$ 220 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Heavy Rainfall and Flooding — Scenario RCP 8.5

Mid-century (2036-2065)

Expected losses
220

Reference date: December 29, 2023 Unit: NT$ million



Note 1 Expected losses = Total procurement amounts * Annual frequency of flooding incidents (set at 5% based on the Bankers Association of the Republic of China "Climate Change Scenario Analysis Report for Domestic Banks," which calculated annual flooding probability by assuming that flooding from heavy rain occurs once every 20 years.)

Note 2 Expected losses = (Losses from work stoppage + Costs of asset damage repairs) - Insurance settlements. (1) "Losses from work stoppage" were calculated as the losses in revenue resulting from one day of work stoppage when rainfall intensity reached the government standard for suspending work and class; (2) "Costs of asset damage repairs" were calculated as the annual revenue for said operational location in 2023 multiply revenue impact ratios; (3) "Insurance settlements" were calculated as 90% of costs of asset damage repairs.

Own real estate

Book values and expected losses from own real estate located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the "Climate Change Scenario Analysis Report for Domestic Banks" issued by the Bankers Association of the Republic of China, and used the real estate value loss ratios of the highest physical risk level (Level 5) to calculate expected losses[Note 1] from own real estate located in areas ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario.

Results: The total book values of own real estate located in area ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario was NT$ 10,606 million, accounting for 0.38% of the total assets of SinoPac Holdings. The expected losses amounted to NT$ 220 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Heavy Rainfall and Flooding — Scenario RCP 8.5

Mid-century (2036-2065)

Book values of own real estate located in area ranked as "high risk" climate sensitivity	Proportion of total assets of SinoPac Holdings	Expected losses
10,606	0.38%	220

Reference date: December 29, 2023 Unit: NT$ million

Loan collateral

Loan amounts and incremental expected losses from real estate as collateral located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the advanced methodology from the "Climate Risk Management Manual for Domestic Banks" to calculate probabilities of default based on internal ratings for loan clients and referenced the loss given default estimation method from the "Climate Change Scenario Analysis Report for Domestic Banks" to evaluate incremental expected losses[Note 2] from real estate as collateral located in area ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario at mid-century.

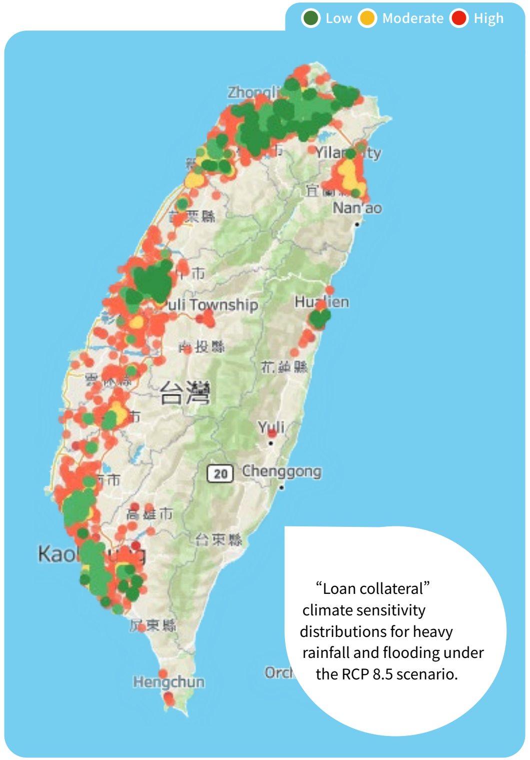
Results: The total amount of loans from real estate as collateral located in area ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario was NT$ 44,250 million, accounting for 2.82% of overall loan amounts of SinoPac Holdings. The incremental expected losses amounted to NT$ 145 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Heavy Rainfall and Flooding — Scenario RCP 8.5

Mid-century (2036-2065)

Loan amounts from "high risk" of climate sensitivity	Proportion of overall loan amounts of SinoPac Holdings	Incremental expected losses
44,250	2.82%	145

Reference date: December 29, 2023 Unit: NT$ million



"Loan collateral" climate sensitivity distributions for heavy rainfall and flooding under the RCP 8.5 scenario.

Note 1 Expected losses = Book values of own real estate × Loss ratios for real estate values × Probability of heavy rainfall.

Note 2 Incremental expected losses = Probability of default × Change in loss given default × Loan amount.

Loan collateral-potential impacts on interest income

Based on opinions from internal experts, the potential impacts on interest income were estimated when the loan-to-value ratio was reduced from at least -5.00% to exclusion from underwriting.

Method: The Company estimated possible business volumes for the next five years based on the amounts of loans with real estate as collateral and average interest rates over the past five years, then calculated the amounts of real estate as collateral located in area ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario to estimate potential impacts on interest income[Note 1] when the loan-to-value was reduced by from at least -5.00% to exclusion from underwriting based on opinions from internal experts.

Results: Potential financial impacts on interest income fell between NT$ 39-773 million from heavy rainfall and flooding under the RCP 8.5 scenario, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Heavy Rainfall and Flooding Scenario RCP 8.5

Mid-century (2036-2065)

Climate sensitivity	Reduction of loan-to-value ratio based on opinions of internal experts	Average interest rate	Loan amount from "high risk" of climate sensitivity	Impacted interest income
High risk	-5.00%	Average interest rates for past five years for each loan type	42,491	39
	Rejected loan applications			773

Reference date: December 29, 2023 Unit: NT$ million

Note1 Impacted interest income = Assumed impact on loan-to-value ratio × Average interest rate × Loan amount.

Downstream corporate clients

Investment and lending amounts, and expected losses of investments/lending from corporate clients with plants located in areas ranked as "high risk" of climate sensitivity.

Method: Calculated expected losses[Note 2] from investment and lending clients with plants located in areas ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario.

Results: The total investment and lending amount of clients with plants located in area ranked as "high risk" of climate sensitivity for heavy rainfall and flooding under the RCP 8.5 scenario was NT$ 41,436 million, accounting for 1.76% of total SinoPac Holdings investment and lending amounts. The expected losses amounted to NT$ 130 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Heavy Rainfall and Flooding Scenario RCP 8.5

Mid-century (2036-2065)

Investment and lending amounts from "high risk" of climate sensitivity	Proportion of overall investment and lending amounts of SinoPac Holdings	Expected losses
41,436	1.76%	130

Reference date: December 29, 2023 Unit: NT$ million

Note2 Expected losses = Probability of default × Loss given default × Investment and lending amount (for higher internal credit rating risk).

3.1.2 Droughts

Upstream suppliers' operating sites

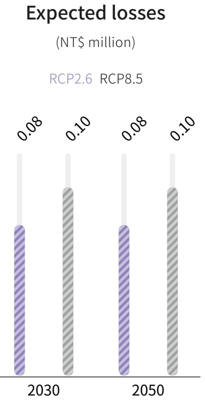
Procurement amounts and expected losses from suppliers located in areas ranked as "high risk" of climate sensitivity, and the procurement costs transferred to SinoPac Holdings are measured based on the expected losses.

Method: Calculated procurement amounts and expected losses[Note 1] from suppliers located in areas ranked as "high risk" of climate sensitivity at all timepoints under all RCP scenarios.

Results: Procurement amounts from suppliers located in areas ranked as "high risk" of climate sensitivity for droughts at all timepoints under all RCP scenarios amounted to NT$ 8.31-9.46 million, around 0.36-0.41% of total procurement of SinoPac Holdings, and expected losses amounted to NT$ 0.08-0.10 million.

Acute Physical Risk: Droughts — Reference date: December 29, 2023 Unit: NT$ million

Scenario	2030			2050		
	Procurement amounts from "high risk" climate sensitivity	Proportion of total procurement of SinoPac Holdings	Expected losses	Procurement amounts from "high risk" climate sensitivity	Proportion of total procurement of SinoPac Holdings	Expected losses
RCP2.6	8.31	0.36%	**0.08**	8.31	0.36%	**0.08**
RCP8.5	9.46	0.41%	**0.10**	9.46	0.41%	**0.10**



Note 1 Expected losses = Procurement amounts × Revenue impact ratios.

Own operating sites

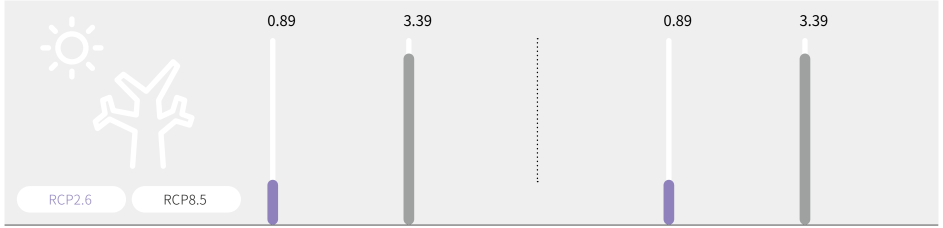
Revenues and expected losses from own operating sites located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the "Climate Change Scenario Analysis Report for Domestic Banks" issued by the Bankers Association of the Republic of China, and used the revenue impact ratios of the highest physical risk levels (Level 5) under the RCP 2.6 and RCP 8.5 scenarios to calculate expected losses[Note 2] from own operating sites located in areas ranked as "high risk" of climate sensitivity for drought at all timepoints under all RCP scenarios.

Results: Expected losses from own operation sites located in areas ranked as "high risk" of climate sensitivity for drought at all timepoints under all RCP scenarios fell between NT$ 0.89-3.39 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Droughts — Reference date: December 29, 2023 Unit: NT$ million

Scenario	2030 Expected losses	2050 Expected losses
RCP2.6	0.89	0.89
RCP8.5	3.39	3.39



Note 2 Expected losses = Annual revenues from operational locations in 2023 × Revenue impact ratios.

Downstream corporate clients

Investment and lending amounts, and expected losses of investments/lending from corporate clients with plants located in areas ranked as "high risk" of climate sensitivity.

Method: Calculated expected losses[Note] from investment and lending clients with plants located in areas ranked as "high risk" of climate sensitivity for drought at all timepoints under all RCP scenarios.

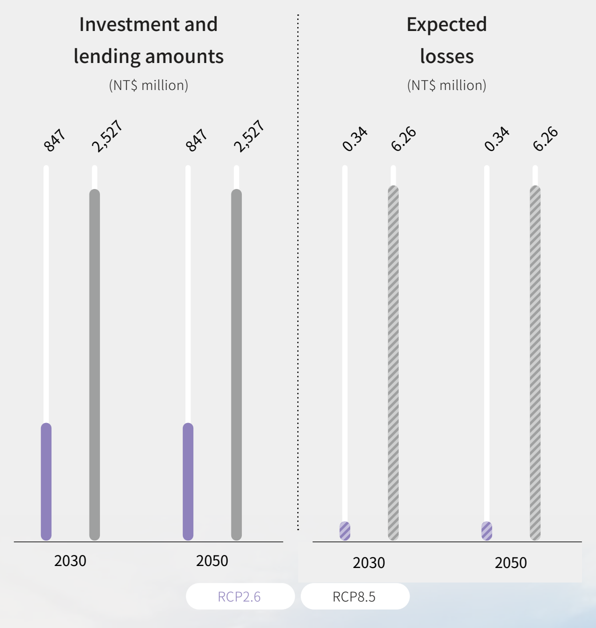
Results: The total investment and lending amounts and proportions of all investment and lending amounts of SinoPac Holdings from clients with plants located in areas ranked as "high risk" of climate sensitivity for drought at all timepoints under all RCP scenarios are shown as follows. The expected losses fell between NT$ 0.34-6.26 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Acute Physical Risk: Droughts

Reference date: December 29, 2023 Unit: NT$ million

Scenario	2030			2050		
	Investment and lending amounts from "high risk" of climate sensitivity for drought	Proportion of overall investment and lending amounts of SinoPac Holdings	Expected losses	Investment and lending amounts from "high risk" of climate sensitivity for drought	Proportion of overall investment and lending amounts of SinoPac Holdings	Expected losses
RCP2.6	847	0.04%	**0.34**	847	0.04%	**0.34**
RCP8.5	2,527	0.11%	**6.26**	2,527	0.11%	**6.26**

Note Expected losses = Probability of default × Loss given default × Investment and lending amount (for higher internal credit rating risk).



3.1.3 Rising Sea Levels

Upstream suppliers' operating sites

Procurement amounts and expected losses from suppliers located in areas ranked as "high risk" of climate sensitivity, and the procurement costs transferred to SinoPac Holdings are measured based on the expected losses.

Method: Calculated procurement amounts and expected losses[Note 1] from suppliers located in areas ranked as "high risk" of climate sensitivity at all timepoints under all RCP scenarios.

Results: Analysis of all timepoints under all RCP scenarios showed that only the RCP 8.5 scenario at the end of the century held 1 supplier located in areas ranked as "high risk" of climate sensitivity for rising sea levels, with total procurement amounts amounting to NT$ 0.3 million, around 0.01% of total procurement of SinoPac Holdings, and expected losses amounted to NT$ 0.01 million.

Chronic Physical Risk: Rising Sea Levels Reference date: December 29, 2023 Unit: NT$ million

Scenario	2050			2100		
	Procurement amounts from "high risk" of climate sensitivity	Proportion of total procurement of SinoPac Holdings	Expected losses	Procurement amounts from "high risk" of climate sensitivity	Proportion of total procurement of SinoPac Holdings	Expected losses
RCP2.6	-	0.00%	**0**	-	0.00%	**-**
RCP4.5	-	0.00%	**0**	-	0.00%	**-**
RCP8.5	-	0.00%	**0**	0.3	0.01%	**0.01**

Note 1 Expected losses = Total procurement amounts × Annual frequency of flooding incidents (set at 5% in consideration of the fact that suppliers located in areas ranked as "high risk" of climate sensitivity are based in low-lying terrain at high risk from rising sea levels, we used the same parameters from the heavy rainfall and flooding scenario, referencing the Bankers Association of the Republic of China "Climate Change Scenario Analysis Report for Domestic Banks," which calculated annual flooding probability by assuming that flooding from heavy rain occurs once every 20 years.)

Own operating sites

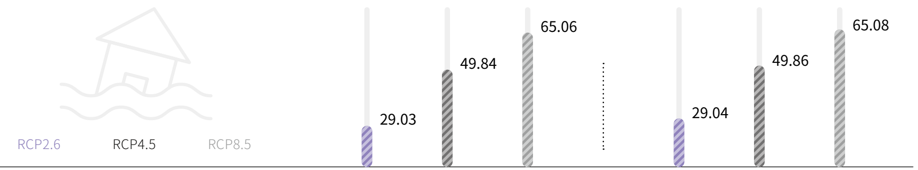
Revenues and expected losses from own operating sites located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the "Climate Change Scenario Analysis Report for Domestic Banks" issued by the Bankers Association of the Republic of China, and used the revenue impact ratios of the highest physical risk level (Level 5) to calculate expected losses[Note 2] from own operating sites located in areas ranked as"high risk" of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios. This calculation took into account expected losses from work stoppage, costs of asset damage repairs, and costs offset by insurance settlements.

Results: Expected losses from own operating sites located in areas ranked as "high risk" of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios fell between NT$ 29.03-65.08 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Chronic Physical Risk: Rising Sea Levels Reference date: December 29, 2023 Unit: NT$ million

Scenario	2050 Expected losses	2100 Expected losses
RCP2.6	29.03	29.04
RCP4.5	49.84	49.86
RCP8.5	65.06	65.08



Note 2 Expected losses = (Losses from work stoppage + Costs of asset damage repairs) - Insurance settlements. (1) "Losses from work stoppage" were calculated as annual revenue required to operate the business at said location in 2023; (2) "Costs of asset damage repairs" were calculated as the annual revenue from said operational location in 2023 multiply revenue impact ratios; (3) "Insurance settlements" were calculated as 90% of costs of asset damage repairs.

Own real estate

Book values and expected losses from own real estate located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the "Climate Change Scenario Analysis Report for Domestic Banks" issued by the Bankers Association of the Republic of China, and used the real estate value loss ratios of the highest physical risk level (Level 5) to calculate expected losses[Note] from own real estate located in areas ranked as "high risk" of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios.

Results: The total book values of own real estate located in area ranked as "high risk" of climate sensitivity for rising sea levles at all timepoints under all RCP scenarios was NT$ 224 million, accounting for 0.01% of total assets of SinoPac Holdings. The expected losses amounted to NT$ 5 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Chronic Physical Risk: Rising Sea Levels Reference date: December 29, 2023 Unit: NT$ million

Scenario	2050			2100		
	Book values of own real estate located in area ranked as "high risk" of climate sensitivity	Production of total assets of SinoPac Holdings	Expected losses	Book values of own real estate located in area ranked as "high risk" of climate sensitivity	Production of total assets of SinoPac Holdings	Expected losses
RCP2.6	224	0.01%	**5**	224	0.01%	**5**
RCP4.5	224	0.01%	**5**	224	0.01%	**5**
RCP8.5	224	0.01%	**5**	224	0.01%	**5**

Note Expected losses = Book values of own real estate × Loss ratios for real estate values × Probability of hazard occurrence.

Loan collateral

Loan amounts and incremental expected losses from real estate as collateral located in area ranked as "high risk" of climate sensitivity.

Method: Referenced the advanced methodology from the "Climate Risk Management Manual for Domestic Banks" to calculate probabilities of default based on internal ratings for loan clients and referenced the loss given default estimation method from the "Climate Change Scenario Analysis Report for Domestic Banks" to evaluate incremental expected losses[Note] from real estate as collateral located in area ranked as "high risk" of climate sensitivity at all timepoints under all RCP scenarios.

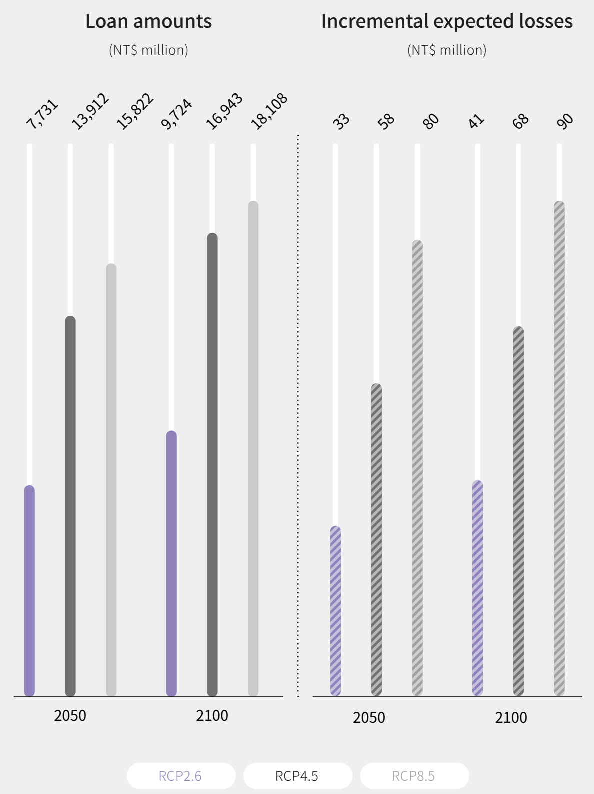
Results: The total amount of loans and proportion of total loans from real estate as collateral located in area ranked as "high risk" of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios are shown in the following table. The incremental expected losses fell between NT$ 33-90 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Chronic Physical Risk: Rising Sea Levels

Reference date: December 29, 2023 Unit: NT$ million

Scenario	2050			2100		
	Loan amounts from "high risk" of climate sensitivity	Proportion of overall loan amounts of SinoPac Holdings	Incremental expected losses	Loan amounts from "high risk" of climate sensitivity	Proportion of overall loan amounts of SinoPac Holdings	Incremental expected losses
RCP2.6	7,731	0.49%	**33**	9,724	0.62%	**41**
RCP4.5	13,912	0.89%	**58**	16,943	1.08%	**68**
RCP8.5	15,822	1.01%	**80**	18,108	1.15%	**90**

Note Incremental expected losses = Probability of default × Change in loss given default × Loan amount.



Loan collateral-potential impacts on interest income

Based on opinions from internal experts, the potential impacts on interest income were estimated when the loan-to-value ratio was reduced from at least -5.00% to exclusion from underwriting.

Method: The Company estimated possible business volumes for the next five years based on the amounts of loans with real estate as collateral and average interest rates over the past five years, then calculated the amounts of loans with real estate as collateral located in area ranked as “high risk” of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios, and estimated potential impacts on interest income when loan-to-value was reduced by from at least -5.00% to exclusion from underwriting based on opinions from internal experts.

Results: Potential financial impacts on interest income fell between NT$ 6-283 million at all timepoints under all RCP scenarios, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Chronic Physical Risk: Rising Sea Levels Reference date: December 29, 2023 Unit: NT$ million

Climate sensitivity	Scenario	Reduction of loan-to-value ratio based on opinions of internal experts	Average interest rate	2050		2100	
				Loan amounts from “high risk” of climate sensitivity	Impacted interest income	Loan amounts from “high risk” of climate sensitivity	Impacted interest income
High risk	RCP2.6	-5.00%	Average interest rates for past five years for each loan type	7,160	**6**	9,021	**8**
		Rejected loan applications			**124**		**156**
	RCP4.5	-5.00%		12,562	**11**	15,233	**13**
		Rejected loan applications			**216**		**262**
	RCP8.5	-5.00%		14,318	**12**	16,339	**14**
		Rejected loan applications			**248**		**283**

Note Impacted interest income = Assumed impact on loan-to-value ratio × Average interest rate × Loan amount.

Downstream corporate clients

Investment and lending amounts, and expected losses of investments/lending from corporate clients with plants located in areas ranked as "high risk" of climate sensitivity.

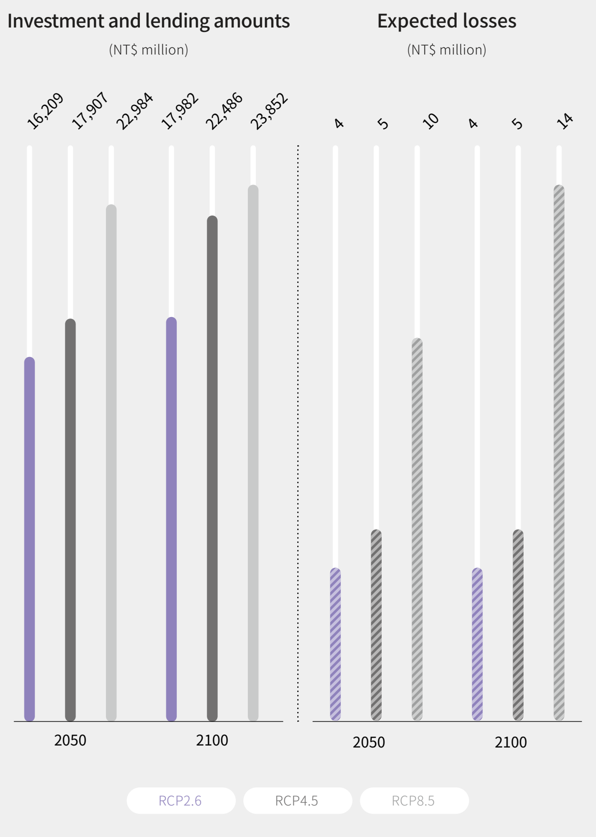
Method: Calculated expected losses[Note] from investment and lending clients with plants located in areas ranked as "high risk" of climate sensitivity at all timepoints under all RCP scenarios.

Results: The total investment and lending amounts and proportions of all investment and lending amounts of SinoPac Holdings from clients with plants located in areas ranked as "high risk" of climate sensitivity for rising sea levels at all timepoints under all RCP scenarios are shown as follows. The expected losses fell between NT$ 4-14 million, with low potential impacts on the capital adequacy ratio of SinoPac Holdings.

Chronic Physical Risk: Rising Sea Levels Reference date: December 29, 2023 Unit: NT$ million

Scenario	2050			2100		
	Investment and lending amounts from "high risk" of climate sensitivity	Proportion of overall investment and lending amounts of SinoPac Holdings	Expected losses	Investment and lending amounts from "high risk" of climate sensitivity	Proportion of overall investment and lending amounts of SinoPac Holdings	Expected losses
RCP2.6	16,209	0.69%	**4**	17,982	0.76%	**4**
RCP4.5	17,907	0.76%	**5**	22,486	0.95%	**5**
RCP8.5	22,984	0.97%	**10**	23,852	1.01%	**14**

Note Expected losses = Probability of default × Loss given default × Investment and lending amount (for higher internal credit rating risk).



3.2 Transition Risks

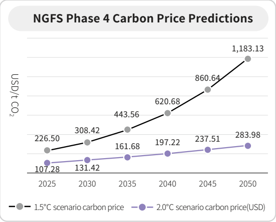
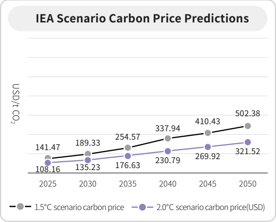
The Glasgow Climate Pact, an agreement reached at the United Nations Climate Change Conference held in November 2021 (COP26), reaffirmed the global consensus to achieve net zero emissions by 2050, prompting all industries to accelerate carbon reduction actions to realize their net zero emissions targets. "Taiwan's Pathway to Net-Zero Emissions in 2050" was announced in March 2023; the "Climate Change Response Act" was passed by the Legislative Yuan on January 10, 2023 following three readings and was promulgated and implemented by the President on February 15, 2023. Under these net-zero trends, corporations may need to pay additional costs (procurement, construction, and carbon costs) associated with transition responses or failure to transition, causing potential impacts on investment and lending businesses within the financial industry.

Therefore, SinoPac Holdings conducted respective analysis on different value chain sections (suppliers, own operations, and investment and lending businesses) to evaluate potential financial impacts in the current year from three risk incidents under different climate scenarios and time scales: (1) possible additional "carbon costs" (such as carbon credits, carbon taxes, and carbon fees); (2) "energy transitions" from compulsory installed capacity quotas under government low-carbon transition goals (Nationally Determined Contributions, NDCs); and (3) net zero emissions in own operations by 2030.

Potential financial impacts on SinoPac Holdings from transition risks: The Company analyzed transition risks for various sections of our overall value chain (suppliers, own operations, investment and lending businesses) and assessed potential impacts on capital adequacy ratios from incremental expected losses to set five potential impact levels:

Potential Impact Level	Low	Moderately Low	Moderate	Moderately High	High
Capital Adequacy Ratio Reduction (A)	0%<A<1%	1%<A<2%	2%<A<3.5%	3.5%<A<5%	A>5%
Equivalent Amount	Under NT$1.9 billion	NT$1.9-3.8 (inclusive) billion	NT$3.8-6.6 (inclusive) billion	NT$6.6-9.4 (inclusive) billion	Over NT$9.4 billion

Overview of Transition Risk and Scenario Analysis Results

Risk Factors	Payments of Carbon Cost	"Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs	Net Zero Emissions in Own Operations by 2030
Parameters	Carbon cost	Contract capacities, equipment construction costs, electricity sold per kW of renewable energy, renewable energy certificate costs, monetary substitution per kW, and monetary substitution rate[Note 2].	Equipment replacement costs, green electricity costs, renewable energy certificate costs[Note 4], and costs for hiring external consultants.
Climate Scenarios	• Network for Greening the Financial System (NGFS): Phase 4 model REMIND-MAgPIE 3.2-4.6 IntegratedPhysicalDamages (95th) predicted carbon prices ① Below 2° C (equivalent to SBT pathways: linear emission reduction of 2.5% each year). ② Net Zero 2050/1.5° C (equivalent to SBT pathways: linear emission reduction of 4.2% each year). • International Energy Agency (IEA): ① Predicted carbon prices under the scenario disclosed by the "World Energy Outlook 2021" report: Sustainable Development Scenario (SDS), equivalent to Below 2° C (equivalent to SBT pathways: linear emission reduction of 2.5% each year).   ② Predicted carbon prices under the scenario disclosed by the "World Energy Outlook 2023" report: Net Zero Emissions by 2050 scenario (NZE), equivalent to Net Zero 2050/1.5° C (equivalent to SBT pathways: linear emission reduction of 4.2% each year).	Nationally Determined Contributions (NDC)	Achieve net zero emissions in own operations by 2030
Timeline	2025-2050 (analysis conducted for every five-year period) [Expected average asset holding period is 1-7 years].	2023-2025[Note 3] [Expected average asset holding period is 1-7 years].	Conducted analysis for each year from 2024-2030 based on the SinoPac Holdings target of net zero emissions in own operations by 2030[Note 5].
Scenario Analysis Methods	• As carbon costs affect supplier sale costs, potential financial impacts from suppliers passing on carbon costs were quantified. • Selected Nine high-carbon-emission industries from industrial climate risk heatmap[Note 1] (Oil and gas, Power generation, Metal mining, Chemical material manufacturing, Industrial manufacturing - motor vehicle manufacturing, Industrial manufacturing - manufacture of basic metals and fabricated metal products, Cement, Shipping, and Aviation) and high-carbon-emission corporations listed by the Ministry of Environment: additional "carbon costs" of investees and borrowers were assessed to quantify potential financial impacts. (Please refer to 5.5 Exposure to Industries with High Climate Risks for information on the climate risk heatmap and exposure amounts.)	Conducted scenario analysis on investees and borrowers based on a list of major electricity clients provided by external consultants.	Calculated potential financial impacts from transition risks based on net zero emissions pathway and scenario, and estimated costs from planned reductions of carbon emissions.

Risk Factors			Payments of Carbon Cost	"Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs	Net Zero Emissions in Own Operations by 2030
Value Chain Analysis	Own operations	Operational risks	–	–	Low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints.
	Carbon costs transferred from upstream suppliers	Operational risks	• Low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios. • Analysis results revealed that only 2 suppliers were listed as high-carbon-emissions corporations by the Ministry of Environment, with low impacts on SinoPac Holdings.	Analysis results revealed that only 2 suppliers were major electricity clients, with low impacts on SinoPac Holdings.	–
	Downstream corporate clients	Credit risks and market risks	Credit risks and market risks hold low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.	Low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.	–
Analysis Results			• Assessments of expected carbon costs transferred from suppliers revealed low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios. • Assessments of our investment and lending positions in "high-carbon-emission industries" and "high-carbon-emissions corporations listed by the Ministry of Environment" revealed that combined incremental expected losses from credit risks and market risks hold low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.	Assessments of our investment and lending positions in "major electricity clients" revealed that combined expected losses from credit risks and market risks hold low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.	Assessments of the costs required to achieve net zero emissions in own operations by 2030 revealed low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.

Note 1 The scope of assessment for the industrial climate risk heatmap encompassed domestic and foreign investment and lending positions of SinoPac Holdings and all subsidiaries.

Note 2 "Contract capacities" were estimated using the indirect emission volumes disclosed by the Ministry of Environment on the Mandatory Greenhouse Gas Reporting System; "equipment construction costs" were based on the "Renewable Energy Feed-in Tariffs (FIT)" released by the Ministry of Economic Affairs, which set preliminary (Phase 1) construction costs for rooftop solar photovoltaic equipment with installed capacity of more than 500 kW as NT$40,900/kW; "electricity sold per kW of renewable energy" was based on the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" and set at annual levels of 1,250 kWh/kW for solar photovoltaic power; "renewable energy certificate costs" were calculated using the market trading price of NT$4/kWh; "monetary substitution per kW" was set at 2,500 kWh/KW based on the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"; "monetary substitution rate" was set at NT$4/kWh based on the Ministry of Economic Affairs "Fee rate of monetary substitution payment for consumers of renewable energy obligation."

Note 3 The "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" stipulates that eligible entities are required to complete installations of renewable energy power generation equipment, purchase of renewable energy electricity and certificates, or the installation of energy storage equipment, either individually or in combination by 2025, and therefore the analysis was conducted based on the annual requirements specified in the regulations. The obligated capacity for renewable energy installations is determined as 10% of the average contract capacity of the user in the previous year. In the case of fulfilling the obligations by installing renewable energy power generation equipment before 2023, the notified obligated capacity by the central competent authority is reduced by 20%. For those who fulfill their obligations before 2024, the notified obligated capacity by the central competent authority is reduced by 10%.

Note 4 "Renewable Energy Certificate Costs" are determined according to the National Renewable Energy Certification Center. The prices are often negotiated between buyers and sellers through market mechanisms. Based on current market estimates, the cost is projected to be around NT$4/kWh by 2030.

Note 5 Please refer to the SinoPac Holdings corporate website for more details on our net zero commitment.

Transition Risks — Mitigation and Adaptation Measures

Risk Factors	Analysis Target	Mitigation and Adaptation Measures
Payments of Carbon Cost	• Carbon costs transferred from suppliers • Corporate clients in high-carbon-emission industries • Corporate clients listed as high-carbon-emission corporations by the Ministry of Environment	• Use the “Responsible Investment Management Guidelines” as a guideline for promoting and implementing responsible investment. • Adhere to the “Responsible Lending Management Guidelines”; “Corporate Banking Manual” and “Equator Principles” (Bank SinoPac); “Financial Markets Manual” (Bank SinoPac); “Transaction Guidelines for Sustainable Development” (SinoPac Leasing) for rigorous evaluation of the environmental, social, and corporate governance impacts of businesses operated by corporate clients when making investment and lending decisions. • Formulate limits for “high-risk industries” in consideration of overall business developments for all subsidiaries, risk capacity, future industrial developments, and business cycles. Limits for high-risk industries included industries with high carbon emissions (such as non-ferrous metals, shipping, oil & gas exploration and wholesale, coal chemicals, and aviation). • Strengthen management of sustainable supply chains, optimize supplier grading systems, continue to survey high-carbon-emission suppliers, further expand green procurement items such that 60% of procured items are government certified green procurement and finance items, and increase usage ratios of green building materials for renovation and decoration to more than 96%. • The Company’s commitment to achieve net zero emissions across financial portfolios by 2050 was approved by the Board in March 2022. The Company joined SBTi in August 2022 and submitted Science Based Targets (SBTs) which were approved in January 2024, hoping to initiate low-carbon transitions alongside stakeholders and “Achieve Net Zero Emissions in Taiwan Through Sustainable Finance.” To advance net zero progress, the Company has established the Net Zero Project Management Office (PMO) to manage net zero action plans and implementations. • The Company has pledged to cease financing for new thermal coal and unconventional oil & gas projects and will not renew the existing projects since July 1, 2022. To achieve our net zero commitment, The Company continues to advance the decarbonization policies and expanded the decarbonization scope to investment and lending for thermal coal mining or thermal coal-fired power generation from July 1, 2023.
“Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity” of the Ministry of Economic Affairs	• Corporate clients who are major electricity clients affected by these Regulations	
Net Zero Emissions in Own Operations by 2030	• Own operations	• Achieve net zero emissions in own operations by 2030 in accordance with SBT pathway. • Implement internal carbon pricing mechanisms: Review/adjust internal carbon pricing mechanisms for Taikai and Beigao buildings (own operations). • Raise renewable energy usage ratios: Continue to raise annual targets for renewable energy usage ratios. • Promote energy and carbon reduction programs: Expand inventory scope and certification rate of own buildings under ISO14001 and ISO50001 management systems.

3.2.1 Payments of Carbon Cost

Carbon costs transferred from upstream suppliers

Estimate carbon costs transferred from suppliers to assess potential financial impacts from procurement costs.

Method: Referenced the “Climate Risk Management Manual for Domestic Banks” to assess advanced practices for climate resilience, using predicted carbon price scenarios under NGFS (Below 2° C and 1.5° C) and IEA (Below 2° C and 1.5° C) to estimate potential financial impacts of expected carbon cost transfers[Note].

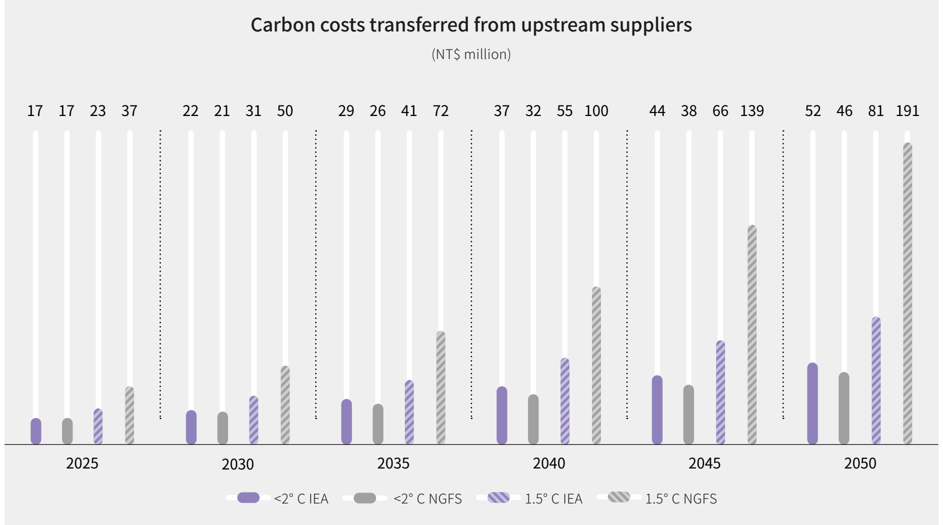
Results: Carbon costs transferred from suppliers are shown in the chart below, with low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.

Risk factor: Payments of Carbon Cost

Reference date: December 29, 2023 Unit: NT$ million

Scenario	Data source	Business scope	Procurement costs	Carbon costs transferred from suppliers					
				2025	2030	2035	2040	2045	2050
<2° C	IEA	Procurement	2,288	17	22	29	37	44	52
	NGFS	Procurement	2,288	17	21	26	32	38	46
1.5° C	IEA	Procurement	2,288	23	31	41	55	66	81
	NGFS	Procurement	2,288	37	50	72	100	139	191

Note Expected carbon cost transfers = SinoPac Holdings procurement amounts from the suppliers × Estimated carbon emission intensity × Carbon prices under warming scenario. (1) “Estimated carbon emission intensity” was estimated using the “2022 CO_2 Emissions from Fuel Combustion” published by the Ministry of Economic Affairs as well as GDP released by the Executive Yuan Directorate General of Budget, Accounting and Statistics; (2) “Carbon prices under warming scenario” used predicted carbon prices under the NGFS or IEA 1.5° C and 2° C scenarios.



Downstream corporate clients

Assessment of the nine "high-carbon-emission industries in industrial climate risk heatmap" and "high-carbon-emission corporations listed by the Ministry of Environment". (Please refer to 5.5 Exposure to Industries with High Climate Risks for the industrial climate risk heatmap)

Credit risks (loans, bills, and bonds): Calculated accentuating change ratios of financial factors in existing models/ assessment tools using estimated carbon costs to analyze credit risks, probabilities of default, internal ratings, and incremental expected losses.

Market risks (equity investments): Calculated impacts on company net values using estimated carbon costs to analyze relative changes in stock prices and incremental losses from price declines.

Method: Referenced the "Climate Risk Management Manual for Domestic Banks" to assess advanced practices for climate resilience, using predicted carbon price scenarios under NGFS (Below 2° C and 1.5° C) and IEA (Below 2 ° C and 1.5 ° C) to estimate additional carbon costs[Note 1], in order to analyze incremental expected losses[Note 2] from climate risks on loan, bill, bond positions, as well as incremental losses from price declines resulting from climate risks on equity investment [Note 3].

Results: Our investment and lending positions in "high-carbon-emission industries" and "high-carbon-emission enterprises listed by the Ministry of Environment" are shown in the chart beside and hold low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.

Risk factor: Payments of Carbon Cost

Reference date: December 29, 2023 Unit: NT$ million

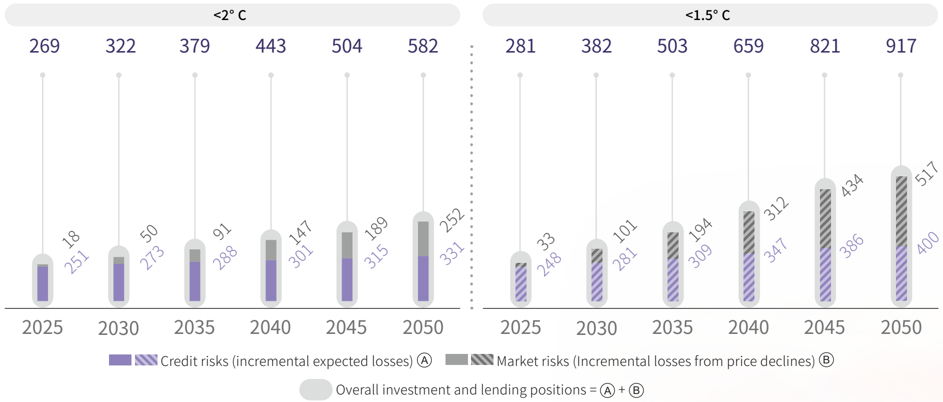
Scenario	Data source	Business scope	Investment and lending amount	Credit risks: incremental expected losses from climate risks Market risks: incremental losses from price declines from climate risks					
				2025	2030	2035	2040	2045	2050
<2° C	IEA	Credit risks (loans, bills, and bonds) Ⓐ	166,109	251	273	288	301	315	331
		Market risks (equity investments) Ⓑ	8,467	18	50	91	142	189	252
		Overall investment and lending positions = Ⓐ + Ⓑ	**174,576**	**269**	**322**	**379**	**443**	**504**	**582**
	NGFS	Credit risks (loans, bills, and bonds) Ⓐ	166,109	251	263	290	299	310	327
		Market risks (equity investments) Ⓑ	8,467	18	49	84	122	167	223
		Overall investment and lending positions = Ⓐ + Ⓑ	**174,576**	**269**	**311**	**374**	**421**	**477**	**549**
1.5° C	IEA	Credit risks (loans, bills, and bonds) Ⓐ	166,109	248	281	309	347	386	400
		Market risks (equity investments) Ⓑ	8,467	33	101	194	312	434	517
		Overall investment and lending positions = Ⓐ + Ⓑ	**174,576**	**281**	**382**	**503**	**659**	**821**	**917**
	NGFS	Credit risks (loans, bills, and bonds) Ⓐ	166,109	266	303	351	417	477	537
		Market risks (equity investments) Ⓑ	8,467	51	162	335	569	881	1,137
		Overall investment and lending positions = Ⓐ + Ⓑ	**174,576**	**317**	**464**	**686**	**986**	**1,358**	**1,675**

Note 1 Additional carbon costs = (BAU carbon emissions - Carbon emissions under warming scenario) × Carbon prices under warming scenario. (1) "BAU carbon emissions" were estimated based on IEA projected sectoral carbon emission growth rates in the absence of mitigation efforts.; (2) "Carbon emissions under warming scenario" were estimated using the SBT 1.5° C and 2° C carbon reduction pathways, with annual reduction rates of 2.5% and 4.2% respectively; (3) "Carbon prices under warming scenario" were estimated based on the NGFS or IEA 1.5 ° C and 2 ° C scenarios.

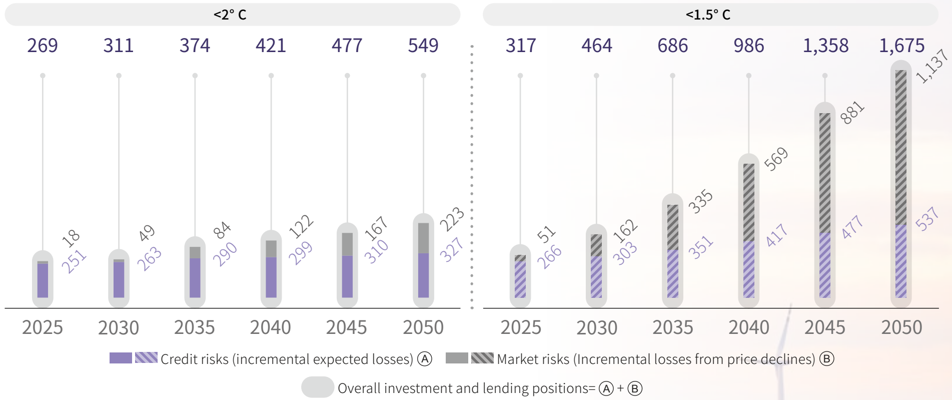
Note 2 Incremental expected losses (ΔEL) = ΔPD × LGD × EAD. ΔPD is based on financial impacts from additional carbon costs data, calculated by adjusting the Probability of Default (PD) using existing models or assessment tools, considering the change in PD compared to the original value.

Note 3 Incremental losses from price declines = Investment amount × Markdown loss rate. (1) "Markdown loss rate" = Impact on net asset value/ projected net asset value; (2) Impact on net asset value = Additional carbon costs x (1 - Tax rate).

IEA carbon price scenarios (Below 2°C and 1.5°C)



NGFS carbon price scenarios (Below 2°C and 1.5°C)



3.2.2 Energy Transitions

Upstream suppliers

Procurement amounts from suppliers that are major electricity clients.

Method: Compiled a list of SinoPac Holdings suppliers for 2023 and identified the number of major electricity clients and procurement amounts.

Results: The number of suppliers who are major electricity clients and procurement amounts are shown in the chart below; procurement amounts are around 2.85% of total procurement of SinoPac Holdings.

Risk factor: "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs

Major electricity clients	Procurement amounts	Proportion of total procurement of SinoPac Holdings
2	65.24	2.85%

Reference date: December 29, 2023 Unit: NT$ million

Downstream corporate clients

Credit risks (loans, bills, and bonds): Calculated accentuating change ratios of financial factors in existing model/ assessment tools using estimated energy transition costs to analyze credit risks, probabilities of default, internal ratings, and incremental expected losses.

Market risks (equity investments): Calculated impacts on company net values using estimated energy transition costs to analyze relative changes in stock prices and incremental losses from price declines.

Method: Referenced the "Climate Risk Management Manual for Domestic Banks" to assess advanced practices for climate resilience, and evaluated additional procurement or construction costs[Note 1] from corporate clients listed as major electricity clients to determine incremental changes in expected losses[Note 2] from climate risks on loan, bill, and bond positions, as well as incremental losses from price declines[Note 3] resulting from climate risks on equity investment.

Results: Investment and financing amounts are shown in the chart beside, with low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.

Note 1 Additional costs from energy transition were calculated as 10% of corporate client's average contract capacities in the previous year. (1) Additional costs to install solar power equipment = (Contract capacity × 10% × Deductions for early completion × Solar equipment installation costs)/ Amortization period of 20 years; (2) Additional costs for purchasing renewable energy electricity and certificates = Contract capacity × 10% × Annual electricity generation per kW of solar PV × Price of solar PV certificates; (3) Additional costs for monetary substitutions = Contract capacity × 10% × Degree of monetary substitution per kW × Monetary substitution rate.

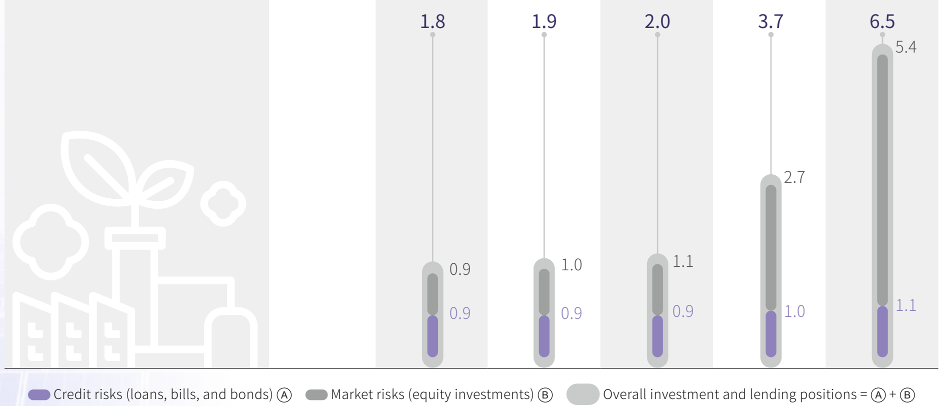
Note 2 Incremental expected losses (ΔEL) = ΔPD × LGD × EAD. ΔPD is based on financial impacts from additional energy transition costs, calculated by adjusting the Probability of Default (PD) using existing models or assessment tools, considering the change in PD compared to the original value.

Note 3 Incremental losses from price declines = Investment amount × Markdown loss rate. (1) "Markdown loss rate" = Impact on net asset value/ projected net asset value; (2) Impact on net asset value = Additional energy transition costs × (1 - Tax rate).

Reference date: December 29, 2023 Unit: NT$ million

Risk factor: "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs

Business scope	Investment and lending amounts	Credit risks: incremental expected losses from climate risks Market risks: incremental losses from price declines from climate risks				
		Solar equipment installed in 2023	Solar equipment installed in 2024	Solar equipment installed in 2025	Renewable energy electricity and certificates purchased in 2025	Monetary substitutions paid in 2025
Credit risks (loans, bills, and bonds) Ⓐ	49,045	0.9	0.9	0.9	1.0	1.1
Market risks (equity investments) Ⓑ	14,102	0.9	1.0	1.1	2.7	5.4
Overall investment and lending positions = Ⓐ + Ⓑ	**63,147**	**1.8**	**1.9**	**2.0**	**3.7**	**6.5**



3.2.3 Net Zero Emissions in Own Operations

Own operations

Estimated potential financial impacts on own operations from low-carbon transition risks based on the SinoPac Holdings' commitment of net zero emissions in own operations by 2030.

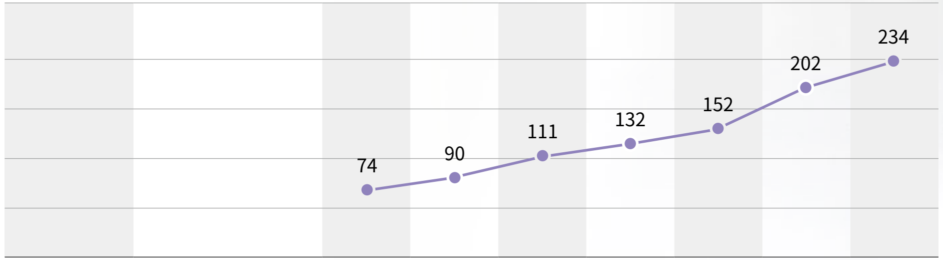
Method: Referenced "Climate Risk Management Manual for Domestic Banks" to assess advanced practices for climate resilience, evaluating potential financial impacts to SinoPac Holdings from increased equipment replacement costs, green electricity procurement costs, renewable energy certificate costs, and external consulting costs for carbon reduction.

Results: Low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints.

Risk factor: Net zero emissions in own operations

Reference date: December 29, 2023 Unit: NT$ million

Business scope	Transition risk scenario	Potential financial impacts						
		2024	2025	2026	2027	2028	2029	2030
Own operations	Achieve net zero emissions in own operations by 2030	74	90	111	132	152	202	234



3.3 Scenario Analysis for Climate Opportunities

Climate change risk management and net zero emissions continue to be global trends. However, according to statistics compiled by the World Meteorological Organization, 2023 was the hottest year on record. Faced with the climate crisis, all countries have successively launched carbon reduction measures. Internationally, the EU Carbon Border Adjustment Mechanism (CBAM) transitional phase commenced in October 2023. In Taiwan, the Climate Change Response Act was passed by the Legislative Yuan in January 2023 after three readings, the Taiwan Carbon Solution Exchange was established in August, and the first international carbon credit project was launched in December, with the first batch of carbon credits amounting to 88,520 tCO_2e. Additionally, Taiwan is expected to begin officially levying carbon fees from heavy carbon emitters in 2025, using greenhouse gas emissions for 2024 to calculate carbon payments, meaning that net zero challenges are imminent. The financial industry is an important component of sustainable development, and the ongoing Green Finance Action Plan 3.0 of Financial Supervisory Commission continues to integrate financial resources and support net zero transition.

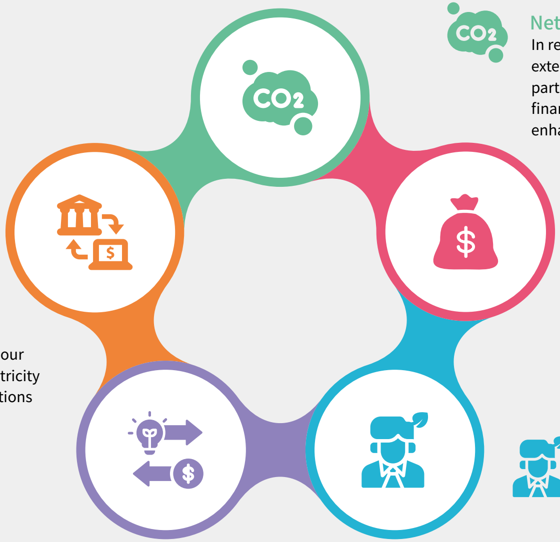
SinoPac Holdings actively promotes net zero actions and assists collaborating vendors in establishing carbon reduction strategies. Our multifaceted developments include the following items:

Emerging Renewable Energy Financing

Taiwan is making every effort to promote renewable energy and aims to achieve net zero transition goals in 2050. Apart from solar energy, SinoPac Holdings has also developed projects and loan services related to energy storage equipment, small hydropower energy, geothermal energy, and other emerging renewable energies to provide corporations with comprehensive renewable energy options and energy plans.

Green Energy Electricity Trading Trust Platform

To assist corporations in obtaining green electricity, SinoPac Holdings utilized our own advantages in solar energy site financing to establish a Green Energy Electricity Trading Trust Platform with payment trust mechanisms and provided explanations for supply transfers of green electricity, actively matching the needs of buyers, sellers, and power producers to create positive environmental influence.



Net zero service conferences

In response to increased supply chain carbon management demands, SinoPac Holdings worked with external institutes to organize training for internal personnel, actively host sustainability exhibitions, participate in supplier conferences, and plan carbon neutrality conferences, and provided sustainable finance services, helping clients to achieve net zero emissions, reduce carbon reduction challenges, and enhance the smoothness of corporate carbon reduction transition.

Sustainability linked corporate loans

Sustainability has become an important keyword for global economic transitions. By providing loans linked to sustainable development, SinoPac Holdings enhance corporate emphasis on ESG issues and guide clients in implementing corporate social responsibilities to realize the benefits of joint sustainable development jointly achieved by enterprises and the financial industry.

Green Finance Advisory Services

In response to renewable energy installations and mergers, SinoPac Holdings actively develop and match buyer and seller needs in the market.

Transition opportunity scenario analysis

Actively estimate the additional costs required by investment and financing clients in response to climate change risks; these costs are considered to be potential capital needs for corporations and business opportunities for SinoPac Holdings.

Method: Carbon taxes and energy transition risks may increase corporate costs and expenditures in the future, constituting potential capital needs. Therefore, we estimated additional corporate costs using transition risk scenario analysis methods to calculate our climate opportunity and expanded our business opportunities to future funding.

Based on transition risk scenario analyses, SinoPac Holdings estimated the additional costs from carbon payments for investment and financing clients belonging to the nine high carbon emission industries and high carbon emission corporations listed by the Ministry of Environment. These results were used to estimate market transition opportunities.

Results: SinoPac Holdings estimate that overall market transition opportunities for 2025 may reach NT$100 billion.

Parameters:

1. **Financing spread:** Based on the average annual spreads of five financial peers. (CTBC Bank, Taishin International Bank, E.SUN Bank, Cathay United Bank, Taipei Fubon Commercial Bank)
2. **Investment yield:** Based on the average yield calculated using JPMorgan US High Grade Index 5-year and 10-year corporate bond yields (foreign currency) and TPEx 5-year and 10-year Corporate Bond Reference Yields (including interest) for investment grade corporate bonds (TWD).
3. **Underwriting fee rate:** Based on estimated fee rate from product unit.

Reference date: December 29, 2023 Unit: Carbon emissions(million tCO_2e); Amounts(NT$ billion)

	Carbon emissions	<2° C Additional costs						<2° C Estimated lending opportunities						<2° C Estimated investment opportunities						<2° C Estimated underwriting opportunities					
Results	2022	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050
NGFS	5,901	1,623	5,737	11,303	18,997	28,523	39,838	25	87	172	289	434	606	56	196	387	650	976	1,364	2	6	11	19	29	40
IEA	5,901	1,636	5,903	12,348	22,232	32,415	45,104	25	90	188	338	493	686	56	202	423	761	1,110	1,544	2	6	12	22	32	45

	Carbon emissions	1.5° C Additional costs						1.5 ° C Estimated lending opportunities						1.5 ° C Estimated investment opportunities						1.5 ° C Estimated underwriting opportunities					
Results	2022	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050	2025	2030	2035	2040	2045	2050
NGFS	5,901	5,471	20,888	48,362	93,411	162,926	228,806	83	318	735	1,420	2,477	3,479	187	715	1,655	3,198	5,577	7,832	5	21	48	93	163	229
IEA	5,901	3,417	12,823	27,757	50,860	77,697	97,155	52	195	422	773	1,181	1,477	117	439	950	1,741	2,660	3,326	3	13	28	51	78	97

04 RISK MANAGEMENT

4.1 Risk Policy Framework

SinoPac Holdings continues to enhance climate-related risk management mechanisms. This year, the Company has followed the four major cores of TCFD framework and referenced the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" by Financial Supervisory Commission R.O.C. (Taiwan) and added "governance", "strategy", "risk management", and "metrics and targets" in the Company's "Guidelines for the Management of Climate-related Risks and Opportunities" to improve climate risks and opportunities management mechanisms. The subsidiaries have established the "Standards for the Management of Climate-related Risks and Opportunities" and integrated climate risks into business items. They also established the "Responsible Investment Management Guidelines" and "Responsible Lending Management Guidelines" for investment and loan businesses for management and control. SinoPac Holdings also established the "Natural Disaster Emergency Response Guidelines" and "Supplier Sustainable Development Guidelines" to ensure prudent management of its credit, market, and operational risks.

Since 2021, the Risk Management Division of SinoPac Holdings has disclosed the overall climate change risks (including physical risks and transition risks related metrics) in the quarterly Risk Management Report and reported them to the Risk Management Committee and the Board of Directors.

SinoPac Holdings uses the three lines of defense in internal control to specify the duties and management mechanisms for the management of climate change risks on each line of defense.

1 First line of defense

When processing related businesses, evaluate climate risks and incorporate climate-related risks in business consideration.

- Evaluate climate risks when processing related businesses, particularly for industries that are heavily impacted by climate risks.
- Identify the correlation of climate risks with other risks such as credit risks, market risks, operational risks, and liquidity risks. Adopt appropriate identification, evaluation, and management procedures and propose mitigation and adaptation measures regarding climate-related risks generated by all operational and business activities to ensure adequate management of risks during initial stages.
- Adopt differentiated risk management measures based on identified or assessed climate risk levels and risk rankings. Businesses or transactions with high climate risks should be approved by authorized personnel and relevant records should be stored for future reference.
- According to our responsible investment and responsible lending management guidelines, business units should consider and assess potential impacts on clients from climate risks, materiality, client willingness and ability to improve own climate risks, whether they have proposed alternate approaches to offset risk exposures, and other corresponding measures.

2 Second line of defense

Effectively monitor and control the implementation of climate risk management by the first line of defense and ensure compliance with regulatory requirements in all related operations.

- Risk Management Division effectively monitor management of climate risks under the first line of defense, and Legal & Compliance Division should ensure that the operations of all units comply with laws and regulations.
- Legal & Compliance Division should announce and initiate procedures to track and review the latest legal amendments when new laws are announced to confirm that all operations and management regulations are updated in a timely manner in accordance with climate risk regulations announced by competent authorities so that the operations of all units comply with laws and regulations.
- Risk Management Division conduct scenario analysis for physical risks and transition risks to assess business impacts from climate risks, explore our own resilience toward climate risks under different climate scenarios, select relevant and reasonable scenarios, and explain how climate risks are transmitted and the impacts on our own financial risks. In consideration of the uncertainties and long-term prospects of climate change, selected scenarios should include prospective information to avoid underestimating future potential risks based solely on historical information.
- Risk Management Division should reference scenario analysis results when conducting regular reviews of climate risk management regulations and practices, and should also retain related documents containing key scenario analysis assumptions and parameters (including selected scenarios, reasonable assumptions, results, possible actions considered, and actual actions taken in response to risks) for at least 5 years.
- The overall climate change risks are disclosed in the quarterly Risk Management Report and reported them to the Risk Management Committee and the Board of Directors.

3 Third line of defense

Evaluate the effectiveness of climate risk monitoring and control by the first and second lines of defense and propose recommendations for improvements as necessary.

- Evaluate the effectiveness of climate risk monitoring and control by the first and second lines of defense and propose recommendations for improvements as necessary.

The Company uses the three lines of defense in internal control to specify the duties and management mechanisms for the management of climate change risks on each line of defense. Management procedures for identifying climate risks and opportunities encompass four steps: identification of risks/opportunities, risk/opportunity assessment and measurement, responses to risks/opportunities (mitigation or adaptation measures/response strategies), and report, which enable us to identify how climate risks and opportunities impact our businesses, strategies, and finances over the short, medium, and long term. (Please refer to 2. Strategy)

The Company conducted climate scenario analysis of physical risks, include "Acute physical risks: Heavy rainfall and flooding," "Acute physical risks: Droughts," and "Chronic physical risks: Rising sea levels", and transition risks, include "Payments of Carbon cost," "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of the Ministry of Economic Affairs, and "Net zero emissions in own operations by 2030", for various sections of our value chain (suppliers, own operations, and investment and lending businesses) under different climate scenarios and time scales, to assess potential financial impacts on the Company, formulate corresponding business, strategic, and financial mitigation and adaptation measures to enhance climate resilience. (Please refer to 3. Scenario Analysis for Physical and Transition Risks.)

Faced with challenges from climate-related risks and opportunities, SinoPac Holdings has adopted a pragmatic approach that begins with lowering our own carbon emissions through establishment of SBTs, gradually increasing use of green electricity, expanding lending for alternative energies, and issuance of green bonds, while also gradually adjusting our investment and lending business strategies (for example, focusing on and tracking lending for industries with high carbon emissions, supporting clean energies and innovative technologies, and assisting clients in reducing carbon emissions and low-carbon transitions) to expand coverage, discover climate-related opportunities, and promote low-carbon transitions in the overall value chain. Metrics and targets for climate governance, strategies, and risk management(includes physical risks and transition risks) have been stipulated in short, medium, and long-term focuses. Our Sustainable Development Committee and Risk Management Committee conduct quarterly reviews, track progress of all metrics and targets, and adopt rolling adjustments depending on actual developments and trends.

4.2 Management of Investment and Lending Risks

SinoPac Holdings formulated a group-level sustainable finance statement in 2022, and has incorporated environmental, social, and corporate governance (ESG) factors into its corporate banking, retail banking, asset management, wealth management, investment banking and brokerage businesses. The Board of Directors approved the "Sustainable Finance Strategy" on July 21, 2023, as the highest guiding principles for sustainable finance businesses, and business units established related management guidelines accordingly. (Please refer to the "SinoPac Holdings Sustainable Finance Statement.")

Industry and Activity Guidelines

Prohibit investment / lending to controversial industries	✓ Controversial industries include pornography and controversial arms.
Careful evaluation of sensitive industries and sensitive economic activities	✓ Sensitive industries: Industries with high carbon emissions such as the coal-fired power generation industry, oil and gas industry, cement and concrete manufacturing industry, and iron, steel, other metal manufacturing industries. In 2023, oil and gas, metal and mining, power generation industry, chemical materials manufacturing industry, agriculture, forestry, fishery, and animal husbandry, and traditional manufacturing - manufacturing of automobiles and motorcycles/metal and manufactures thereof were added as industries with high climate risks. ✓ Sensitive economic activities: Include gambling, industries with food safety concerns, hazardous radioactive materials, genetic engineering not used for medical purposes or detrimental to human development, and the manufacturing of non-adhesive asbestos fibers and polychlorinated biphenyls.
Business restrictions in compliance with the Decarbonization Statement	✓ The Company has since July 1, 2022 ceased financing for new thermal coal and unconventional oil & gas projects and will not renew the existing projects. We expanded the scope of the decarbonization policy July 1, 2023 to include investment and lending of thermal coal mining and power generation.
Guidelines for high carbon emission industries	✓ Incorporate ESG performance and information on carbon emissions of high carbon emission industries (e.g., coal-fired power generation, oil and gas industry, cement and concrete manufacturing, steel, iron, and other metal manufacturing industries) into the investment and lending assessment process. ✓ Proactively engage with related companies, and carefully evaluate whether to continue lending activities if the customer fails to establish any transition plans after communication.

Engagement and Management Guidelines

Voting policy	✓ Support in principle: Proposal proposed to achieve positive goals of environmental, social, governance or sustainable operations. ✓ Oppose in principle: Resolutions that violate major climate-related issues. ✓ Oppose in principle or abstain from voting: The issuing company's problematic operations damage shareholders' rights and interests or imposed fines by the competent authority due to violations of ESG.
Policy for third-party managed assets	✓ The "Stewardship Policy" specifies that if an external professional service provider is commissioned to carry out a portion of stewardship activities, SinoPac Holdings' subsidiaries will ensure the service provider follows its instructions through communication, an agreement, or supervision, to protect shareholders' rights and interests. The service provider will be disclosed in accordance with regulations and does not relieve SinoPac Holdings' subsidiaries from its responsibilities to shareholders. ✓ Domestic securities investment trusts that SinoPac Securities works with are required to sign a statement of compliance with the "Stewardship Principles for Institutional Investors." Offshore fund asset management institutions are required to comply with the Principles for Responsible Investment.
Engagement with other companies and shareholder activism	✓ Send Sustainability Questionnaire on "Environment, Social and Corporate Governance (ESG)" Issues to investee companies to learn about their awareness of international climate-related and biodiversity initiatives and enhance their current state of management and targets for human rights and sustainability issues. ✓ Engage with investee companies on ESG issues they are unfamiliar with. Reference the Taiwan Sustainable Taxonomy for credit businesses and encourage businesses to fill out the Corporate Self-Assessment Questionnaire of ESG Information of Joint Credit Information Center (JCIC) to support sustainable development and carbon reduction transition of businesses.

4.2.1 Responsible Investment

SinoPac Holdings actively complied with the six principles under the United Nations "Principles for Responsible Investment (PRI)" in 2019 and established the "Responsible Investment Management Guidelines" for the group's investment, asset management, and wealth management business. The Guidelines are applicable to the management of asset classes and consulting services, including listed equity, fixed income, private equity, infrastructure, property, and derivatives. SinoPac Holdings incorporates ESG issues and related risks into the decision-making process of related operations and established verification mechanisms for the prohibition on investment in controversial industries and careful evaluation of investments in sensitive industries/economic activities.

Bank SinoPac, SinoPac Securities, and SinoPac SITC have signed the "Stewardship Principles for Institutional Investors" and established "Stewardship Policy" respectively, incorporating ESG factors into the investment evaluation process and incorporating climate change related issues into their voting policy. SinoPac SITC amended the "SinoPac SITC Stewardship Policy" in 2022 to strengthen the responsibilities for ESG investment and risk management of the Board of Directors and senior executives. It proposed amendments to the voting and engagement policy in 2023 and completed the amendments for voting and engagement related standards in 2024.

Development of Responsible Investment by SinoPac Holdings

2018
- Bank SinoPac, SinoPac Securities, and SinoPac SITC signed the "Stewardship Principles for Institutional Investors."

2019
- SinoPac Holdings, Bank SinoPac, SinoPac Securities, and SinoPac SITC established the "Responsible Investment Management Guidelines" according to the six principles of the UN Principles for Responsible Investment (PRI).

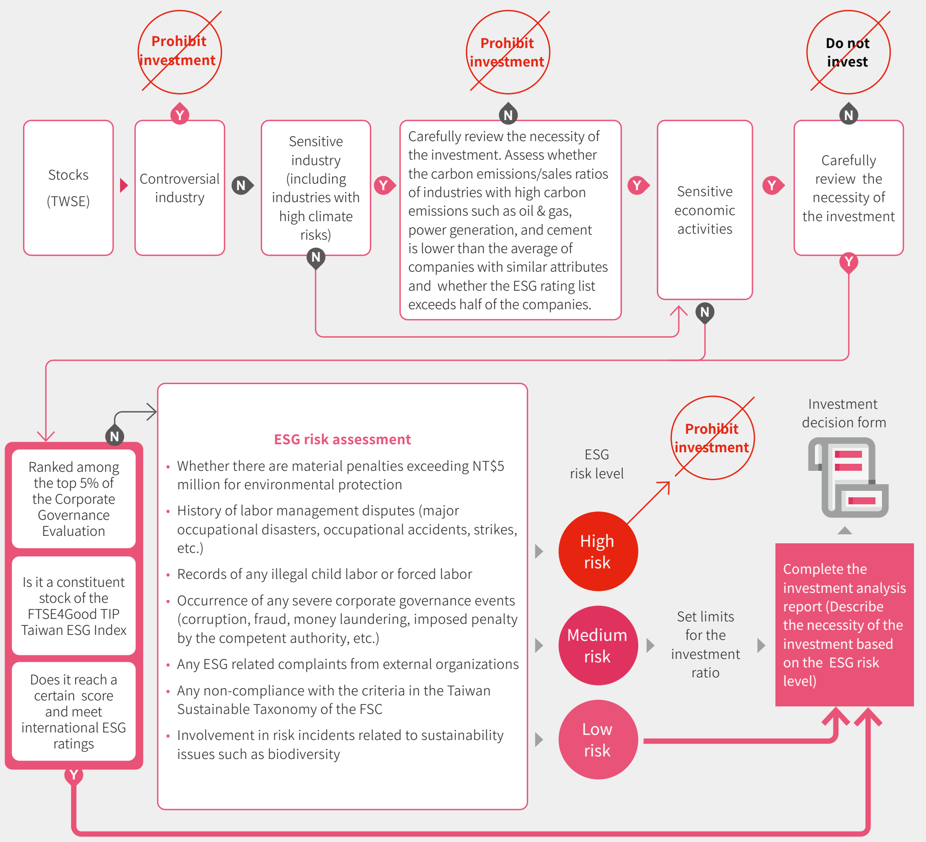
2020
- Bank SinoPac, SinoPac Securities, and SinoPac SITC established their respective "Stewardship Policy," incorporated ESG factors into the investment evaluation process, and incorporated climate change-related issues into their voting policy.

2021
- Bank SinoPac, SinoPac Securities, and SinoPac SITC completed amendments to the "Stewardship Policy" and "Responsible Investment Management Guidelines," and implemented guidelines for high carbon emission industries, such as oil and gas and coal-fired power generation, on a trial basis.

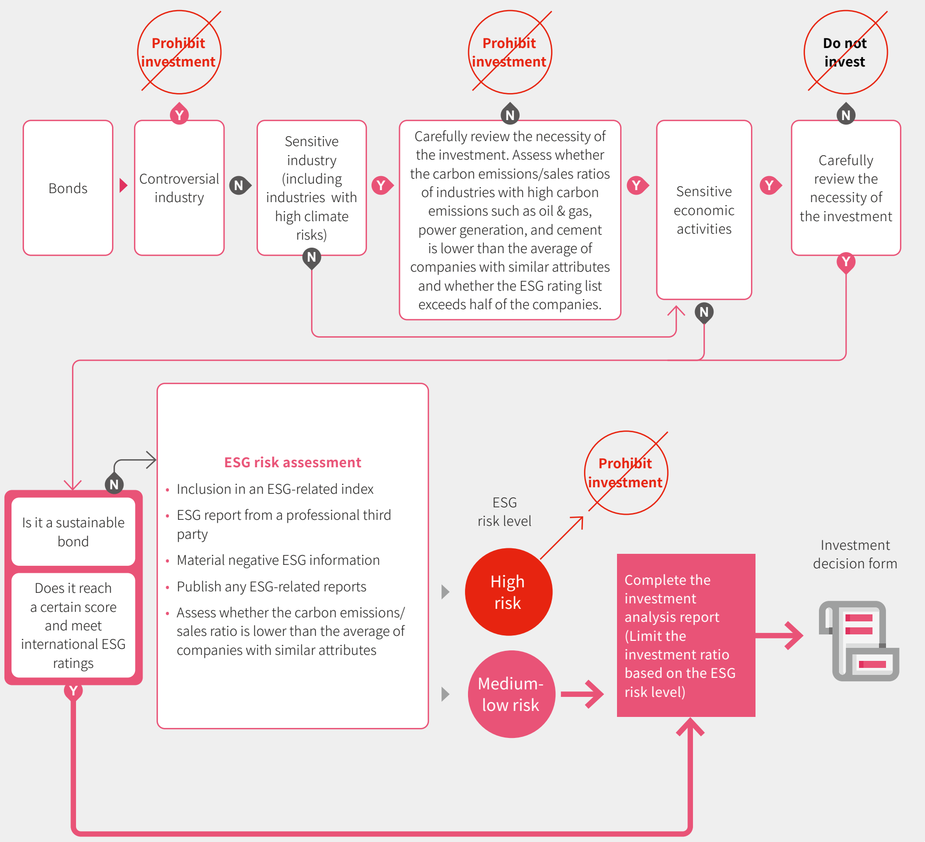
2022
- Bank SinoPac, SinoPac Securities, and SinoPac SITC added industries with high carbon emissions including cement and concrete manufacturing industry, and iron, steel, other metal manufacturing industries.

2023
- In compliance with the decarbonization policy, SinoPac Holdings and its subsidiaries no longer (or prohibited) investments in thermal coal / unconventional oil and gas projects.
- Subsidiaries of SinoPac Holdings added industries with high climate risks as sensitive industries and required careful evaluations of related investments.

SinoPac Holdings Responsible Investment Process (SinoPac SITC as an example)-Stocks



SinoPac Holdings Responsible Investment Process (SinoPac SITC as an example)-Bonds



Incorporating ESG Factors into the Product Review Process

SinoPac Holdings Wealth Management Product Review Process

The proposing unit conducts a preliminary issuer ESG review

- ✓ Domestic securities investment trust companies have signed the "Stewardship Principles for Institutional Investors"
- ✓ The offshore fund asset management has a sustainability report, or sustainable investment policy, or evidence of voluntary compliance with the Principles for Responsible Investment (PRI)

Product ESG review

- ✓ Prioritize funds with ESG factors
  - The fund's investment targets are ESG topics
  - The fund has an ESG management policy
- ✓ Other items
  - Investment strategy
  - Reasonableness of fees
  - Risk premium
  - Past performance
  - Suitable customer type

Approved by 3/4 or above of reviewers in attendance

Y: Funds listed

N: Cannot be listed

- All the 35 and 25 domestic securities investment trust companies that offer funds of Bank SinoPac and SinoPac Securities, respectively, have signed the statement of compliance with the "Stewardship Principles for Institutional Investors" in 2023. Furthermore, all 38 of the offshore fund asset management institutions that Bank SinoPac (33) and SinoPac Securities (5) are working with are following the Principles for Responsible Investment (PRI).
- SinoPac SITC specified in the "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" that it supports to public offering ESG or sustainability topics funds. The ESG information disclosure of ESG theme funds managed by SinoPac SITC, including "SinoPac Taiwan ESG Plus Fund," "SinoPac Taiwan Target Exposure ESG ETF," "SinoPac ESG Global Digital Infrastructure Fund," and "SinoPac Taiwan ESG Low Carbon High Dividend 40 ETF," which obtained the approval from the Securities and Futures Bureau. The Company also regularly discloses important ESG information on the official website of SinoPac SITC.

Post-investment Stewardship Process

For post-investment management, SinoPac Holdings complies with the voting policy under the "Stewardship Policy" and opposes any resolutions that violates major climate and social related issues or related resolutions when corporate governance incidents have occurred in principle. The Company regularly engages investees to determine potential ESG-related issues that they may face and examines their ESG-related performance.

Subsidiaries of SinoPac Holdings monitors the operations of investees by attending shareholders' meetings, exercising voting rights, and engaging senior executives. The Company disclose the Stewardship Report each year and use e-mails, telephone interviews, distribution of questionnaires, or onsite plant visits to pay attention to related ESG opportunities and risks of investees such as the just transition, specific measures and commitments for energy conservation and carbon emissions reduction, and sustainable development plans and disclosures for ESG. If an investee company is penalized for violating ESG-related regulations and fails to implement effective improvements, SinoPac Holdings shall gradually reduce or dispose of investment in the company.

Aspect of assessment	Post-investment stewardship: Voting	Post-investment stewardship: Regular review
Financial	• Oppose in principle on the problematic operations of the investee company's management (such as managing disputes) that may potentially damage the company or shareholders' rights and interests.	• Analyze the investee company's current business results, including financial structure, solvency, operational ability, and profitability, and track major news events.
Non-financial	• Support in principle: Proposals to achieve positive goals of environmental, social, governance or sustainable operations. • Oppose in principle: Proposals that violate significant climate-relevant issues (such as investments that substantially pollute the environment, the expansion of highly polluting production lines and issues causing irreversible and permanent impacts on the overall natural environment and ecosystem). • Abstain from voting or oppose: If the investee company was imposed any fines by the competent authority due to violations of ESG. • Abstain from voting or oppose: The election of directors and related resolutions when the corporate governance disputes occurred.	• Examine the ESG rating of existing positions each year. Where an investee fails to meet any evaluation standard or does not have any rating, fill out the "ESG risk assessment checklist." If the investee is assessed as high-risk, the Company is required to dispose of all shares held within a specific period; if it is assessed as medium-risk, the Company shall set a limit on the percentage of investment; if it is assessed as low-risk, carefully review the necessity of the investment. • Track ESG evaluation results, records of fines imposed for ESG violations, track important ESG issues, and urge greater importance to be attached to ESG issues.

Bank SinoPac Stewardship Policy | SinoPac Securities Stewardship Policy | SinoPac Securities Investment Trust Stewardship Policy

Bank SinoPac 2023 Stewardship Report | SinoPac Securities 2023 Stewardship Report | SinoPac Securities Investment Trust 2023 Stewardship Report

Engagement Status

Engagement with Investees

SinoPac Holdings and subsidiaries have continued to send questionnaires on climate change issues to investee companies since 2020. In 2023, the topics of concern were expanded to biodiversity, social and governance aspects. The Sustainability Questionnaire on "Environment, Social and Corporate Governance (ESG)" Issues were sent to 188 companies and 74 responses were received with a response rate of 39%. SinoPac Holdings will continue to collect the opinions of investee companies and will include issues that investee companies are concerned about or relatively unfamiliar with into ESG forums, in hopes of using the financial industry's impact to achieve sustainable development together with companies.

Method	Bank SinoPac	SinoPac Securities [Note 2]	SinoPac SITC	Total (Number of times)
Number of engagements for information on ESG issues [Note 1]	10	1	665	676
Attendance in shareholders' meetings	145	1,133	130	1,408
Participation in institutional investors' conferences	51	62	48	161
Sending questionnaires on sustainability issues	40	48	100	188
Others	—	• Regularly shared training courses related to ESG evaluations with institutional investors and hosted a total of 17 sessions	• 3 Phone calls (or video conferences) • 492 on-site visits	—

Note1 Bank SinoPac and SinoPac Securities have targeted their investees of long-term proprietary investments as the main targets of engagement on ESG issues. SinoPac Securities implemented onsite visits to exchange ideas on financial and non-financial (e.g., ESG) issues. Bank SinoPac mainly directed questions regarding carbon emissions at companies with high carbon emissions. It engaged exporters on the management of green supply chains and voluntarily planned development discussions with SMEs before the requirements in government regulations are implemented. The asset management business of SinoPac SITC engaged investees to discuss their ESG policies and implementation status.

Note2 SinoPac Securities attended shareholders' meetings of investees (e.g., ECOVE Environment Corp., WPG Holdings Ltd., and Quanta Computer Inc.) to communicate on ESG issues including the settings of net zero targets and implementation status, identification and response to climate change risks and opportunities, and use of green energy. SinoPac Securities also attended the institutional investors' conferences of Primax Electronics Ltd., Arcadyan Technology Corp., Taiwan Secom Co., Ltd., Delta Electronics Inc., and LITE-ON Technology Corp. to inquire about carbon reduction and net zero targets and sustainable development plans. The response from investee companies included greenhouse gas inventories, decrease in carbon emissions, and continuous support for international initiatives including RE100/EV100/EP100.

4.2.2 Responsible Lending

SinoPac Holdings incorporated ESG factors into its Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures, and implements classified management of corporate banking clients, carrying out reviews and management operations by risk level. Furthermore, the Company has enhanced ESG risk reviews for large project financing and continues to monitor environmental and social risks after approval.

KYC and CDD Processes for Corporate Lending

Scope of business | **Corporate banking**

STEP 1

Verify the identity of clients and their suitability for products

- Financial information
- Credit information
- Negative news
- AML check [Note1]
- Sustainability risks check
- Project scale [Note 2]

STEP 2

Client risk level

Controversial industry/ economic activity
- Not accepted

High-risk clients
- Enhanced review
- Raise the level of authority required for approval
- Lower LTV ratio of high-risk collateral
- Conduct due diligence reviews on environmental and social risks (sensitive industries/activities, high carbon emission industries/activities)

Moderate and low-risk clients
- Regular review

Risk management after approval
- Monitor red flagged accounts with abnormal cash flow or material news warnings
- Regularly check and compare clients' identity for any abnormalities
- For clients making large payments, regularly assess if there is the risk of money laundering or terrorist financing
- Continue to monitor environmental and social risks

Note 1 Please refer to the "SinoPac Holdings 2023 Sustainability Report" 2.2.2.3 Customer Due Diligence for details.

Note 2 If the project financing amount reaches US$10 million or above, its risk level must be determined according to the EPs.

Development of Responsible Lending by SinoPac Holdings

2014

- The spirit of the Equator Principles is incorporated in corporate loan guideline and procedures, and are used as the standard for reviewing project financing.

2018

- All loans are screened for ESG risk factors, and ineligible subjects and the limit on loans are specified in guideline and procedures.

2019

- Established the "Responsible Lending Management Guidelines" and exclusion policy to avoid lending to controversial industries.
- Monitored the risks and opportunities brought by climate change to clients and their response strategies.

2020

- Signed the Equator Principles.
- Provided recommendations for ESG risks of high carbon emission industries/activities, encouraged project financing clients to provide data on GHG emission intensity, or communicated with and engaged stakeholders on climate change issues, in order to gain stronger resilience.
- Further strengthened assessments of human rights, biodiversity, and climate change risks of project financing in accordance with Equator Principles Version 4 (EP4).

2021

- Participated in the "Taiwan Taxonomy Regulations" trial implementation workshop of the FSC.
- For cases submitted to the Board Credit Committee and Credit and Investment Committee (i.e., the case reaches a certain amount and above), the Company disclosed the clients' ESG risk information and improved action plans, providing the basis for the members of committees.
- Business units are required to explain Bank SinoPac's ESG philosophy to clients, and urge them to agree to and abide by notices for environmental protection, social responsibility, and climate change stated in the "Lending and Transaction Application Form."
- Established the "Environmental and Social Risk Team" to facilitate the risk assessment and review of Equator Principles cases and submitted the report for first year after the adoption of the Equator Principles.

2022

- Amended the "Responsible Lending Management Guidelines" to include positive performance indicators for green loans and social responsibility loans.
- Amended the "Business Manual of Corporate Banking-The Equator Principles" for the Environmental and Social Risk Team to take charge of the environmental and social risk review of Equator Principles cases.
- Amended the exclusion policies for "project financing for thermal coal and unconventional oil and gas" which became effective in July 2022.

2023

- Included related regulations for the decarbonization policy in the "Responsible Lending Management Guidelines."
- Expanded the scope of the decarbonization policy July 1, 2023 to include investment and lending of thermal coal mining and power generation.
- Amended the "Business Manual of Corporate Banking" to advise business units to reference the "Taiwan Sustainable Taxonomy" for credit businesses and planning loan products. Encouraged clients to fill out the "Corporate Self-Assessment Questionnaire of ESG Information of Joint Credit Information Center (JCIC)" to support sustainable development and carbon reduction transition of businesses.

Bank SinoPac established the "Responsible Lending Management Guidelines" and established the "Guidelines for Sustainability Linked Loan Service" in 2022 to include ESG factors in the credit extension procedures. It also provides sustainable products such as green loans, social responsibility loans, and sustainability-linked loans for positive financing.

Bank SinoPac implements KYC and CDD mechanisms for all corporate loans and conducts ESG risk assessments and reviews ESG factors of the clients. First-line corporate banking personnel explain Bank SinoPac's ESG philosophy to clients and urge them to agree to and abide by notices for environmental protection, social responsibility, and climate change in the "Lending and Transaction Application Form." For cases submitted to the Board Credit Committee and Credit and Investment Committee (i.e., the application reaches a certain amount and above), the Company disclosed the clients' ESG risk information and improvement action plans, providing the basis for the approval or rejection of cases. SinoPac Holdings has established the exclusion list of industries with high ESG risks (e.g., pornography, controversial arms,) and enhanced ESG risk analysis for sensitive industries (e.g., gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing). ESG factors were included in the "Risk Information Disclosure Inspection Items for Credit Investigations" of the credit review system. They include the following factors:

Environmental risks	Air, soil, and water pollution, waste treatment, biodiversity and ecosystem protection, energy management, compliance with environmental regulations, etc.
Social risks	Occupational safety and health, human rights issues, supplier management, community relations, etc.
Governance risks	Corporate governance, ethical corporate management, compliance, risk management, etc.
Climate change risks	Physical risks arising from impairment of assets and business interruption due to short-term climate anomalies and extreme climate events or long-term climate change. Transition risks arising from changes in policies, laws, technologies, and markets in response to low-carbon economic trends.

In the process of reviewing ESG factors, if ESG risks are checked in "Risk Information Disclosure Inspection Items for Credit Investigations," in the credit investigation report, Bank SinoPac will carry out ESG engagement for all items, look into the situation, and assist clients in improving. Bank SinoPac will also evaluate and formulate mitigation and compensation measures in response. If the client's situation is severe or unable to make improvements over a long period of time, then it must carefully evaluate whether to continue doing business with the client.

SinoPac Holdings Corporate Banking Lending ESG Review in 2023

Involves sensitive industries/economic activities (including thermal coal, unconventional oil & gas, and tobacco)

Conditionally approved after engagement [Note]		Rejected	
Number of cases	Balance as of December 31, 2023	Number of cases	Amount
1	NT$ 2.677 billion	7	NT$ 4.748 billion

Note In 2023, there was a case involving a sensitive industry with the client being in the wholesale industry of oil, gas, and minerals. After engagement with the client, Bank SinoPac agreed to undertake the transaction under the condition of implementing control measures for the import and export of high-quality coal, specifically sub-bituminous coal or higher. The sulfur content of the coal must not exceed 1.5% in order to avoid trading low-grade and highly polluting brown coal and peat.

Engagement Status

Engagement with Financing Targets

Business units are required to explain Bank SinoPac's ESG philosophy to clients, and urge them to agree to and abide by notices for environmental protection, social responsibility, and climate change in the "Lending and Transaction Application Form"; 100% of financed targets underwent this engagement process.

Project Finance

Bank SinoPac formally became a signatory to the Equator Principles (EPs) in February 2020 and published its first Equator Principles Report in 2021. Disclosures included the EPs implementation process and mechanisms, education and training, and related information. Bank SinoPac also established a dedicated Environmental and Social Risk Team in 2021, which serves as an internal consultant for assisting the risk assessment and review of EPs cases. Bank SinoPac also complies with EP4 and the eight Performance Standards of International Finance Corporation (IFC) and included climate change and biodiversity risks as necessary items for risk assessment. The Environmental and Social Risk team members have professional backgrounds in credit management. They have practical experience in the implementation of the Equator Principles case review process and have completed the EP4 course training. For high-risk cases, the team seeks assistance from a third-party external consultant according to the EPs. Bank SinoPac has also incorporated Equator Principles cases into the self-inspection items starting from December 2022 and a third party from head office will inspect the process of Equator Principles cases regularly.

Bank SinoPac reviewed a total of 10 financing projects in line with the EPs in 2023, in which 7 cases have reached financial close and the remaining are still ongoing.

In 2023, there was a large-scale syndicated loan project of a British natural gas power generation company. Its main operations consisted mainly of natural gas power generation and the proportion of renewable energy was not high. After the three-way engagement between first-line business development employees, the client, and the lead arranger, they were unable to confirm whether the natural gas used is from unconventional oil and gas sources, and it did not have the capital requirements for a low-carbon transition plan. In accordance with the decarbonization policy and the net-zero commitment of SinoPac Holdings, the Company do not undertake unconventional oil and gas financing cases, and in principle, and no longer increase the overseas financing positions for natural gas power generation. Therefore, SinoPac declined to participate the project.

Results of Project Finance Review

Overall number of project finances	Percentage of projects reviewed according to the EPs (%)	Number of projects that reached financial close	Number of projects rejected
10	100	7	1

Organization and Duties of Bank SinoPac's Environmental and Social Risk Team

Corporate Credit Risk Management Division

- Corporate Credit Management Department
- Corporate Banking Credit Department I & II
- Corporate Banking Collection Department

Environmental and Social Risk Team

Formed functionally and composed of internal experts with a background in credit review practices

Main responsibilities

- Establish the environmental and social risk assessment systems and processes, and revise the "Business Manual of Corporate Banking- Equator Principles" for alignment of implementation
- Responsible for checking compliance with the EPs and reviewing results of environmental and social risk assessments (including continuous monitoring)
- Disclose the implementation status of cases, related data and reports on the official website of the Equator Principles Limited each year, and attend annual meetings
- Responsible for providing EPs training courses to personnel of domestic and overseas branches and the head offices, and for engaging in exchanges with other financial institutions on EP practices

EPs Credit Analysis and Lending process

	Receive Case	Responsible unit
Receive loan application	Determine applicability of the case	Business unit / Head office department
	Classify case risk	Head office credit analysis unit
Request documents	Request documents	Business unit
	Check environmental and social risks	Head office credit analysis unit
Risk review and approval	Review environmental and social risks High-risk Category A cases: A third-party independent unit confirms the client's environmental and social risk assessment and due diligence report	Head office credit approval unit (included in the current approval process)
	Credit risk review and approval	
Loan approval and contract signing	Warranties and contract signing	Business unit
Post-loan management	Annual review of Equator Principles	Business unit / Head office department

Description in the environmental and social risk process

Before loan

1. Business units:

Determine applicability and risk category of the case during loan application (includes requesting EPs documents)

During loan

2. Head office units:

Check and review environmental and social risks of EPs cases (includes data checklist and assessment report)

Post loan

3. Business/Head office units:

Periodically check environmental and social risks of EPs cases (includes annual review report)

Environmental and Social Risk Team: Review

Retail Banking Lending-Incorporating ESG Factors into Product Review Processes

SinoPac Holdings incorporated ESG factors in its retail banking businesses (including mortgage, motor vehicle loans, credit loans, and credit cards). When a new retail banking loan application is received, besides carrying out KYC and CDD mechanisms, the Company actively investigates the customers' ESG-related information and uses the ESG risk they may face for risk grading, appraisal, and adjustment of loan terms.

Furthermore, if related parties (company, person-in-charge, or individuals) of the loan applicant are involved in ESG-related disputes and were fined by the competent authority, or were involved in disputes such as environmental pollution or illegal fund-raising, SinoPac Holdings will contact the customer to provide a reasonable explanation or improvement measures and adjust the terms of the loan depending on the case. If the fine was imposed due to a severe hazard or pollution and concrete improvement measures were not proposed, then the loan application will be rejected.

Considering sustainability risks in the credit investigation and review process of the retail banking business

- In the mortgage review process, if the property is located in a restricted area or area prone to flood, debris flow, or soil liquefaction (with high physical climate risk), the application should be rejected during the appraisal review process if the collateral is not the target case. If the case should be accepted due to special considerations, the loan-to-value should be lowered and enhance the level of case approval.
- Major earthquakes and natural disasters are taken into consideration when dividing the area where the property is located into grades A, B, and C, which are then used for valuation.
- In the process of reviewing corporate motor vehicle loan applications, the Company checks clients' records and information on fines imposition due to severe pollution cases. If it is involved in such cases, SinoPac Holdings requires the client to provide a reasonable explanation and improvement measures and will adjust the terms of the loan depending on the case.

Exclusion/rejection conditions in the credit investigation and review process of the retail banking business

- All loan applications of sanctioned parties, terrorists, or terrorist groups confirmed or investigated by foreign governments or international AML organizations, and individuals, corporate entities, and groups sanctioned under the Counter-Terrorism Financing Act, shall be rejected.
- During the credit investigation process, if the customer was found to have previously gained illegal profit from the sale of unlisted stocks, the application shall be rejected after verification.
- In the review process for corporate credit cards application, if the client was found to be involved in illegal funds raising through online gambling, the application shall be rejected after verification.
- In the process of reviewing corporate motor vehicle loan applications, the Company checks clients' records and information on fines imposition due to severe pollution cases. If it is involved in such cases and does not propose effective improvement measures, the case shall be rejected.

4.3 Management of Operational Risks

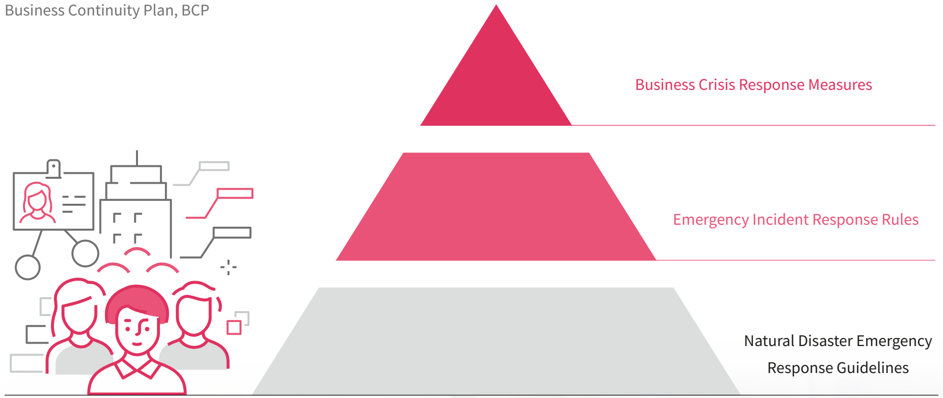
Apart from the physical and transition risks faced by investment and financing businesses, SinoPac Holdings also reviews potential physical risks in own operations and adopts related mitigation and response actions to reduce possible losses from physical risks.

Management of physical risks in own operations for SinoPac Holdings and all subsidiaries

Responsible Unit	Item	Implementations
Operation Management Division	Own real estate/ operating sites	1 We obtained "commercial fire insurance" and "comprehensive electronics insurance" (including typhoon and flood insurance) to transfer losses. 2 We identified offices in high-risk areas. In addition to strengthening dredging pipes, we also inventoried waterproofing and electrical facilities (including floodgates, uninterruptible power equipment, emergency generators, and machine room locations) to assess their resilience for disaster prevention. We have currently completed inventory of waterproofing and electrical facilities, and will continue to work with our Risk Management Division to refine identification methods for high-risk offices and track transmitted risks.
	Upstream suppliers' operating sites	1 Raise supplier commitment signing rates to 90% to track supplier climate actions. As of year-end 2023, we achieved a 100% signing rate and met our target. 2 Strengthen ESG communications in our supply chain: In 2023, we hosted supplier ESG education and training associated with climate change and global risk trends which were attended by 31 suppliers from six industries (construction and repairs, computer systems, office supplies, property maintenance, printing, and marketing services). 3 Optimize supplier grading system and inventory suppliers with high carbon emissions. We completed on-site audits of 10 suppliers in 2021. 4 We surveyed operating locations of all suppliers at different timepoints under various RCP scenarios and found that only one supplier was located below sea level under RCP8.5 at the end of the century; this supplier was considered to be "high risk." Our procurement amount with said supplier is around NT$260,000, and we determined it to be highly substitutable and therefore low risk.

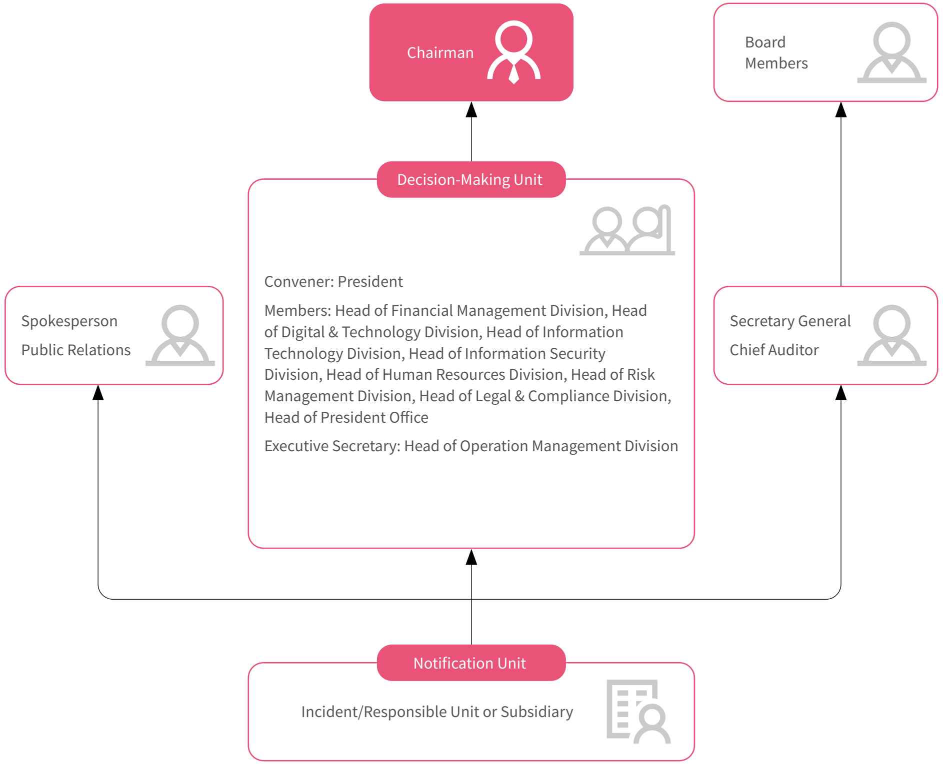
SinoPac Business Continuity Plan (BCP)

Business Continuity Plan, BCP



Potential risks to corporate operations from climate change include operational interruptions or personnel injury from physical risks and hazards. In order to reduce possible safety concerns and property losses from physical risks, SinoPac Holdings established a Business Continuity Plan (BCP) in accordance with the eight articles under the "Key Attributes for Handling Operational Crises at Financial Institutes" issued by the Executive Yuan Financial Supervisory Commission R.O.C. (Taiwan). We have set up response measures for operational crises and voluntarily established the "Emergency Incident Response Rules" and "Natural Disaster Emergency Response Guidelines"; these Response Procedures encompass wind disasters, floods, and other natural disasters. We have established corresponding emergency response measures for various natural disasters as well as notification procedures for natural disasters and emergency incidents. We predict that sudden capital requirements, large financial losses, and major emergencies may result from systemic risks and crises, which may trigger corporate operational crises. We have distributed responsibilities and established emergency notification procedures as well as response and handling guidelines to deploy various personnel, materials, and resources at key moments; integrate different mechanisms and adopt active and effective response and rescue actions to prevent expansion of damages; eliminate disaster crises; and help to resume normal operations.

Emergency Reporting Procedures



05 METRICS AND TARGETS

SinoPac Holdings is well aware of our responsibilities to local and global environments. The teams under the Sustainable Development Committee actively promote sustainable strategies and related targets, regularly review progress, and make rolling adjustments according to external environmental trends. We hope to implement climate change mitigation and adaptation processes as well as maintain normal and stable operations by setting climate-related metrics and targets. We also strengthened links between incentives and climate performance to encourage contributions to climate commitments by our senior managers.

5.1 Targets Achieved in 2023

Climate-related Indicators		Target for 2023	Achievement Status
Climate Governance	Establishment of remuneration linkage mechanisms	• Incorporate ESG net zero and carbon reduction targets into the President's annual performance targets and formulate related weight ratios.	✓ Completed and implemented.
	Climate-related education and training for Board members	• Require Board members to undergo at least 3 hours of annual climate education and training each year.	✓ Completed
Climate Opportunities	Loan outstanding of renewable energy provided by Bank SinoPac	• NT$90 billion	✓ Completed
	Total investment in green industries of SinoPac Venture Capital	• NT$60 million	○ Not completed[Note 1]
	Amount of loans to green energy equipment and its supply chain of SinoPac Leasing	• NT$1.5 billion	○ Not completed[Note 2]
	Develop financial products that meet low-carbon transition definitions/ net zero trends	• Counsel/underwrite two green energy and eco-friendly securities every year. • SinoPac Securities Investment Trust issues/relaunches at least one low-carbon mutual fund each year. • Promote online credit.	✓ Completed
Green Procurement		• Expand green procurement items such that 80% of procured items are government certified green procurement and finance items. • Continue to win the "Green Procurement Award for Private Enterprise Organization" or other related awards (e.g., Buying Power), hosted by Ministry of Environment. • Increase usage ratios of green building materials for renovation and decoration to more than 65%.	✓ Completed (Green procurement items reached 80%; received 2023 Buying Power award; usage of green building materials reached 99.07%)
Green Operations		• Set a reduction target of 2% for water usage, electricity usage, and other material environmental topics, using 2021 as base year. • Complete inventory of 8 Scope 3 items and obtain external verification. by third-party. • Complete the fourth CDP questionnaire response.	○ Partially completed[Note 3] ✓ Completed ✓ Completed
Capital Allocation	Issue Green, Social, and Sustainability (GSS) bonds	• Continue to evaluate GSS bond issues and aim to increase issuance by NT$2 billion each year.	✓ Completed (Increased issuance by NT$2 billion in 2023)

Note 1 As there was a limited amount of investments in green industries which adhered to venture capital investment strategies, we issued funding in batches for approved green investment cases in consideration of market/client factors. Our target achievement rate in 2023 was 8.5%.

Note 2 Due to fierce competition from peers and other banks, our target achievement rate in leases for green energy auxiliary equipment and supply chain funding amounts reached 90%. We have adjusted solar power site financing structures to meet client needs.

Note 3 As employee numbers increased by 9.69% compared to the base year, water usage increased by 0.72% compared to the base year. Our target was not completed, but average water use per capita decreased by 8.18%. The remainder of targets were completed (total electricity usage was reduced by 3.1% compared to the base year of 2021).

Climate-related Indicators		Target for 2023	Achievement Status
Internal Carbon Pricing		• Review/adjust internal carbon pricing mechanisms.	Completed
Climate Risk Management	Control and monitor risk appetite for stranded assets	• Establish mechanisms to control and monitor risk appetite for stranded assets-Inventory internal data sources and definitions for stranded assets.	Completed
	Incorporate and continue to strengthen climate risk management	• Continue to strengthen disclosures of climate-related metrics for TCFD governance/strategy/risk management. • Continue to strengthen identification of operational and business climate change short/medium/long-term transition risks and analyze potential financial impacts.	Completed
	Ratio of waterproof floodgate set up in own premises in high-risk sites	• 50%	Completed (installation ratio reached 50%)
	Establish decarbonization policies for specific industries	• Assess and plan decarbonization commitments for stranded assets (thermal coal/unconventional oil and gas).	Completed
Raise Climate Awareness (Employees)	Promote Code of Environmental Protection and Energy Conservation in Office	• Achieve 100% employee signing rate on "Code of Environmental Protection and Energy Conservation in Office"	Completed (signing rate reached 100%)
	Promote ESG literacy and awareness	• Develop and promote ESG literacy quiz	Completed
	Host climate-themed micro courses	• Host 1 climate-themed micro course (covering net zero initiative targets) and accumulate 1,000 views	Completed (hosted 9 micro courses and accumulated more than 10,000 views)
	Promote climate-themed courses/activities	• Host 1 climate-themed activity • Incorporate ESG (including climate awareness) related courses/activities into the new employee orientation	Completed (hosted "SinoPac Love Cycle" and "Sustainability Talent Experience Camp" activities) Completed (ESG courses have been incorporated into the new employee orientation, a total of 915 new employees)
	Corporate sustainability manager certifications and training	• Develop professional sustainability certification program	Completed
Raise Climate Awareness (Clients)	Communication with investees	• Communicate with investees to obtain information on carbon emissions; Bank SinoPac and SinoPac Securities respectively plan to complete engagements with 3 investees • Establish management mechanisms of transition degree analysis and due diligence mechanisms for investees.	Completed
	Enhance climate awareness of investees	• Enhance sustainability awareness by requiring investees to fill out climate awareness questionnaires. • Communicate climate-related issues through institutional investors' conferences/shareholders meetings of investees. • Strengthen climate awareness education and training for internal employees.	Completed

Climate-related Indicators		Target for 2023	Achievement Status
Raise Climate Awareness (Clients)	Communicate with borrowers (corporate banking)	• Establish transition degree analysis/due diligence mechanisms for projects and clients.	Completed
	Raise climate awareness of borrowers (corporate banking)	• Continue to implement carbon inventory services in collaboration with BSI and other external institutes, and survey specific SME industries based on SBTs and consultant transition degree analysis.	Completed
	Raise climate awareness of borrowers (retail banking)	• Work with mortgage customers to build environmental sustainability and communicate on low-carbon products (green mortgages) • Communicate with customers through webpages dedicated to sustainable financial products on Bank SinoPac's official website, and communicate with at least 5 million people through EDMs and LINE push notifications • Undertake 50 green mortgages over the year	Completed Completed (cumulatively communicated with 5.27 million people) Completed (undertook 94 green mortgages)
	Number of ESG seminars/forums	• 4 events	Completed
	Host education and training courses related to ESG evaluations for institutional entities	• 16 events	Completed
	Set green lending standards	• Continue to promote green lending and direct funding to support business transformation	Completed
	Penetration on "Carbon Calculator"	• 10% of active debit cardholders use "Carbon Calculator".	Completed (implemented on 15% of cards)
	Raise ESG literacies of retail customers	• Enhance disclosure and marketing activities of ESG/green-related products for retail customers.	Completed
	Number of participants in climate awareness related seminars for wealth management customers	• 300 participants	Completed
Greenhouse Gas Emissions	Set SBTs	• SinoPac Holdings joined SBTi in August 2022 and completed submission of SBTs at the end of 2022. Our SBTs were approved in January 2024. Please refer to our corporate website for more information.	Completed
	Greenhouse gas inventory and verification for overseas sites	• Achieve 100% greenhouse gas inventory and verification coverage rate at overseas sites.	Completed
	Investment and lending portfolios	• Establish mechanisms of carbon inventory PCAF monitoring and disclosure for Scope 3 investment and lending portfolios 1. Establish mechanisms of carbon inventory and monitoring, and regularly implement and track Scope 3 emissions/target progress of investment and lending portfolios each year 2. Disclose relevant information in annual sustainability reports or TCFD reports	Completed
Energy Usage		• Achieve 10% renewable energy use in own operations.	Completed (renewable energy usage reached 10.12%)

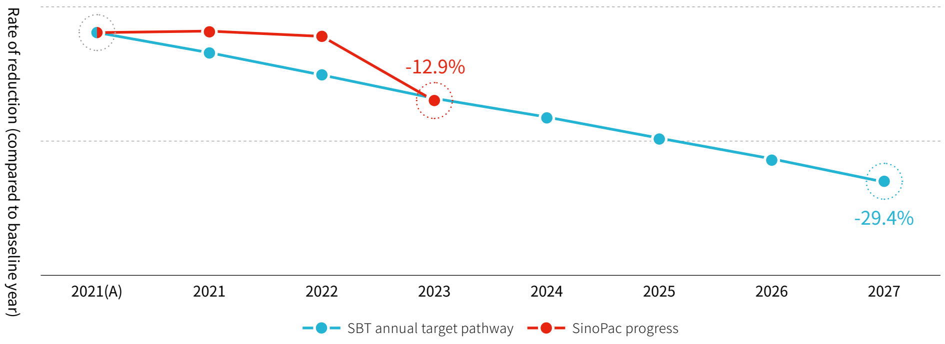
Science Based Target (SBT) Implementation Status in 2023

SinoPac Holdings actively implements pledging to achieve net zero emissions of its own operations by 2030 and the entirety of its financed portfolios by 2050. We continuously monitor our progress in achieving science-based reduction targets (SBTs) to track our emission reduction progress. The targets approved by SBTi and the progress towards achieving them by the end of 2023 are as follows:

Own operations

Targets Language	Reduce absolute scope 1 and 2 GHG emissions 29.4% by 2027 from a 2021 base year.
Progress	The absolute amount of Scope 1 and 2 absolute GHG emissions reduced by 12.9% in 2023 as compared to the base year, which met targets for 2023. For more information on our carbon reduction measures, please refer to 2.4.1 Green Operations, 5.4 Greenhouse Gas Emissions, and our Sustainability Report.

Scope 1+2: Own operations, SBT target tracking status (t-CO_2e)



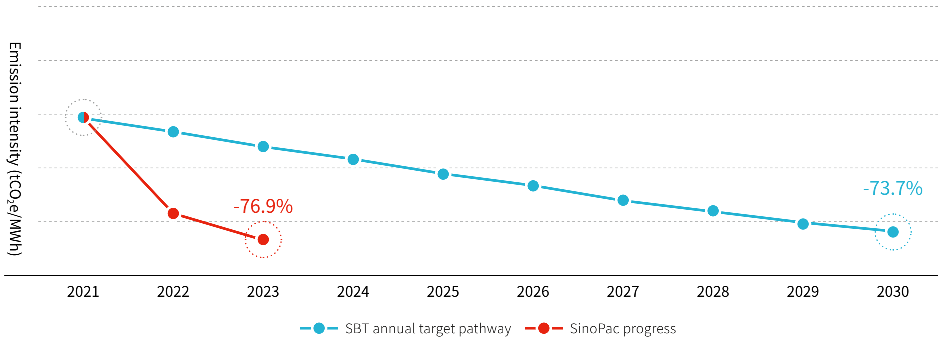
Note 2021 (A): After July 2022, SBTi requires that regardless of the baseline year setting after 2020, the reduction ratio is calculated with 2020 as the starting year. Therefore, the actual baseline year and values used here is from 2021, but SBTi still regards them as 2020 data.

Financed portfolios

1 Project financing: electricity generation project finance

Targets Language	Reduce electricity generation project finance portfolio GHG emissions 73.7% per kWh by 2030 from a 2021 base year.
Progress	The amount of GHG emission intensity of electricity generation project finance reduced by 76.9% in 2023 as compared to the base year, which met targets for 2023. Please refer to 3.2.1 Green Finance in our Sustainability Report for detailed implementation and actions regarding renewable energy.

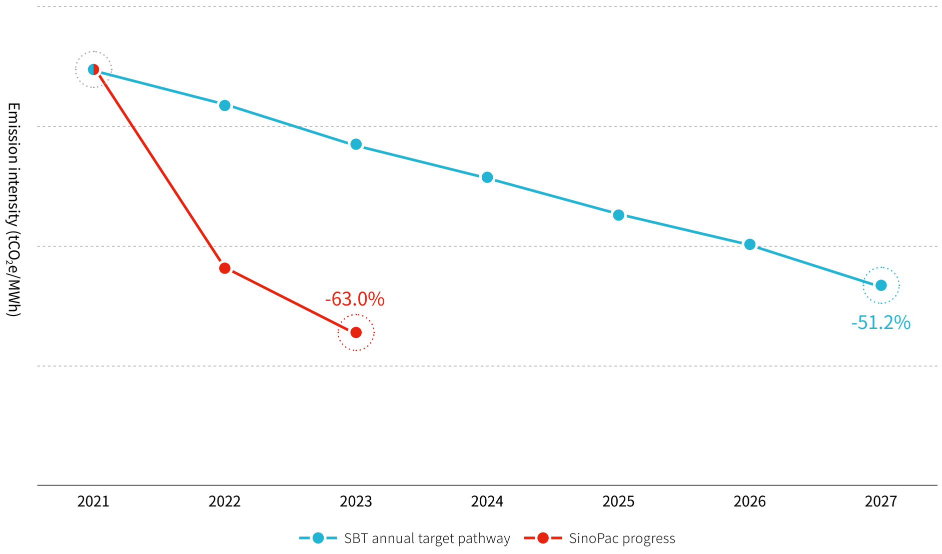
Project financing: electricity generation project finance SBT target tracking status



2 Corporate loans: electricity generation

Targets Language	Reduce GHG emissions from the electricity generation sector within corporate lending portfolio 51.2% per MWh by 2027 from a 2021 base year.
Progress	The amount of GHG emission intensity of electricity generation sector within its corporate lending portfolio reduced by 63.0% in 2023 as compared to the base year, which met targets for 2023. Please refer to 3.2.1 Green Finance in our Sustainability Report for detailed implementation and actions regarding renewable energy.

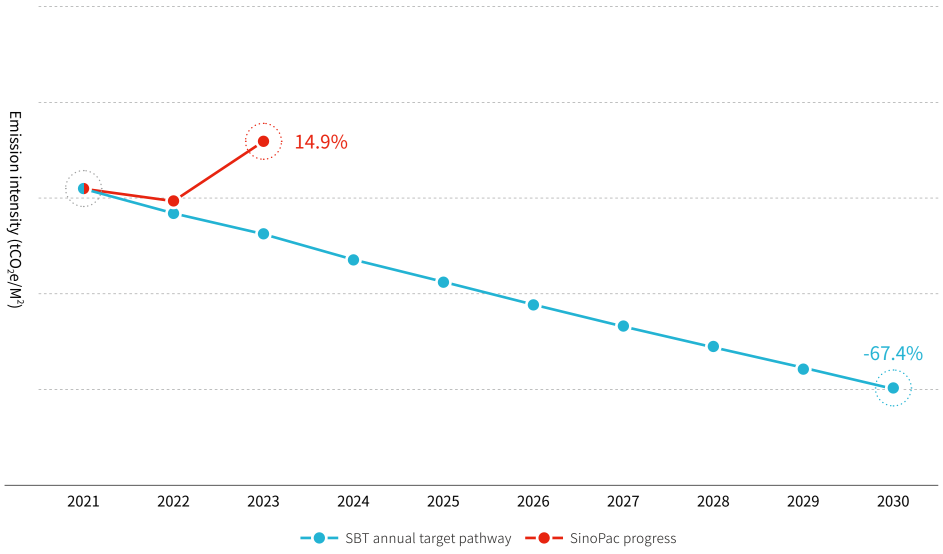
Corporate loans: electricity generation SBT target tracking status



3 Corporate loans: Commercial real estate

Targets Language	Reduce GHG emissions from the commercial real estate sector within corporate loan portfolio 67.4% per square meter by 2030 from a 2021 base year.
Progress	The amount of GHG emission intensity of per square meter for commercial real estate sector in corporate loan portfolio increased by 14.9% in 2023 as compared to the base year and the 2023 target was not met. SinoPac Holdings will enhance the collection of data on actual carbon emissions of commercial real estate to provide recommendations and guidances for related business units.

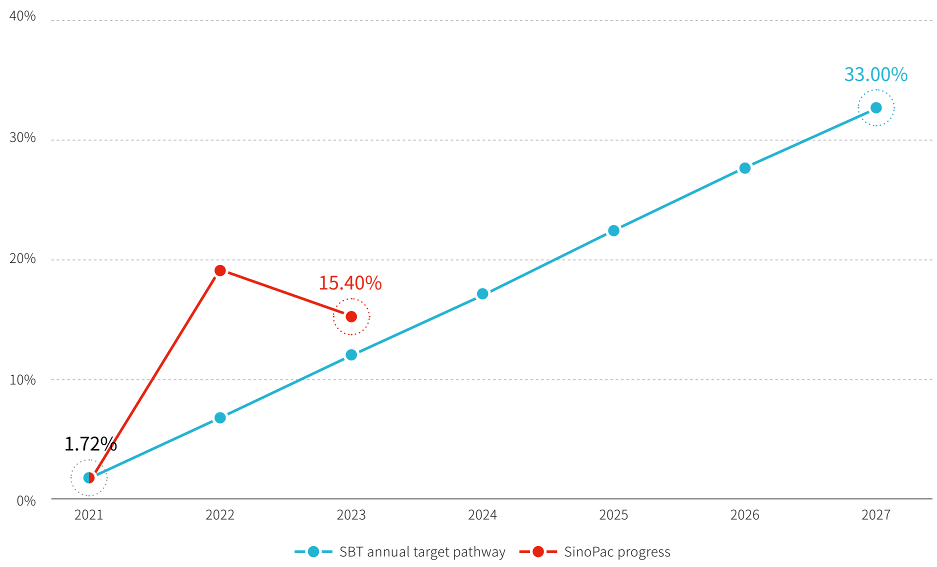
Corporate loans: commercial real estate SBT target tracking status



4 Corporate loan: other long-term debt

Targets Language	Reach 33% of other long-term corporate loan portfolio by invested value setting SBTi validated targets by 2027 from a 2021 base year. This target covers 100% exposure in the following sectors: fossil fuel, electronics, steel, paper, cement, textile, production of chemical materials, traditional manufacturing - automobile manufacturing, transportation, banks, real estate development, and warehouse.
Progress	Clients in covered industries that passed SBTi validation accounted for 15.4% of SinoPac Holdings' long-term corporate loan portfolio in covered industries, which met targets for 2023.

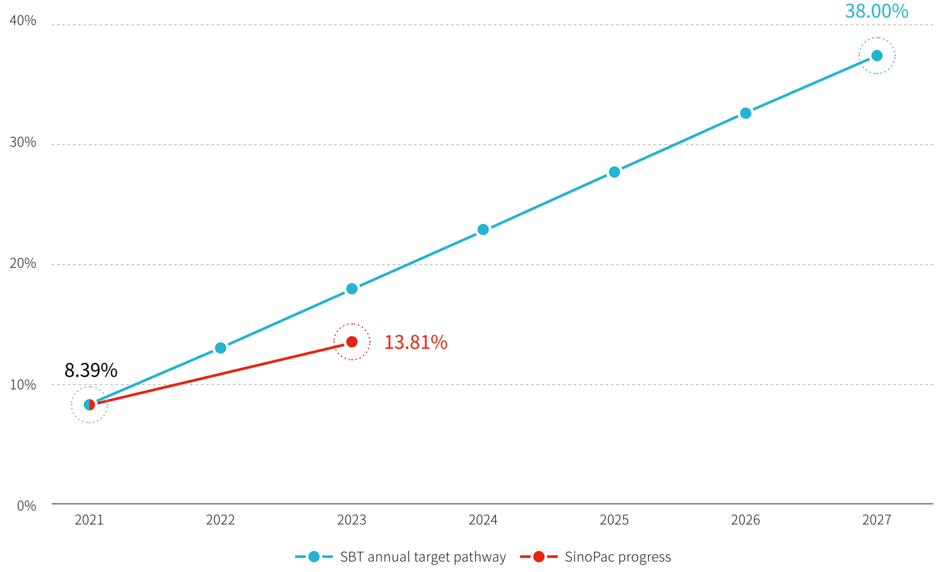
Corporate loan: other long-term debt SBT target tracking status



5 Corporate instruments (common / preferred stock, corporate bonds, ETFs, REITs, and real estate mutual funds)

Targets Language	Reach 38% of listed equity and corporate bond portfolio by invested value setting SBTi validated targets by 2027 from a 2021 base year.
Progress	In 2023, 13.81% of the total balance of listed equity and corporate bond passed SBTi certification, and the 2023 target was not met. However, investment positions with SBT commitments accounted to 29.74%, which met the SBT target pathway.

Listed equity and corporate bond portfolio SBT target tracking status



5.2 Metrics and Targets

Faced with challenges from climate-related risks and opportunities, SinoPac Holdings adopts a pragmatic approach which begins with lowering our own carbon emissions through setting SBTs, gradually increasing use of green electricity, expanding lending for alternative energies, and issuing green bonds while slowly adjusting our investment and lending business strategies (for example, by focusing on and tracking lending for industries with high carbon emissions, supporting clean energies and innovative technologies, and assisting clients in reducing carbon emissions and facilitating low-carbon transitions) to expand coverage, discover climate-related opportunities, promote low-carbon transitions throughout our entire value chain, and achieve "net-zero emissions in own operations by 2030 and across all financial portfolios by 2050." SinoPac Holdings has reviewed achievements for 2023 (please refer to 5.1 Targets Achieved in 2023) and formulated short, medium, and long-term climate-related targets.

		Short-term goals 2024	Mid-term goals 2025-2026	Long-term goals 2026-2028
Climate Governance	Linking remuneration and carbon reduction performance	• Applicable targets include the Presidents of SinoPac Holdings and first-tier subsidiaries, and senior executives of SinoPac Holdings, Bank SinoPac, and SinoPac Securities	• Applicable targets include Presidents and senior executives of SinoPac Holdings and first-tier subsidiaries	• Applicable targets include all executives of SinoPac Holdings.
	Climate-related education and training for Board members	• Require Board members to undergo at least 3 hours of annual climate education and training each year.	• Require Board members to undergo at least 3 hours of annual climate education and training each year.	• Require Board members to undergo at least 6 hours of annual climate education and training each year.
Climate Opportunities	Loan outstanding amount of green energy financing provided by Bank SinoPac	• NT$128 billion	• NT$158 billion	• Continue to increase the business scale of the green energy industry or related businesses aligned with climate targets.
	Installed capacity of green energy trading provided by Bank SinoPac	• The cumulative installed capacity amount totalled 40MW.	• The cumulative installed capacity amount totalled 60MW.	• The cumulative installed capacity amount totalled 80MW.
	Developing Renewable Energy Financing Related Businesses	1 Aligning with energy transition policies by the government, continuously develop solar photovoltaic financing service and products, including rooftop, ground-mounted, sports field, and agriculture/fishery and electricity symbiosis solar power plants. 2 Keep track of the policy developments for integrated solar and energy storage systems, and adjust project financing guidelines accordingly. 3 Establish financing guidelines and explore businesses for small hydropower stations and emerging renewable energies.	1 Enhancing communication channels with industry, government, and academia for new green power projects such as integrated solar and energy storage systems, small hydropower stations, emerging renewable energies, and agriculture/fishery and electricity symbiosis systems to collect market information and improve financing operations. 2 Propose financial services in response to the rapid development of various green energy businesses, regularly hold green energy seminars and workshops, and invite external experts for guidance to enhance staff expertise in business planning and risk management.	1 Expand and diversify the expertise in solar photovoltaic financing to other renewable energy sectors such as geothermal, biomass, and offshore wind power, developing a multi-source renewable energy business portfolio. 2 Enhance knowledge on carbon reduction topics, facilitate business information exchange on carbon reduction opportunities among branches, and guide companies in conducting emission inventory and setting carbon reduction timelines. 3 Prioritize communication with high-carbon-emission industries to jointly develop carbon reduction plans and provide necessary funding.
	Total green investment amount of SinoPac Venture Capital	• New investment amount reaches 15% of the total new investment amount of the year.	• New investment amount reaches 15% of the total new investment amount of the year.	• New investment amount reaches 15~20% of the total new investment amount of the year.
	Amount of loans to green energy equipment and its supply chain of SinoPac Leasing	• NT$1.5 billion/year		
	Develop financial products that meet low-carbon transition definitions/net zero trends	• Counsel/underwrite 4 green energy and eco-friendly securities every year • SinoPac Securities Investment Trust issues/relaunches at least one low-carbon mutual fund each year. • Optimize the online credit application interface/additional document upload/fund appropriation/transaction statements/interest payment functions.	• Participate in underwriting amounts of NT$1 billion each year. • SinoPac Securities Investment Trust issues/relaunches at least one low-carbon mutual fund each year. • Continue to optimize loan procedures such as online credit application and the review and allocation and expand them to all online applicants.	• Participate in underwriting amounts of NT$1 billion each year. • SinoPac Securities Investment Trust issues/resells at least one low-carbon mutual fund each year. • Continue to expand the low-carbon financial products.

		Short-term goals 2024	Mid-term goals 2025-2026	Long-term goals 2026-2028
Green Procurement		• Expand green procurement items such that 90% of procured items are aligned with the government's green procurement and financial policies. • Continue to win the "Green Procurement Award for Private Enterprise and Organization" or other related awards (e.g., Buying Power), hosted by Ministry of Environment. • Increase utilization rate of green building materials for renovation to more than 70%.	• Expand green procurement items such that 95% of procured items are aligned with the government's green procurement and financial policies. • Continue to win the "Green Procurement Award for Private Enterprise and Organization" or other related awards (e.g., Buying Power), hosted by Ministry of Environment. • Increase utilization rate of green building materials for renovation to more than 70%.	• Expand green procurement items such that 100% of procured items are aligned with the government's green procurement and financial policies. • Continue to win the "Green Procurement Award for Private Enterprise and Organization" or other related awards (e.g., Buying Power), hosted by Ministry of Environment. • Increase utilization rate of green building materials for renovation to more than 75%.
Green Operations	SBTs	• Achieve 16.8% reduction in Scope 1 and Scope 2 emissions by 2024.	• Achieve 25.2% reduction in Scope 1 and Scope 2 emissions by 2026.	• Achieve 29.4% reduction in Scope 1 and Scope 2 emissions by 2027.
	Cumulative reduction rate on energy usage, water consumption and GHG emissions (2021 as the base year)	1. Reduce Scope 3 fuel and energy-related activities by 15%. 2. Reduce electricity and water consumption by 3%.	1. Reduce Scope 3 fuel and energy-related activities by 30%. 2. Reduce electricity and water consumption by 4%.	1. Reduce Scope 3 fuel and energy-related activities by 45%. 2. Reduce electricity and water consumption by 5%.
	Number of Scope 3 items verified by third-party	• 9	• 10	• Continue to review the materialities of the Scope 3 and evaluate the addition of inventory item.
	CDP	• Complete the 5th questionnaire response.	• Continue to improve carbon disclosure management matters.	• Reach an A Leadership Level.
Internal Carbon Pricing	Review/adjust internal carbon pricing mechanism	• Review/adjust internal carbon pricing mechanism.	• Continue to promote internal carbon pricing mechanism.	• Continue to promote internal carbon pricing mechanism.
Climate Risk Management	Tracking and management of decarbonization process	• Inventory and monitor stranded assets that meet the definition in the decarbonization statement every six months. • Inventory fossil fuel investment and loan portfolios every year.	• Continue to inventory and monitor stranded assets and fossil fuel investment and loan portfolios every year. • Establish automated risk monitoring mechanisms for stranded assets and fossil fuel investment and loan portfolios in systems that related to front-end investment and financing businesses. • Establish an integrated stranded asset and fossil fuel management dashboard for management and monitoring of metrics and goals.	• Continue to inventory and monitor stranded assets and fossil fuel investment and loan portfolios every year. • Continue to establish an integrated stranded asset and fossil fuel management dashboard for management and monitoring of metrics and goals.
	Incorporate and continue to strengthen climate risk management	• Continue to improve and publicly disclose climate-related indicators associated with TCFD governance/strategy/risk management aspects in reports.	• Explore the possibility of adding a framework for "Identifying nature-related risks and opportunities" • Set short/medium/long-term targets for investment and financing portfolios based on risk appetite to strengthen the three lines of defense for risk management.	• Incorporate a framework for "Identifying nature-related risks and opportunities."
	Ratio of waterproof floodgate set up in own premises in high-risk sites	• 75%	• 100%	• Continue to enhance the identification of high-risk premises and monitor the risk transmission channels.
	Optimize decarbonization policies for specific industries	• Continue to refine decarbonization policy: Expand the scope of withdrawing of investment and loan positions in stranded assets with no transition activities. • Research on carbon pricing in financing.	• Continue to refine decarbonization policy: Expand the scope of withdrawing of investment and loan positions in stranded assets with no transition activities. • Prepare feasible methods for incorporating carbon pricing in financing into targets.	• Continue to refine decarbonization policy: Continue to expand the scope of withdrawing of investment and loan positions in stranded assets with no transition activities and formulate a withdrawing plan for fossil fuel investment and financing positions. • Prepare carbon pricing in financing strategies and implementation plans.

		Short-term goals 2024	Mid-term goals 2025-2026	Long-term goals 2026-2028
Climate Engagement	**(1) Enhance climate awareness (employees)**			
	Promote the "I DO commitment" (Code of Environmental Protection and Energy Conservation in Offices)	• 100% employee signage rate for SinoPac Holdings and first-tier subsidiaries	• 100% employee signage rate for all SinoPac Holdings employees	• 100% employee signage rate for all SinoPac Holdings employees
	Net zero awareness and training	1. Continue to conduct net zero awareness quiz 2. Launch at least 2 micro-courses on the topic of climate/net zero/ natural risks	1. Launch at least 2 micro-courses on the topic of climate/net zero/ natural risks 2. Formulate and launch ESG training program	1. Launch at least 2 micro-courses on the topic of climate/net zero/natural risks 2. Implement ESG training program and encourage employees to study and achieve a 20% completion rate.
	Climate/net zero targets related courses	1. Incorporate related courses for 50% of new employees 2. Incorporate related course in manager training of SinoPac Holdings, Bank SinoPac, and SinoPac Securities	1. Incorporate related courses for 75% of new employees 2. Incorporate related course in manager training of all SinoPac Holdings	1. Incorporate related courses for 80% of new employees 2. Incorporate related course in manager training of all SinoPac Holdings managers
	Mechanism of Energy-saving incentive	• Combine energy-saving actions and simplify processes, continue to implement the measure of carbon reduction incentive, gradually expand target scope of energy conservation/carbon reduction incentive, and enhance employees' awareness of energy conservation.		
	(2) Enhance climate awareness (clients)			
	Communicate with investees on their carbon reduction targets and raise climate awareness	• Implement transition degree analysis for investees (due diligence: collect carbon emissions data, carbon reduction plans, and SBT schedules for investees) • Encourage investees to fill out climate awareness questionnaires.	• Continue engagement on net zero emissions.	• Continue engagement on net zero emissions.
	Communicate with clients on their carbon emissions, reduction goals, plans, and progress, as well as funding needs for carbon-reduction actions	• 8 sessions organized by Bank SinoPac and SinoPac Securities.	• Continue to engage in net-zero engagement with investees.	• Continue to engage in net-zero engagement with investees.
	Communicate with clients on their carbon emissions, reduction goals, plans, and progress, as well as funding needs for carbon-reduction actions	• Establish carbon risk and opportunity assessment / transition degree analysis of projects and clients. Collect information on carbon emissions from borrowers that are listed companies on a trial basis (communicate with clients with the FSC's questionnaire template). • Achieve a communication rate of 12% with clients that are listed on the TWSE and TPEx.	• Establish carbon risk and opportunity assessment / transition degree analysis of projects and clients. Collect information on carbon emissions, carbon reduction plans, and funding requirements of related industries. • Achieve a communication rate of 25% with clients that are listed on the TWSE and TPEx by 2025 and 38% by 2026.	• Expand the transition degree analysis to implement a carbon risk classification system for clients and establish a net zero communication program. • Achieve a communication rate of 55% with clients that are listed on the TWSE and TPEx by 2027 and 75% by 2028.
	Raise clients' climate awareness (corporate banking)	• Continue collaboration with external organizations and communicate the Company's policies by organizing 2 to 4 seminars on net zero transition and SDGs trends or participating in supplier conferences with the objectives of reaching 100-150 suppliers.	• Expand and intensify the net-zero businesses and services by organizing activities such as net-zero transition seminars or supplier conferences.	• Use the results of the net-zero transition seminars and the results of interviews and questionnaires to encourage borrowers to set SBT goals and develop carbon reduction plans.
	Raise climate awareness of loan customers (retail banking)	• Work together with mortgage customers to achieve environmental sustainability and communicate on low-carbon products such as green mortgages, undertaking 80 new green mortgages a year. • In response to environmental initiatives and paperless operations, the number of online mortgage applications for the year should reach at least 10,000 cases. • At least 5 million traffics through physical and online channels each year.	• Work together with mortgage customers to achieve environmental sustainability and aim to undertake 100 new green mortgages from 2025-2026. • The number of online mortgage applications should reach at least 10,500 cases each year from 2025-2026. • At least 5 million traffics through physical and online channels each year.	• Work together with mortgage customers to achieve environmental sustainability and aim to undertake 120 new green mortgages from 2026-2028. • The number of online mortgage applications should reach at least 11,500 cases each year from 2026-2028. • At least 5 million traffics through physical and online channels each year.

		Short-term goals 2024	Mid-term goals 2025-2026	Long-term goals 2026-2028
Climate Engagement	Number of ESG seminar/forum sessions	• At least 4.	• At least 4 every year.	• At least 4 every year.
	Number of ESG evaluation training courses for institutional investors	• At least 16.	• At least 20 every year.	• At least 20 every year.
	Develop green finance standards	• Continue to promote green lending and direct funding to support business transformation.	• Incorporate the Taiwan Sustainable Taxonomy into responsible lending practices (reference the EU Taxonomy).	• Formulate a green credit rating model (integration of the ESG risk matrix and traditional credit rating).
	Expand "Carbon Calculator" usage base for debit cards/credit cards	1 Debit cards: Activate on 35% of valid cards 2 SPORT cards: Activate on 72% of valid cards	1 Debit cards: Activate on 40% of valid cards 2 Designated credit cards: Activate on 10% of valid cards	1 Debit cards: Activate on 40% of valid cards 2 Designated credit cards: Activate on 15% of valid cards
	Issue debit cards or credit cards with low-carbon production processes	• Issue 7,000 new Green cards.	• Issuance (including renew cards) of 30,000 cards in 2025 and 50,000 cards in 2026.	• Continue to maintain the issuance (including renew cards) of 50,000 cards each year.
	Raise ESG literacies of retail customers	• Enhance disclosure and marketing activities of ESG/green-related products (e.g. Carbon Calculator, low carbon credit card, green deposits), engagement activities and consultation for retail customers.	• Promote ESG/green finance literacies of retail customers.	• Enhance ESG/green finance literacies of retail customers.
	Number of participants in climate awareness related seminars for wealth management customers	• 315	• 5% annual growth.	• 5% annual growth.
Greenhouse Gas Emissions	Greenhouse gas inventory and verification for domestic and overseas sites	• Continue to implement follow-up reviews of GHG inventory and verification, and keep 100% coverage of domestic and overseas sites.		
	Establish mechanisms of carbon inventory (PCAF), monitoring and disclosure for Scope 3 investment and lending portfolios	• Continue to complete the PCAF carbon inventory for Scope 3 investment and lending portfolios, monitor SBT targets (SDA and SBT methodologies) for carbon emissions/target setting, enhance the quality of data from inventories, and disclose results in the Sustainability Report or TCFD Report.	• Continue to complete the PCAF carbon inventory for Scope 3 investment and lending portfolios, monitor SBT targets (SDA and SBT methodologies) for carbon emissions/target setting, enhance the quality of data from inventories, and disclose results in the Sustainability Report or TCFD Report. • Establish automated risk monitoring mechanisms in systems that related to front-end investment and lending businesses. • Establish an integrated climate risk management dashboard for management and monitoring of metrics and goals.	• Continue to complete the PCAF carbon inventory for Scope 3 investment and lending portfolios, monitor SBT targets (SDA and SBT methodologies) for carbon emissions/target setting, enhance the quality of data from inventories, and disclose results in the Sustainability Report or TCFD Report. • Establish an integrated climate risk management dashboard for management and monitoring of metrics and goals.
Energy Usage		• Achieve 17.5% renewable energy use in own operations.	• Achieve 35% renewable energy use in own operations.	• Achieve 55% renewable energy use in own operations.

5.3 Performance and Remuneration Systems

Apart from a focus on financial performance, incorporating climate performance into corporate operations is also an important way to enhance corporate values. SinoPac Holdings has incorporated the goals of implementing and strengthening climate-related risks as one of performance indicators which is link to variable bonuses of executive managers, and the indicators also included in long-term remuneration systems. These measures not only motivate managers to actively respond to climate change, but also enhance awareness and response capabilities to climate risks.

SinoPac Holdings understands the importance of climate performance and believes that this is not a short-term target or phase, but a long-term mission. To achieve sustainable development goals, we have implemented practical sustainability strategies; set specific short, medium, and long-term targets; and review and track implementations of various indicators and targets each quarter, working to ensure constant progress toward our sustainable development targets through continuous iteration.

Climate Performance Targets

To promote climate change mitigation and adaptation, climate-related performance indicators are included in the Key Performance Index (KPI) of executives with corresponding responsibility; the indicators are linked to variable rewards for the current year and were tracked and managed after obtaining approval from the chief decision maker of SinoPac Holdings. For climate-related indicators that are not included in the performance objectives of senior management, they were included in the regular tracking and reporting management of relevant working groups:

Management Theme	Senior Executive	Management Indicators	Weight
Achievement of net zero promotion targets	SinoPac Holdings President	Continue to expand green energy financing scale and achievement rates of green energy financing balance	10%
Climate change mitigation and adaptation	Chief Risk Officer	Incorporate and continue to strengthen achievements related to climate risk management	10%
	Chief Human Resources Officer	Improve achievement rates of internal climate awareness	3%
	Chief Operations Officer	Greenhouse gas inventory and verification, and usage rates of renewable energy	10%

5.4 Greenhouse Gas Emissions

Since 2018, SinoPac Holdings has implemented the greenhouse gas inventory using the operational control approach to obtain information on the total greenhouse gas emissions of SinoPac Holdings and its subsidiaries. The Company has also set short, medium, and long-term reduction targets for Scope 1 and Scope 2 emissions in accordance with the financial industry indicators of the Science Based Targets Initiative (SBTi). The Company will achieve net zero emissions goals in 2030 through energy conservation and carbon reduction, use of renewable energy, and renewable energy certificates. The sources of Scope 1 emissions of SinoPac Holdings mainly include greenhouse gases produced by the refrigerants of air conditioners, water dispensers, dehumidifiers, refrigerators, and emissions from gasoline and diesel of self-owned vehicles (official vehicles), generator diesel fuels, gaseous fire extinguisher, and septic tanks. The main emission incurred of Scope 2 is the electricity purchased from outside.

In 2023, GHG emissions of Scope 1 and Scope 2 were reduced by 13.02% with a total of 2,530 metric tons, and per-capita emissions were reduced by 20.70% compared to 2021, showing great progress to reach the reduction target.

SinoPac Holdings' Short, Medium, and Long-term Targets for GHG Emissions Reduction (Scope 1+Scope 2)

	Reduction method	Short-term (2024)	Medium-term (2027) Followed SBTi requirements	Long-term(2030) Net-zero emissions in own operations
Reductions compared to the base year (2021)	Energy saving and carbon emission reduction by itself	3%	5%	10%
	Use of renewable energy and renewable energy certificates	17.5%	25%	90%
	Total	20.5%	30%	100%

Scope 1 (Category 1) greenhouse gas emissions from 2021-2023

	2021	2022	2023
Scope 1 emissions (tCO_2e/year)[Note 1]	1,284.34	1,353.37	1,508.20
Scope 1 emission intensity (tCO_2e/person)	0.136	0.139	0.146
Data coverage rate[Note 2]	100%	100%	100%
Externally verified coverage rate[Note 3]	100%	100%	100%
Description of external verification (ISO 14064-1:2018) scope	All domestic operational sites of SinoPac Holdings and our five main subsidiaries (Bank SinoPac, SinoPac Securities, SinoPac Securities Investment Trust, SinoPac Leasing, and SinoPac Venture Capital) are included in the statistical scope. The externally verified emission value was 1,061.85 tCO_2e, with a coverage rate of 100%. Additionally, 222.49 tCO_2e (unverified) from overseas sites in 2021 were added to the estimation.	All domestic and overseas operating sites of SinoPac Holdings are included in the statistical scope (aligned with the boundaries of SinoPac Holdings Consolidated Financial Report), with an externally verified coverage rate of 100%.	All domestic and overseas operating sites of SinoPac Holdings are included in the statistical scope (aligned with the boundaries of SinoPac Holdings Consolidated Financial Report), with an externally verified coverage rate of 100%.

Note 1 SinoPac Holdings has gradually completed GHG inventory mechanisms and all Scope 1 emission sources for domestic sites were fully covered in 2020.

Note 2 Data coverage was based on the emission sources of Scope 1 GHG emissions in the year.

Note 3 External verification coverage = Number of employees in buildings where external verification was adopted/Total number of SinoPac Holdings domestic and overseas employees, excluding contract employees.

Greenhouse gas emissions from business travel (self-owned vehicles)[Note 1]

	2021[Note 5]	2022	2023
Emissions (tCO_2e/year)[Note 2]	348.89	382.34	375.02
Data coverage rate[Note 3]	100%	100%	100%
Externally verified coverage rate[Note 4]	100%	100%	100%

Note 1 SinoPac Holdings self-owned vehicles only included company vehicles.

Note 2 Calculation formula for GHG emissions: Purchased gasoline and diesel amounts × Emission coefficients × Global warming potential (GWP) = Carbon dioxide equivalent in tons.

Note 3 Gasoline and diesel consumption for company vehicles at domestic sites was based on data from CPC's fuel card platform detailing the gasoline and diesel amounts purchased by SinoPac Holdings and its subsidiaries, combined with actual refueling volumes for company vehicles of overseas subsidiaries. Therefore, the coverage rate was 100%.

Note 4 External verification coverage = Number of employees in buildings where external verification was adopted/Total number of SinoPac Holdings domestic and overseas employees, excluding dispatched employees.

Note 5 The externally verified emissions in 2021 were 137.74 metric tons of CO_2e. Additionally, 211.15 metric tons of CO_2e (unverified) from overseas sites were added to the estimation.

Scope 1 (Category 1) greenhouse gas categories in 2023

	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	Total greenhouse gas emissions
Scope 1 emissions (tCO_2e/year)	376.45	222.67	5.17	903.91	0	0	0	1,508.20
Proportion of total emissions	24.96%	14.76%	0.34%	59.93%	0%	0%	0%	100%

Scope 2 (Category 2) greenhouse gas emissions from 2021-2023

	2021	2022	2023
Total Scope 2 emissions (tCO_2e/year)[Note 1]	18,155.42	17,855.67	15,401.45
Market-based emissions	18,155.42	17,855.67	15,401.45
Location-based emissions	18,155.42	17,975.32	17,116.37
Scope 2 emission intensity (tCO_2e/persons)	1.93	1.84	1.49
Data coverage rate[Note 2]	100%	100%	100%
Externally verified coverage rate[Note 3]	100%	100%	100%
Description of external verification (ISO 14064-1:2018) scope	All domestic operational sites of SinoPac Holdings and our five main subsidiaries (Bank SinoPac, SinoPac Securities, SinoPac Securities Investment Trust, SinoPac Leasing, and SinoPac Venture Capital) are included in the statistical scope. The externally verified emission value was 16,757.39 tCO_2e, with a coverage rate of 100%. Additionally, 1,398.03 tCO_2e (unverified) from overseas sites in 2021 were added to the estimation.	All domestic and overseas operating sites of SinoPac Holdings are included in the statistical scope (aligned with the boundaries of SinoPac Holdings Consolidated Financial Report), with an externally verified coverage rate of 100%.	All domestic and overseas operating sites of SinoPac Holdings are included in the statistical scope (aligned with the boundaries of SinoPac Holdings Consolidated Financial Report), with an externally verified coverage rate of 100%.

Note 1 Scope 2 GHG emissions were converted based on the latest coefficients released by the Bureau of Energy for each year (0.502, 0.509, and 0.495 $kgCO_2e$/kWh from 2021 to 2023, respectively).

Note 2 The electricity consumption of SinoPac Holdings and our main subsidiaries were all included in this category, and therefore the data coverage rate was 100%.

Note 3 External verification coverage = Number of employees in buildings where external verification was adopted/Total number of SinoPac Holdings domestic and overseas employees, excluding dispatched employees.

SinoPac Holdings continued to expand Scope 3 (Categories 3-6) inventory scope in 2023 and completed inventory of 9 Scope 3/own operation items which were externally verified.

Scope 3 (Category 3-6) greenhouse gas emissions in 2023

Scope 3/Own operation items[Note 1]		Amounts	Greenhouse gas emissions (tCO_2e)	Data coverage rate[Note 2]	Scope
Upstream transportation and distribution[Note 3]	Emissions from upstream transportation and distribution (printing paper)	2,949 ton-kilometers	1.73	89%	SinoPac Holdings/Bank SinoPac/SinoPac Securities/SinoPac Securities Investment Trust/SinoPac Venture Capital
	Emissions from upstream transportation and distribution (credit cards)	79 ton-kilometers	0.05	100%	
	Emissions from upstream transportation and distribution (PCs)	387 ton-kilometers	0.23	89%	
	Subtotal	-	**2.01**	-	
Downstream transportation and distribution	Emissions from downstream transportation and distribution (credit cards to customers)	10,496,707 g	2,151.82	100%	
Business travel	Emissions from business travel: Airplanes[Note 4]	4,652,075 kilometers	211.48	100%	
	Emissions from business travel: High-speed rail[Note 5]	1,097,544 person-kilometers	35.12	89%	
	Subtotal	-	**246.60**	-	
Purchased goods and services	Emissions from purchased goods (tap water)	175 cubic meters	28.79	100%	
	Emissions from purchased goods (PCs)	1,078 units	543.31	89%	
	Emissions from purchased goods (NBs)	111 units	37.01	89%	
	Emissions from purchased goods (credit cards)	730,000 cards	197.37	100%	

Note 1 In order to maintain consistent wording in this Report, we used the “Scope 3: Indirect emissions” terms taken from the GHG Protocol. Corresponding ISO14064:2018 terms are: Upstream transportation and distribution; Downstream transportation and distribution; Business travel corresponding to Category 3 Indirect GHG emissions from transportation; Purchased goods and services; Fuel- and energy-related activities; Waste generated in operations; Upstream leased assets corresponding to Category 4 Indirect GHG emissions from products used by organization; Use of sold products and services; End-of-life treatment of sold products and services corresponding to Category 5 Indirect GHG emissions associated with the use of products from the organization.

Note 2 Data coverage was calculated according to the number of employees. The number of employees involved in usage of printing paper, PCs, NBs, high-speed rail, and waste did not include overseas full-time and temporary employees; all other items included domestic and overseas full-time employees, but not dispatched employees.

Note 3 Emissions from transportation of purchased products were calculated based on the distances from manufacturers to actual delivery locations of SinoPac Holdings and product weights.

Note 4 GHG emissions from international air travel for each flight were calculated using the Carbon Emissions Calculator developed by the International Civil Aviation Organization (ICAO). The coverage scope encompassed SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Securities Investment Trust, and SinoPac Leasing; no overseas business travel was recorded for SinoPac Venture Capital in 2023.

Note 5 GHG emissions for each domestic high-speed rail journey = Travel data taken from Taiwan High-Speed Rail Corporation’s corporate member system × Carbon footprint of passenger transportation between stations provided by Taiwan High-Speed Rail Corporation.

Scope 3/Own operation items[Note 1]		Amounts	Greenhouse gas emissions (tCO_2e)	Data coverage rate[Note 2]	Scope
Purchased goods and services	Emissions from purchased goods (A4 printing paper)	85,849 (500 sheets/pack)	291.89	89%	SinoPac Holdings/Bank SinoPac/ SinoPac Securities/SinoPac Securities Investment Trust/ SinoPac Venture Capital
	Emissions from purchased goods (A3 printing paper)	496 (500 sheets/pack)	3.47	89%	
	Subtotal	-	**1,101.85**	-	
Fuel- and energy-related activities	Emissions from fuel- and energy-related activities (electricity)	34,210 MWh	2,926.55	100%	
	Emissions from fuel- and energy-related activities (gasoline & diesel/liquefied petroleum gas)	143.05 kL	100.16	100%	
	Emissions from fuel- and energy-related activities (natural gas)	0.163 cubic meters	0.08	100%	
	Subtotal	-	**3,026.79**	-	
Waste generated in operations	Emissions from disposal of solid and liquid waste[Note 6]	366 tons	131.69	89%	
Upstream leased assets	Emissions from upstream leased assets (electricity consumption of IDC computer rooms)	4,252.74 MWh	2,274.70	100%	
Use of sold products and services	Emissions from use or disposal of sold products (credit cards)	730,000 cards	327.80	100%	
End-of-life treatment of sold products	Emissions from end-of-life stages of sold products (credit cards)	730,000 cards	52.91	100%	
Indirect greenhouse gas emissions from other sources	Other[Note 7]	0	0	0	
Total[Note 8]			**9,316.17**		

Note 6 Starting in 2019, the total amount of waste generated in buildings owned by SinoPac Holdings and various subsidiaries were weighed and compiled. We calculated greenhouse gas emissions generated from incineration of general industrial waste by multiplying general industrial waste amounts produced by each office building and the emission coefficients for incineration taken from the Ministry of Environment carbon footprint calculation service platform. The latest waste incineration coefficients in said database were adopted from the carbon footprint database established by the Miaoli Refuse Incineration Plant in 2018 and Gangshan Refuse Incineration Plant in 2020. The Miaoli Refuse Incineration Plant coefficient was used for areas north of Taichung (including Taichung) and the Gangshan Refuse Incineration Plant coefficient was used for areas south of Taichung.

Note 7 Indirect GHG emissions from other sources were not included in the inventory scope for this year.

Note 8 Scope 3 emissions were based on the characteristics of activity data and calculated using verified carbon emissions data and coefficients provided by product or service providers. If no related information was available, coefficients were based on information taken from the Ministry of Environment Carbon Footprint Calculation Platform, international industrial regulations, and carbon footprint databases.

Energy Management

In 2023, total electricity consumption was reduced by 3.1% compared to base year (2021); in terms of per-capita electricity consumption was reduced by 11.6%; per-capita fuel consumption increased by 15.4% compared to base year due to the ease of pandemic and the resumption of business visits and shuttle bus services; the overall internal energy intensity reduced by 10.9%. In addition, Bank SinoPac and SinoPac Securities have signed Power Purchase Agreement (PPA) respectively for 5.2 million kWh and 1.54 million kWh of renewable energy, which equals to 20% of SinoPac Holdings' 2023 electricity consumption. The company also completed the construction of 13.5 KW rooftop PV system on its own office buildings, with an annual power generation of 16,000 kWh. It is estimated that Bank SinoPac will reduce carbon emissions by 3,344 metric tons per year after the introduction of the green electricity mentioned before, which is equivalent to the carbon adsorption of 8.7 Daan Forest Parks in one year.

Total Energy Use and Energy Intensity from 2021-2023

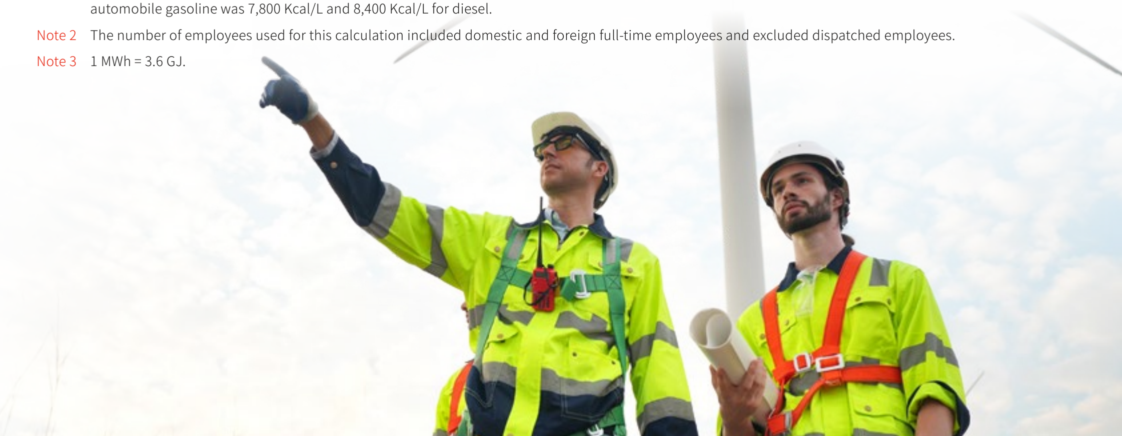
Indicator	Unit		2021	2022	2023
Direct energy consumption (Gasoline+diesel)[Note 1]	Liters (L)		112,937	147,528	143,019
Indirect energy consumption (Electricity consumption)	MWh		35,303	34,688	30,746
Total energy consumption (Non-renewable energy)	GJ		130,794	129,721	115,370
	MWh		36,361	36,062	32,073
Total energy consumption (Renewable energy)	GJ		-	846	12,487
	Purchased	MWh	-	235	3,464
	Self-generated	MWh	-	-	4
Energy intensity	GJ/person		13.87	13.35	12.36
	MWh/persons		3.86	3.71	3.44
Data coverage rate[Note 2]			100%	100%	100%
Externally verified coverage rate			100%	100%	100%

Indicator	2021	2022	2023
Description of external verification scope	All domestic operating sites of SinoPac Holdings and its five main subsidiaries (Bank SinoPac, SinoPac Securities, SinoPac SITC, SinoPac Leasing, and SinoPac Venture Capital) are included in the statistical scope and adopted ISO 14064-1:2018 GHG Inventory. The external verified GHG inventory was 33,972 MWh in 2021. Additionally, 2,389 MWh of GHG inventory (unverified) from overseas sites in 2021 were added to the estimation, with a coverage rate of 100%.	All domestic and overseas operating sites of SinoPac Holdings and all its subsidiaries are included in the statistical scope (aligned with the boundaries SinoPac Holdings Consolidated Financial Report) and adopted ISO 14064- 1:2018 GHG Inventory with a coverage rate of 100%.	All domestic and overseas operating sites of SinoPac Holdings and all its subsidiaries are included in the statistical scope (aligned with the boundaries SinoPac Holdings Consolidated Financial Report) and adopted ISO 14064- 1:2018 GHG Inventory with a coverage rate of 100%.

Note 1 According to the Environmental Protection Administration Greenhouse Gas Emission Coefficient Table (Edition 6.0.4), the heating values for automobile gasoline was 7,800 Kcal/L and 8,400 Kcal/L for diesel.

Note 2 The number of employees used for this calculation included domestic and foreign full-time employees and excluded dispatched employees.

Note 3 1 MWh = 3.6 GJ.

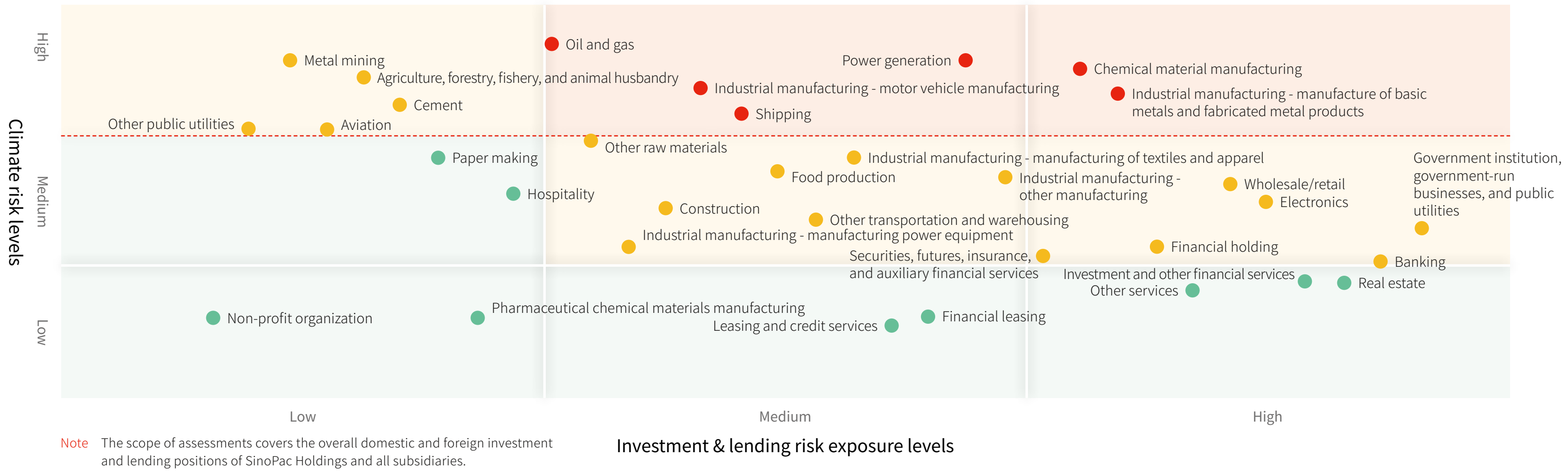


5.5 Exposure to Industries with High Climate Risks

SinoPac Holdings inventoried the investment and lending businesses of subsidiaries to assess the balance of risk exposures for high-risk industries[Note]. The Company compiled “Environmental Sector Heat Map” released by Moody’s and SASB, and referenced TCFD and government regulations to evaluate the impacts of transition and physical risks on each industry, classify climate risk levels for each industry, and combined investment and lending exposures to each industry (excluding securities financing/ green loans/ green bonds/ sustainability bonds/ social bonds/ renewable power generation) to establish an industrial climate risk heatmap (as shown in the figure below).

The industrial climate risk heatmap included 11 industries with high climate risks, 9 of which were high-carbon-emission industries (Oil and gas, Power generation, Metal mining, Chemical material manufacturing, Industrial manufacturing - motor vehicle manufacturing, Industrial manufacturing - manufacture of basic metals and fabricated metal products, Cement, Shipping, and Aviation), and 2 of which were industries with high physical risks (Agriculture, forestry, fishing, and animal husbandry; and Other public utilities). Additionally, the Company also analyzed exposures to corporations with high carbon emissions listed by the Ministry of Environment. The industrial climate risk heatmap and risk exposures disclose as follows.

Industrial Climate Risk Heatmap



Note The scope of assessments covers the overall domestic and foreign investment and lending positions of SinoPac Holdings and all subsidiaries.

Limits for high-risk industries:

The Company formulated limits for high-risk industries in consideration of overall business developments for all subsidiaries, risk capacity, future industrial developments, and business cycles. Limits for high-risk industries included industries with high carbon emissions (such as non-ferrous metals, shipping, oil & gas exploration and wholesale, coal chemicals, and aviation).

Non-ferrous metals
20%

Shipping
30%

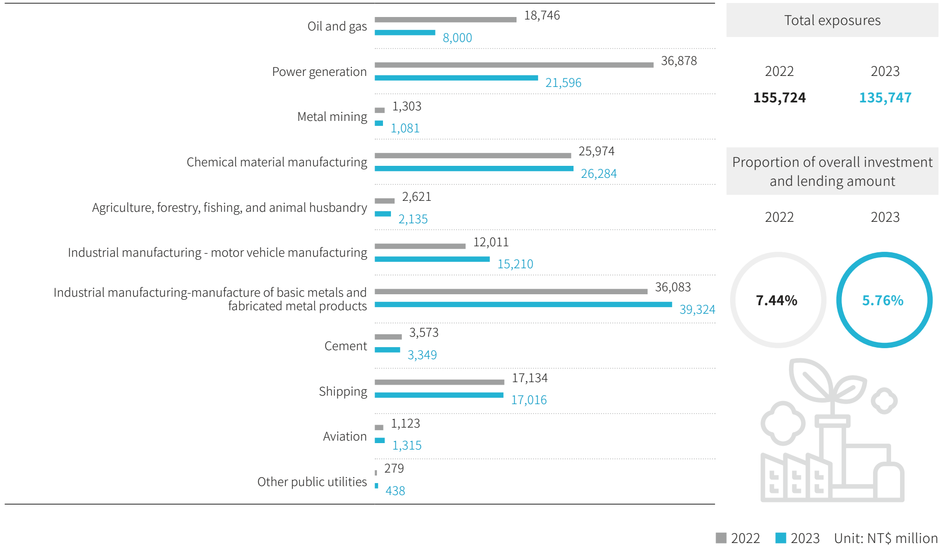
Oil & gas exploration/ wholesaling and coal chemical
4.5%

Aviation
10%

Heatmap industries with high climate risks:

According to the industrial climate risk heatmap, overall investment and lending amount in the 11 industries with high climate risks at year-end 2023 was NT$135,747 million, around 5.76% of overall investment and lending amount of the Company (excluding securities financing/ green loans/ green bonds/ sustainability bonds/ social bonds/ renewable power generation).

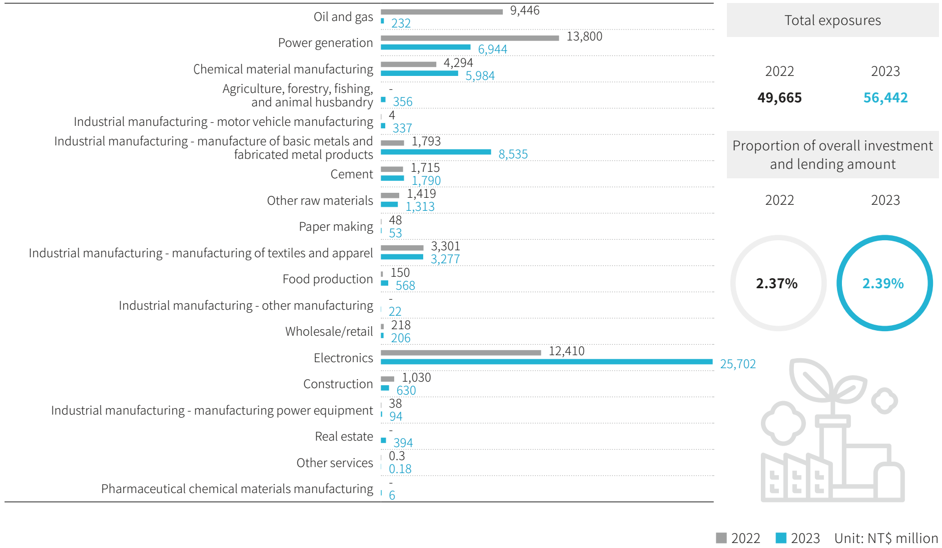
Overall exposures to industries with high climate risks in 2023 was reduced by almost NT$20,000 million compared with 2022, and the total proportion of investment and lending amount of the Company also declined. The most important difference was a reduction in exposures to the oil and gas industry and the power generation industry.



High-carbon-emission corporations listed by the Ministry of Environment:

Overall investment and lending amount in the high carbon emission corporations listed by the Ministry of Environment at year-end 2023 was NT$56,442 million, around 2.39% of overall investment and lending amount of the Company.

Overall exposures to high-carbon-emissions enterprises listed by the Ministry of Environment in 2023 increased compared to 2022 and the total proportion of investment and lending amount of the Company also increased slightly, mainly as the corporation inventory information data for 2022 released by the Ministry of Environment in November 2023 increased the number of heavy carbon emitters to 292 companies from 165 companies. As the number of heavy emitters increased, exposure amount also increased. However, we greatly reduced our exposures to the oil & gas industry and the power generation industry.



5.6 Financed/Facilitated Emissions

SinoPac Holdings adopted the "Financed Emissions: The Global GHG Accounting and Reporting Standard Part A" methodology published by the Partnership for Carbon Accounting Financials (PCAF) on December 30, 2022, the "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks" published by the Bankers Association of the R.O.C. in October 2023, and the "Facilitated Emissions: The Global GHG Accounting and Reporting Standard Part B" published by PCAF on December 1, 2023. The Company conducted a carbon inventory of the investment and lending portfolios with own capital and asset management businesses of SinoPac Securities Investment Trust (SinoPac SITC) on December 29, 2023, and facilitated amount of capital markets in 2023, and introduced ISO 14064 greenhouse gas validation and verification this year Greenhouse Gas Emissions Verification Opinion Statement Note. The scope of the inventory included assets such as mortgages, business loans, corporate bonds, sovereign debt, project finance, commercial real estate, listed/unlisted equity, and motor vehicle loans.

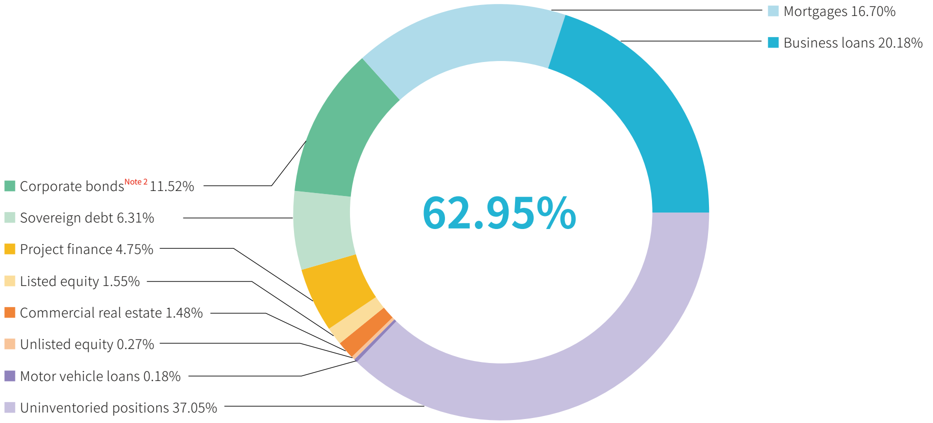
- Mortgages
- Business loans
- Corporate bonds
- Sovereign debt
- Project finance
- Commercial real estate
- Listed / Unlisted equity
- Motor vehicle loans

Note The Company and its subsidiaries' carbon inventory of Scope 3 financed emissions of investment and lending portfolios with own capital, asset management businesses of SinoPac Securities Investment Trust and facilitated emissions for capital markets was verified in accordance with ISO 14064-1:2018 published by the International Organization for Standardization (ISO). It was validated by the verification organization BSI in accordance with ISO 14064-3:2019, and a validation report was issued, complying with the regulations of Chapter 6 "Assurance (verification) Descriptions" in "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks."

5.6.1 Financed emissions of investment and lending portfolios with own capital

The overall coverage rate of investment and lending portfolios with own capital was 62.95% (ratio of inventoried amount to overall investment and lending amount Note 1). The coverage rate applicable under the PCAF Standard was 92.86% (ratio of inventoried amount to the amount applicable under the PCAF Standard). The financed emissions of SinoPac Holdings totaled 3.37 million tCO_2e and the overall economic emission intensity was 2.3 (tCO_2e/NT$1 million in investment and lending).

Scope 3 financed emissions inventory coverage rate of investment and lending portfolios with own capital



Scope 3 financed emissions inventory coverage rate of investment and lending portfolios with own capital

Asset Class	Investment and lending amount included in the inventory (NT$ million)	Proportion of overall investment and lending portfolio (%)	Coverage rate applicable under the PCAF Standard
Business loans	460,511	20.18%	80.91%
Mortgages	381,135	16.70%	100.00%
Corporate bonds Note 2	262,926	11.52%	99.32%
Sovereign debt (Exclude LULUCF) Note 3	144,102	6.31%	100.00%
Project finance	108,371	4.75%	100.00%
Listed equity	35,368	1.55%	99.99%
Commercial real estate	33,839	1.48%	100.00%
Unlisted equity	6,141	0.27%	99.26%
Motor vehicle loans	4,032	0.18%	100.00%
Inventoried positions	**1,436,426**	**62.95%**	**92.86%**
Uninventoried positions Note 4	**845,579**	**37.05%**	
Total	**2,282,005**	**100.00%**	

Note 1 The scope of the inventory covers the overall domestic and foreign investment and lending positions of SinoPac Holdings and all subsidiaries.

Note 2 Corporate bonds investments included one fund investment linked to corporate bonds, with an investment amount of approximately NT$8 million.

Note 3 Refers to activities related to Land Use, Land Use Change, and Forestry (LULUCF). E.g., transforming the usage of forest to agricultural use.

Note 4 Positions that cannot be inventoried are because PCAF has not released related technical documents (including green investment and lending, personal loans, mortgages (repair and construction), derivatives, commercial paper, negotiable certificates of deposit, ETFs, and MBS), or because a small amount of inventory information was incomplete.

Scope 3 financed emissions of investment and lending portfolios with own capital

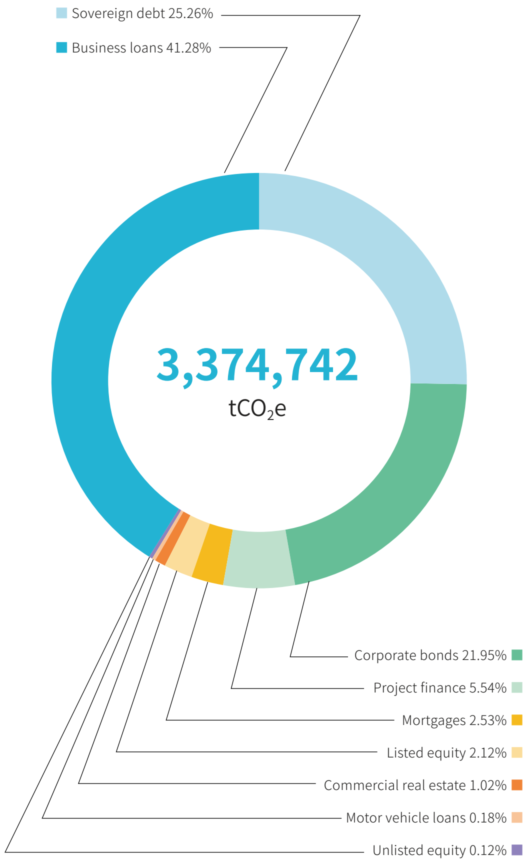
Unit: Investment and lending amount(NT$ million); Financed emissions(tCO_2e); Economic emission intensity (tCO_2e/NT$1 million in investment and lending); Data quality score(1: best, 5: worst)

Asset Class	2022					2023 Note 1				
	Investment and lending amount	Financed emissions	Proportion of financed emissions	Economic emission intensity	Data quality score	Investment and lending amount	Financed emissions	Proportion of financed emissions	Economic emission intensity	Data quality score
Business loans	422,102	2,540,853	46.72%	6.0	3.6	460,511	1,393,189	41.28%	3.0	3.2
Sovereign debt (Exclude LULUCF) Note 2	250,131	1,519,507	27.94%	6.1	2.0	144,102	852,452	25.26%	5.9	1.8
Corporate bonds Note 3	285,201	882,963	16.24%	3.1	2.3	262,926	740,812	21.95%	2.8	1.8
Project finance	86,212	265,119	4.88%	3.1	3.0	108,371	186,808	5.54%	1.7	3.0
Mortgages	480,402	109,187	2.01%	0.2	4.0	381,135	85,435	2.53%	0.2	4.0
Listed equity	23,056	47,864	0.88%	2.1	1.1	35,368	71,609	2.12%	2.0	1.2
Commercial real estate	37,586	55,590	1.02%	1.5	4.0	33,839	34,406	1.02%	1.0	4.0
Motor vehicle loans	6,964	8,468	0.16%	1.2	3.4	4,032	5,974	0.18%	1.5	3.4
Unlisted equity	4,610	8,559	0.16%	1.9	3.0	6,141	4,057	0.12%	0.7	3.2
Total	1,596,263	5,438,111	100.00%	3.4	3.2	1,436,426	3,374,742	100.00%	2.3	3.0

Note 1 In 2022, financed emissions were inventoried and calculated following the PCAF Standard; while in 2023, the inventory of financed emissions was updated based on PCAF Standard and the "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks" released in October 2023 by the Bankers Association of the R.O.C. This updated definition explicitly defines the scope of asset classes of the inventory.

Note 2 In 2022, financed emissions of sovereign debt excluded LULUCF. In 2023, financed emissions of sovereign debt excluding LULUCF amounted to 852,452 tCO_2e, and which including LULUCF amounted to 793,212 tCO_2e.

Note 3 In 2023, corporate bonds investments included one fund investment linked to corporate bonds, with an investment amount of approximately NT$8 million, contributing to 122 tCO_2e of financed emissions.



Financed emissions for specific investment and lending assets

Categorized by industry

Business loans, Corporate bonds, Listed equity, and Unlisted equity

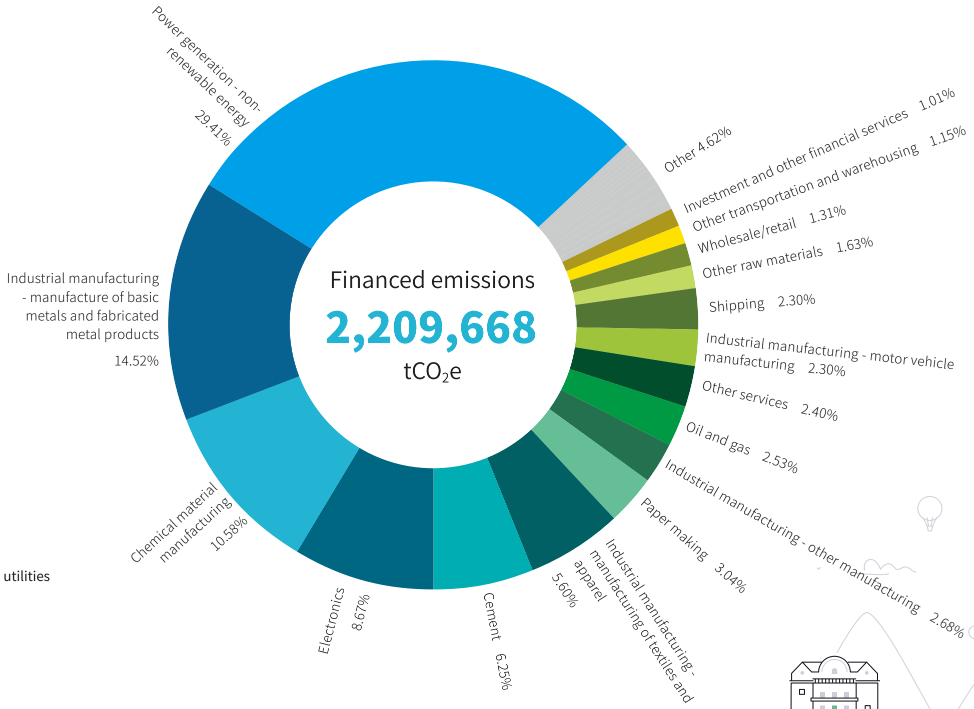
SinoPac Climate Risk Industries	Financed emissions (tCO_2e)	Proportion of financed emissions	Economic emission intensity (tCO_2e/NT$1 million in investment and lending)
Power generation - non-renewable energy	649,904	29.41%	31.6
Industrial manufacturing - manufacture of basic metals and fabricated metal products	320,892	14.52%	9.9
Chemical material manufacturing	233,771	10.58%	11.2
Electronics	191,650	8.67%	2.3
Cement	138,000	6.25%	57.3
Industrial manufacturing - manufacturing of textiles and apparel	123,802	5.60%	7.4
Paper making	67,144	3.04%	22.5
Industrial manufacturing - other manufacturing	59,308	2.68%	3.1
Oil and gas	55,973	2.53%	8.3
Other services	53,046	2.40%	1.0
Industrial manufacturing - motor vehicle manufacturing	50,908	2.30%	3.5
Shipping	50,802	2.30%	5.5
Other raw materials	35,980	1.63%	3.9
Wholesale/retail	28,914	1.31%	0.5
Other transportation and warehousing	25,355	1.15%	1.9
Investment and other financial services	22,335	1.01%	0.5
Industrial manufacturing - manufacturing power equipment	13,441	0.61%	1.9
Leasing and credit services	12,911	0.58%	0.9
Securities, futures, insurance, and auxiliary financial services	12,815	0.58%	0.7
Construction	11,895	0.54%	2.1
Power generation - renewable energy	8,765	0.40%	1.5
Metal mining	7,293	0.33%	13.8
Food production	6,676	0.30%	0.4
Agriculture, forestry, fishery, and animal husbandry	6,314	0.29%	3.1
Aviation	4,975	0.23%	7.1
Hospitality	4,177	0.19%	0.9
Other public utilities	3,408	0.15%	9.2
Real estate	2,915	0.13%	0.0
Banking	2,579	0.12%	0.0
Pharmaceutical chemical materials manufacturing	1,515	0.07%	0.5
Financial leasing	1,149	0.05%	0.1
Government institution, government-run businesses, and public utilities	865	0.04%	0.5
Financial holding	194	0.01%	0.0
Non-profit organization	1	0.00%	0.0
Total	**2,209,668**	**100.00%**	**2.9**

Financed emissions for specific investment and lending assets

Categorized by industry

Business loans, Corporate bonds, Listed equity, and Unlisted equity

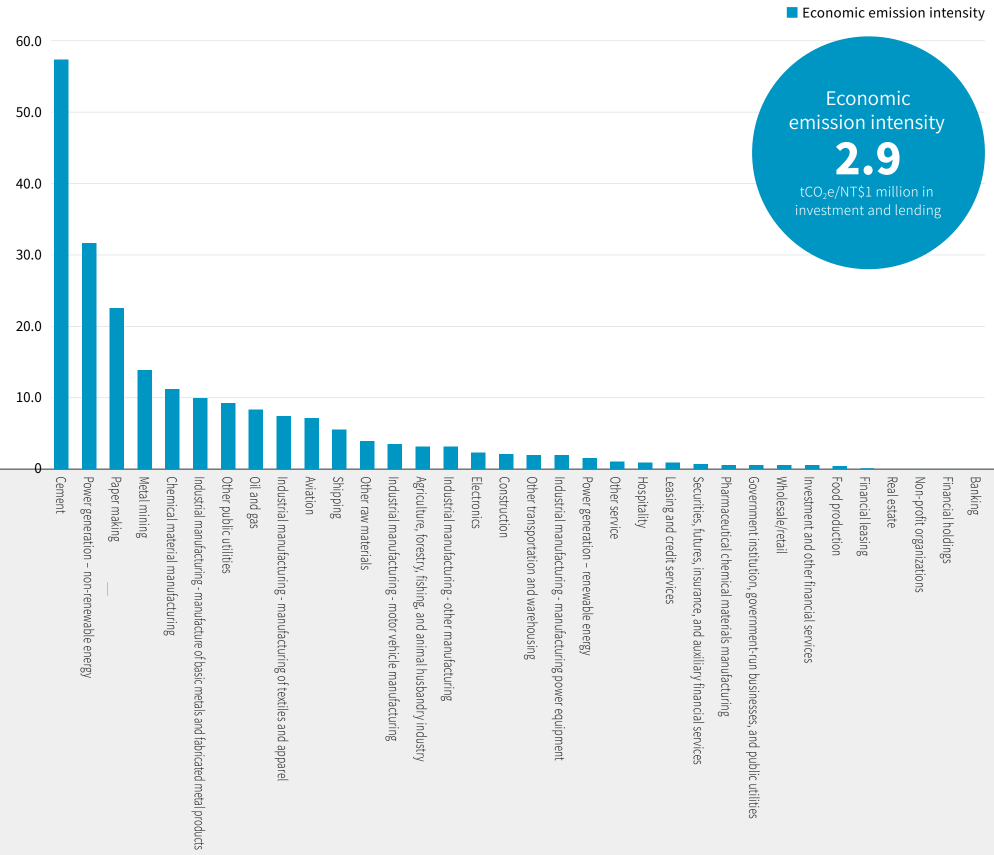
- Power generation - non-renewable energy
- Industrial manufacturing - manufacture of basic metals and fabricated metal products
- Chemical material manufacturing
- Electronics
- Cement
- Industrial manufacturing - manufacturing of textiles and apparel
- Paper making
- Industrial manufacturing - other manufacturing
- Oil and gas
- Other services
- Industrial manufacturing - motor vehicle manufacturing
- Shipping
- Other raw materials
- Wholesale/retail
- Other transportation and warehousing
- Investment and other financial services
- Industrial manufacturing - manufacturing power equipment
- Leasing and credit services
- Securities, futures, insurance, and auxiliary financial services
- Construction
- Power generation - renewable energy
- Metal mining
- Food production
- Agriculture, forestry, fishery, and animal husbandry
- Aviation
- Hospitality
- Other public utilities
- Real estate
- Banking
- Pharmaceutical chemical materials manufacturing
- Financial leasing
- Government institution, government-run businesses, and public utilities
- Financial holding
- Non-profit organization



Economic emission intensity for specific investment and lending assets

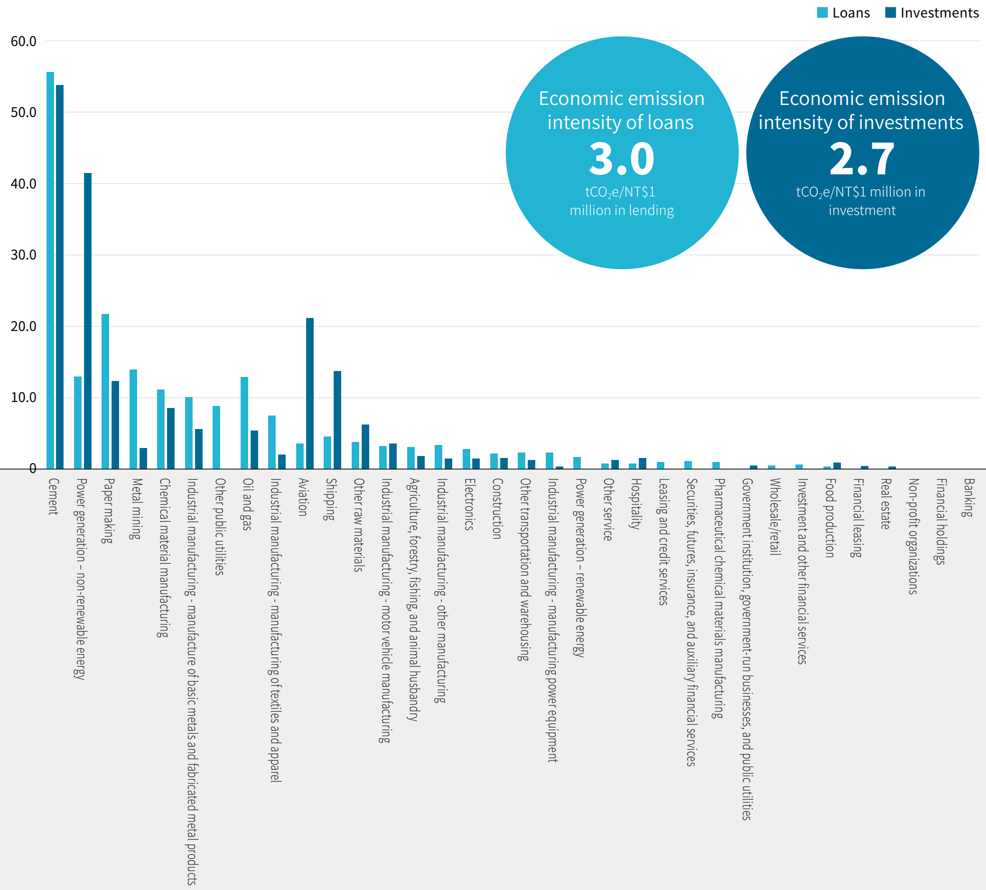
Categorized by industry

Business loans, Corporate bonds, Listed equity, and Unlisted equity



Categorized by asset and industry

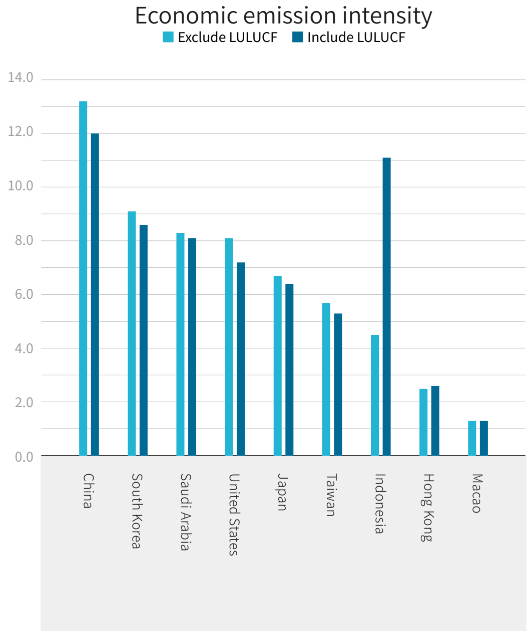
Business loans, Corporate bonds, Listed equity, and Unlisted equity

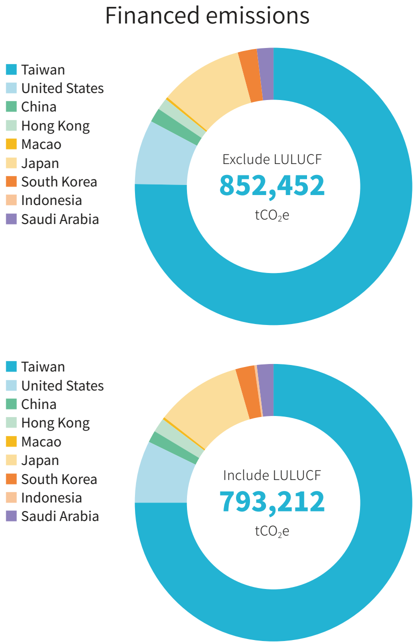


Financed emissions for specific investment and lending assets

Categorized by country Sovereign debt

Country	Investment and lending amount	Financed emissions (exclude LULUCF)	Economic emission intensity (exclude LULUCF)	Financed emissions (include LULUCF)	Economic emission intensity (include LULUCF)
Unit	NT$ million	tCO_2e	tCO_2e/NT$1 million in investment and lending	tCO_2e	tCO_2e/NT$1 million in investment and lending
Taiwan	111,862	642,199	5.7	594,954	5.3
United States	8,058	65,423	8.1	57,640	7.2
China	988	13,056	13.2	11,873	12.0
Hong Kong	5,008	12,741	2.5	12,890	2.6
Macao	1,800	2,405	1.3	2,405	1.3
Japan	12,278	81,913	6.7	78,288	6.4
South Korea	2,044	18,648	9.1	17,590	8.6
Indonesia	265	1,183	4.5	2,936	11.1
Saudi Arabia	1,799	14,884	8.3	14,635	8.1
Total	**144,102**	**852,452**	**5.9**	**793,212**	**5.5**





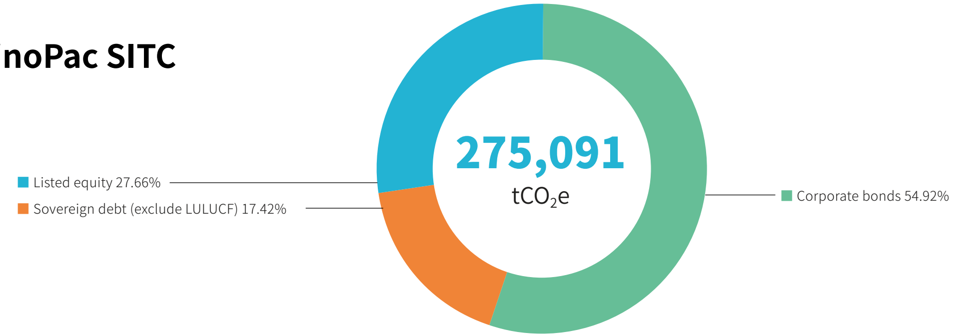
Avoided Emissions

Avoided emissions refer to emission reductions that the financed project produces versus what would have been emitted in the absence of the project (the baseline emissions). In the context of the PCAF Standard, avoided emissions are only from renewable energy projects. Avoided emissions from renewable energy project financing as of December 29, 2023 amounted to 1.33 million tCO_2e.

Avoided Emissions
1.33 million
tCO_2e

5.6.2 Financed emissions of asset management businesses of SinoPac SITC

The Company conducted a financed emissions inventory of asset management businesses of SinoPac SITC. The coverage rate was 97.68% (ratio of inventoried amount to overall asset management amount of SinoPac SITC). The financed emissions totaled 0.28 million tCO_2e and the economic intensity was 5.0 tCO_2e/ NT$1 million in investment.



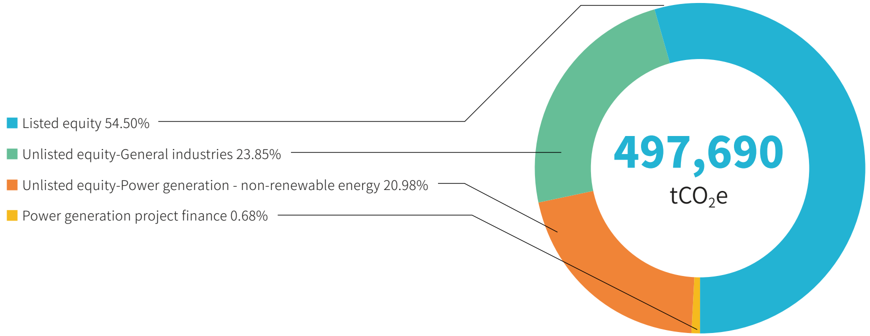
Asset class	Amount included in the inventory (NT$ million)	Proportion of overall asset management amount of SinoPac SITC	Coverage rate applicable under the PCAF Standard	Financed emissions (tCO_2e)	Proportion of financed emissions	Economic emission intensity (tCO_2e/ NT$1 million in investment)	Data quality score (1: best, 5: worst)
Listed equity	28,543	50.92%	99.90%	76,097	27.66%	2.7	1.2
Corporate bonds	20,281	36.18%	97.66%	151,079	54.92%	7.3	1.2
Sovereign debt (exclude LULUCF)[Note 1]	5,929	10.58%	100.00%	47,915	17.42%	8.1	1.0
Inventoried positions	**54,753**	**97.68%**	**97.68%**	**275,091**	**100.00%**	**5.0**	**1.2**
Uninventoried positions[Note 2]	**1,300**	**2.32%**					
Total	**56,053**	**100.00%**					

Note 1 Financed emissions of asset management associated with sovereign debt excluding LULUCF amounted to 47,915 tCO_2e, and which including LULUCF amounted to 42,227 tCO_2e.

Note 2 The scope of the inventory adhered to the "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks." Positions that cannot be inventoried are due to incomplete holdings information or a small amount of incomplete inventory information.

5.6.3 Facilitated Emissions of Capital Markets

The Company inventoried underwriting/syndicated loan cases in 2023 led by SinoPac as lead bookrunner in accordance with the recommended inventory scope described in the "Facilitated Emissions: The Global GHG Accounting and Reporting Standard Part B" released by PCAF in December 2023, calculating GHG emissions associated with capital market[Note 1]. The coverage rate was 98.85%, and the facilitated emissions amounted to 0.5 million tCO_2e.



Facilitated capital markets activities		Facilitated amount included in the inventory (NT$ million)	Proportion of facilitated amount led by SinoPac	Coverage rate applicable under the PCAF Standard [Note 2]	Facilitated emissions (tCO_2e)	Proportion of facilitated emissions	Economic emission intensity (tCO_2e/NT$1 million)	Data quality score (1: best, 5: worst)
Listed equity		415,443	48.29%	99.08%	271,231	54.50%	0.7	1.0
Unlisted equity	General industries	414,910	48.23%	98.57%	118,688	23.85%	0.3	1.3
	Power generation - non-renewable energy	9,540	1.11%	100.00%	104,404	20.98%	10.9	1.3
Power generation project finance		10,566	1.23%	100.00%	3,368	0.68%	0.3	3.0
Inventoried facilitated activities		**850,458**	**98.85%**	**98.85%**	**497,690**	**100.00%**	**0.6**	**1.2**
Uninventoried facilitated activities [Note 3]		**9,879**	**1.15%**					
Total		**860,338**	**100.00%**					

Note 1 According to PCAF Standard , calculation of facilitated emissions should be multiplied by a weighting factor of 33% which is used to assess the responsibility of facilitator for the issuer's emissions. Therefore, the formula for calculation is Attribution factor × Weighting factor (33%) × Company emissions. Facilitated emissions and financed emissions should not be aggregated, and a unit of financed emissions is not equal to a unit of facilitated emissions.

Note 2 The coverage rate here is calculated only using the facilitated amounts from underwriting/syndicated loans led by SinoPac as lead bookrunner, and not overall funds raised of the Company.

Note 3 Facilitated activities that cannot be inventoried are due to incomplete inventory information.

5.7 Internal Carbon Pricing

SinoPac Holdings follows the principle of "raising climate awareness and promoting low-carbon transition" and supports sustainable trends while implementing carbon reduction management mechanisms. The Company introduced ICP in 2022 to the Group and level one subsidiaries to improve energy efficiency and reduce carbon emissions, and raise carbon reduction awareness and changes internal behaviors within the company. SinoPac Holdings took GHG emissions from own electricity consumption (Scope 2) as the baseline, using shadow price to evaluate the effectiveness of energy conservation and carbon emissions reduction actions of its operating sites. The hidden carbon costs and benefits were included in the evaluation. In 2023, SinoPac's analysis of the average cost of each ton of CO_2e reducing in recent years will still be NT$5,000/ton CO_2e, and continue to be used as the reference basis for internal carbon pricing. At the beginning of each year, the internal carbon pricing mechanism refers to the carbon reduction targets and implementation status of subsidiaries to calculate their carbon emission costs/carbon income and to further plan the optimal action plan and formulate carbon reduction plans. Energy conservation benefits were evaluated based on carbon reduction targets to conduct trial calculation of carbon prices. Those who do not meet the target will have their carbon fees calculated, and those who meet the target will have their carbon income calculated so as to achieve substantial carbon emissions reduction results. SinoPac Holdings will continue to use Science Based Targets (SBT) and international carbon pricing trends for continuous ICP adjustments and gradually link the ICP to our commitment for attaining net zero emissions in company operations by 2030 while expanding the scope of application.

5.8 Water Usage and Waste Management

Water Resource Management

The water resources used by SinoPac Holdings and its subsidiaries are mainly tap water, and mainly used for drinking, air conditioning, and cleaning. There is no groundwater or other sources of water supply. In 2023, due to a 9.69% increase in headcount compared to the 2021 base year and an increase in operating bases, the overall water consumption was 174,609 cubic meters, which represents a 0.72% increase compared to the base year. However, the per-capita water consumption was a decrease of 8.18% at 16.88 cubic meters. The Company promoted water-saving measures and took relevant water conservation measures such as cherishing water resources to all colleagues through the replacement of air-conditioning cooling towers, installation of sensor faucets, and the "SinoPac Life" website platform.

Water Resources Management Criteria and Water Use from 2021 to 2023

Water Resource Management Indicator[Note 1]	Unit	2021[Note 3]	2022[Note 4]	2023[Note 4]
Total water consumption	cubic meters	173,360	173,369	174,609
Per-capita water consumption (water consumption intensity)[Note 2]	cubic meters/ person	18.38	17.84	16.88
Data coverage rate	%	100	100	100

Note 1 Water consumption amounts were based on the amounts listed on water bills. The calculation scope included SinoPac Holdings and five subsidiaries. SinoPac Holdings mainly uses water for domestic usage, and freshwater consumption was equal to drainage volumes, so our net freshwater consumption was 0.

Note 2 Water consumption volumes within the scope of this Report/SinoPac Holdings employee numbers. The number of employees used for this calculation included domestic and foreign full-time employees and excluded dispatched employees.

Note 3 Externally verified domestic water consumption for 2021 amounted to 171,054 cubic meters. The remaining non-inventoried and non-verified values were estimated after adding in externally verified values from our overseas sites in 2022 (2,306 cubic meters).

Note 4 The domestic and foreign operational sites of SinoPac Holdings and all subsidiaries were included in our calculations (consistent with the boundaries used for consolidated financial reports).

Waste Management

Waste from the office buildings of SinoPac Holdings and its subsidiaries is mainly domestic waste. Recyclable waste is divided into four categories: paper, bottles, iron and aluminum cans, and IT equipment. All general and recyclable waste is shipped by qualified contractors to incinerators or recycling sites for disposal. The paper waste is collected and managed by the responsible unit of the Company and handled in accordance with the document destruction rules before being handed over to the paper manufacturer for disposal as recycled paper raw material. The waste of electronic product waste is handled in accordance with internal information safety rules, and any digital data related to customer information is also kept secure and confidential and destroyed in accordance with the internal rules and procedures. SinoPac Holdings starts to calculate total waste from the seven self-owned buildings based on the actual weight since 2019, and in 2020 the newly added data from Xingda Building was also included in the scope of waste management in 2020. In 2021, the coverage of waste management was expanded to all our domestic operation sites and reached a 100% coverage rate. Although there was an increase in personnel and operational locations in 2023, the total amount of waste generated during the operation process was 548.71 metric tons, which is still a 3% decrease compared to the baseline year of 2021.

Waste Management Criteria and Total Waste from 2021 to 2023

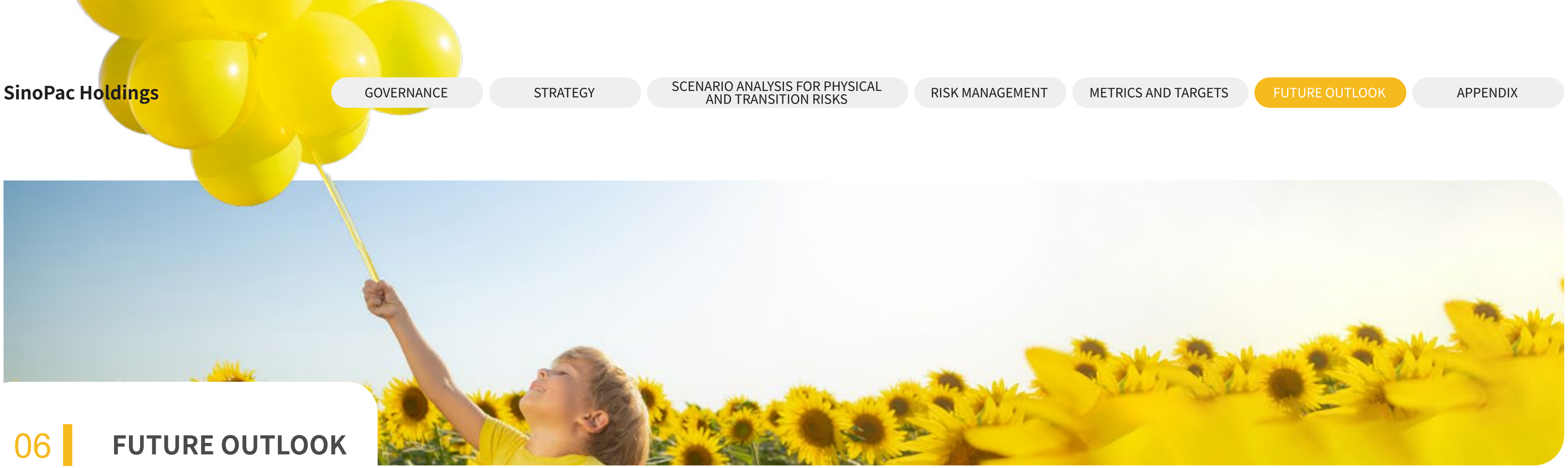
Waste items (tons)		2021	2022	2023
Recyclable waste[Note 1]	Paper/plastic bottles/iron and aluminum cans	204.70	189.03	182.48
	Electronic waste (Computers/screens/printers)	N/A	1.66	0.43
General industrial waste[Note 2]	Incineration	358.36	389.08	365.80
	Landfill	0	0	0
Total waste[Note 3]		563.06	579.77	548.71
Data coverage rate[Note 4)]		100%	100%	100%

Note 1 Recyclable waste was handled by qualified vendors. Starting in 2021, SinoPac Holdings began tracking recyclable waste. Paper waste (29.92 tons in 2021, 41.73 tons in 2022, and 44.5 tons in 2023) was delivered to paper manufacturers for pulping and reuse, and we will continue to track other types of recyclable waste, which are disposed of by qualified vendors.

Note 2 General industrial waste is handled by qualified contractors and shipped to local incinerators equipped with waste heat recovery systems for power generation.

Note 3 A total of 8 buildings (including the new Xingda Building) were included in 2020 and coverage was expanded to total waste volumes of all domestic operational sites starting in 2021.

Note 4 Data coverage was calculated based on the number of employees, which included only full-time employees in Taiwan, and excluded dispatched and overseas employees.



06 FUTURE OUTLOOK

SinoPac Holdings is unwavering in its dedication to sustainability, climate action, and nature conservation. In 2023, we joined the Partnership for Carbon Accounting Financials (PCAF), and in January 2024, our Science-Based Targets (SBT) were approved, demonstrating our commitment to addressing climate change.

SinoPac Holdings, with the full support of its Board of Directors, committed to a net-zero targets in March 2022 to echo global trends and goals. The Company's net-zero commitment includes its own operations by 2030 and its financial portfolios by 2050. On July 1, 2023, the Company expanded its decarbonization policy to encompass the investment and lending activities related to thermal coal mining, thermal coal-fired power generation, and unconventional oil and gas, and we will continue to refine its decarbonization policy.

SinoPac Holdings is committed to continuously monitoring and assessing the impacts of climate change, dynamically adjusting strategies and risk management measures to mitigate negative impacts. Through conducting scenario analysis, the Company finds out the potential impacts on its operations and financials and develops responding strategies and actionable plans. Additionally, by integrating climate change considerations into every aspect of investment and lending businesses, the Company strengthen its foundation for managing climate risks effectively. Recognizing the vast opportunities that climate change presents, the Company leverages its financial expertise to drive low-carbon transition and foster the growth of green finance. Financial institutions play a critical role in advancing net-zero initiatives and supporting businesses in their carbon reduction endeavors, the Company offers innovative green investment and lending products and services, empowering clients to transition into sustainable energy solutions, enhance energy efficiency, and reduce greenhouse gas emissions.

Aligned with the universal value of conserving biodiversity, SinoPac Holdings co-founded the "Taiwan Nature Positive Initiative" with the BCSD Taiwan in late 2022. By collaborating with conservation organizations, the Company actively participates in protecting and restoring biodiversity. Following the latest framework from the TNFD released in September 2023, the Company identified dependencies, impacts, risks, and opportunities related to nature of its business activities and value chain, striving to make an impact on biodiversity conservation.

SinoPac Holdings remains steadfast in the commitment to addressing climate and nature-related challenges. The Company will continue to work collaboratively with stakeholders to drive low-carbon transition and green finance development, creating substantial corporate and social value.


BUSINESS ACCOUNTING
BUSINESS FINANCE REPORTS
Monthly Report

APPENDIX

TCFD's Recommended Disclosures

Aspect	TCFD's recommended disclosures	Corresponding Chapters
Governance	Describe the board's oversight of climate-related risks and opportunities.	1.2
	Describe management's role in assessing and managing climate-related risks and opportunities.	1.1, 1.3, 5.3
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.1
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.1, 2.2, 2.4
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	2.2 , 3
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	2.1, 4.1
	Describe the organization's processes for managing climate-related risks.	2.1, 4
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4
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.	5.1, 5.2
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	5.4, 5.6
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5

TNFD's Recommended Disclosures

SinoPac Holdings will continuously refine the disclosure contents and analysis methods of the four aspects, "Governance," "Strategy," "Risk and Impact Management," and "Metrics and Targets," in accordance with TNFD and its latest published documents.

Aspect	TNFD's recommended disclosures	Corresponding Chapters
Governance	Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	1.2
	Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	1.1, 1.3, 5.3
	Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	4.2
Strategy	Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	2.1, 2.3
	Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	2
	Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	2.2, 2.3, 3
	Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	2.3
Risk and impact management	(i)Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	2.1, 2.3, 4.3
	(ii)Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	2.1, 2.3, 4
	Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	2.1, 2.3, 4
	Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	4
Metrics and targets	Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	5.1, 5.2
	Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	2.3
	Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	5

IFRS S2 Index

SinoPac Holdings will align with the relevant regulations of the Financial Supervisory Commission R.O.C. (Taiwan) to adopt IFRS S2 and continuously improve the disclosure contents and analytical methods.

Aspect	IFRS S2 Index	Corresponding Chapters
Objective	Paragraph 1 ~ 2	All chapters
Scope	Paragraph 3 ~ 4	All chapters
Governance	Paragraph 5 ~ 7	1, 5.3
Strategy	Paragraph 8 ~ 14	2, 5.1
	Paragraph 15 ~21	3
	Paragraph 22 ~ 23	2.2, 3
Risk management	Paragraph 24 ~ 26	2.1.1, 3, 4
Metrics and targets	Paragraph 27 ~ 28	5
	Paragraph 29 ~ 32	5
	Paragraph 33 ~ 37	5

TCFD Compliance Assurance Statement

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By Royal Charter

Conformity Statement

Climate related Financial Disclosure

This is to conform that

SinoPac Financial Holdings Co., Ltd.
No. 306, Sec. 2, Bade Rd.
Zhongshan Dist.
Taipei City
104498
Taiwan

永豐金融控股股份有限公司
臺灣
台北市
中山區
八德路二段 306 號
104498

Holds Statement Number CFD 790205

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

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

For and on behalf of BSI

Managing Director BSI Taiwan, Peter Pu

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

Page 1 of 2

...making excellence a habit.™

Statement number: CFD 790205

Location:	Conformity Check Overall Result:
SinoPac Financial Holdings Co., Ltd. No. 306, Sec. 2, Bade Rd. Zhongshan Dist. Taipei City 104498 Taiwan 永豐金融控股股份有限公司 臺灣 台北市 中山區 八德路二段 306 號 104498	The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Asset Managers Sectors) is **Level-5+: Excellence** grade. 涵蓋金融業補充指引(資產管理者)之氣候相關的財務揭露的成熟度模型為**[第五級 Plus：優秀]**等級。

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

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SinoPac Holdings