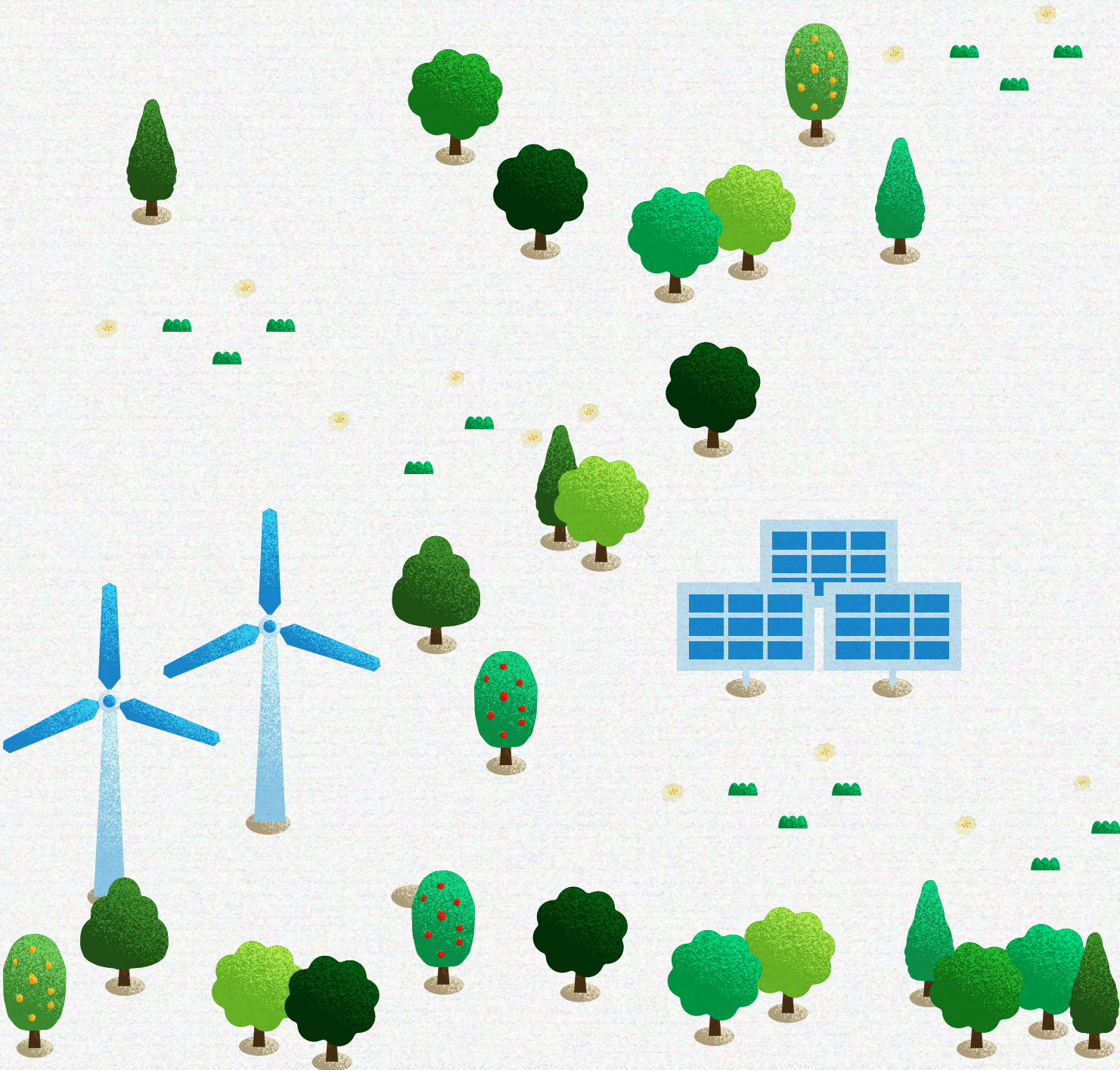


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Message from the Chairman

Harnessing "Financial Forces " to Drive Sustainable Development: "Together, a Better Life"

The extreme temperatures of 2024 intensified frequent and severe weather events worldwide. Human activities continue to accelerate global warming at an alarming rate, with Taiwan's average temperature reaching a century-high record. Bank SinoPac understands the profound influence and the responsibility of a financial institution and has been a consistent leader in green energy financing for over a decade. Since 2013, Bank SinoPac has been at the forefront of green finance, driving energy transformation and leading Taiwan's financial industry by offering innovative project financing to solar power plants. By the end of 2024, our market share in solar photovoltaic financing reached approximately 28%, securing our top-ranking position.

Bank SinoPac is driven by its core values of "Transformation" and "Co-creation." "Transformation" embodies our pursuit of breakthrough solutions and innovations. "Co-creation" reflects our commitment to pooling resources and forming alliances to amplify benefits and create a broader positive impact.

Building a Green Financial Ecosystem, Leading Energy, Industry, and Lifestyle Transformation

Bank SinoPac is dedicated to leading by example in green finance, focusing on measures guided by our core principles of "Impactful" and "Sustainable." As a leader in this field, we actively support Green Finance Action Plan and national green energy initiatives, employing a three-pronged approach: starting with ourselves, utilizing financial tools, and leveraging market forces to guide our clients towards green solutions:



Our first step is promoting net zero transitions at our 125 branches and ATMs nationwide, by integrating palm vein authentication technology with paperless eNote applications. This initiative offers customers an eco-friendly, energy-efficient, and paperless transaction experience, making a tangible contribution to energy conservation and carbon reduction. Our LINE official account features a Carbon Reduction Zone-"Show Time," which enables customers to track carbon footprint of each transaction and monitor carbon reduction tasks and results. Additionally, we have completed a comprehensive greenhouse gas inventory for both domestic and overseas locations, achieving 100% coverage and third-party verification. As of 2024, our Scope 1 and Scope 2 greenhouse gas emissions were reduced by 23.04% compared to the 2021 baseline year, successfully meeting our annual reduction target. Furthermore, by the end of 2024, we had secured 5.96 million kWh of renewable energy contracts, demonstrating our continued efforts to fulfill our long-term carbon reduction commitment.

Building on this foundation, our second step involves leveraging financial tools to guide industrial development. Leading the industry in solar energy financing, we have organized large-scale syndicated loans for diverse solar energy projects, including rooftop, fishery and electricity symbiosis, ground mounted, and floating installations. This effort strongly supports Taiwan Government's goal of achieving 20 GW of solar power capacity by 2025.Since 2022, we have ventured into emerging renewable energy financing, investing in geothermal and small hydropower research across domestic and global projects. By the end of 2024, we had completed a 2MW geothermal project in Taitung and developed two small hydropower stations, amassing NT\$1.023 billion in emerging renewable energy financing with a combined installed capacity of approximately 30.74MW. In 2024, we also served as the mandated lead arranger for the largest fishery-solar symbiosis syndicated loan in Taiwan and the first large-scale energy storage syndicated loan in central Taiwan. Including various types of green energy power plants mentioned above, the total installed capacity now exceeds 4GW, generating enough electricity to power over 1.3 million households annually.


Bank SinoPac leverages market forces to scale up renewable energy adoption and transform solar energy into a source of wealth. Through diverse financial products and services such as bonds, integrated trusts, and syndicated loans, we accelerate power plants development and facilitate private green electricity transactions, creating a one-stop green electricity platform service that unifies energy generation, saving, storage, and finance. In recent years, our industry leadership is evident in pioneering initiatives like "Bridge Loans," the "Renewable Energy Electricity Trading Trust Platform" and the "Green Energy Plant Information Management System," which foster mutual success for enterprises and the social environment. As the best partner for energy transformation, SinoPac is also the only financial institution recognized by the Ministry of Economic Affairs' Energy Administration Top Solar Award for nine consecutive years. Through holistic one-stop services, we are laying the groundwork for the financial sector to catalyze large-scale green energy transformation.

Bank SinoPac has been committed to supporting sustainability through various initiatives. Since 2019, we have partnered with our parent company, SinoPac Holdings, to participate in the Taiwan Environmental Information Association's "Earth Day, Million Acts of Green" campaign. We continuously promote public welfare projects and activities, encouraging both employees and customers to engage in biodiversity conservation and adopt green practices in their daily lives. By promoting these themes, we aim to embed sustainability into our core values, creating a livable environment for all and fostering a shared future for every living being.

Our parent company, SinoPac Holdings, joined the PCAF (Partnership for Carbon Accounting Financials) in 2023, aligning with the Global GHG Accounting and Reporting Standard. In 2025, we officially join the Task Force on Nature-related Financial Disclosures (TNFD) as a Forum member and adopter and support the Partnership for Biodiversity Accounting Financials (PBAF). Meanwhile, Bank SinoPac continues to monitor regulatory developments to align with the IFRS Sustainability Disclosure Standards. This ensures smooth future compliance with IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and S2 "Climate-Related Disclosures", enhancing the quality and comparability of our sustainability reporting, thereby reinforcing market confidence.

Collaborating for Sustainable Goals, Sharing a Prosperous Future

This Report, certified by the British Standards Institution (BSI) for climate-related financial disclosure maturity at the highest level, marks Bank SinoPac's third year of Climate-Related Financial Disclosures and the second year highlighting our achievements in the nature-related field. We aim to demonstrate our responsibilities, commitment, and vision regarding climate and sustainable developments. We take pride in our pioneering green financial products and services as it inspired industry peers and partners to follow our path by offering similar products and services to our community. Bank SinoPac will persist in innovating and leading efforts to propel our nation and the world towards a greener future with impactful sustainability, ultimately realizing our vision: "Together, a Better Life."

Bank SinoPac Co., Ltd. Chairman **Wei-Thyr Tsao** 



Company Overview

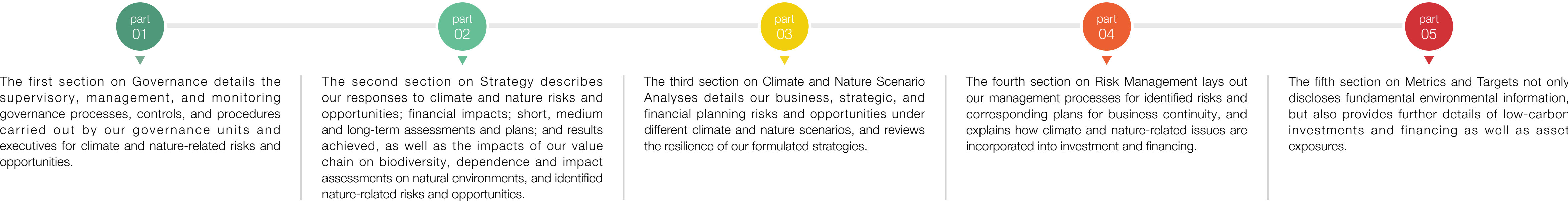
Bank SinoPac (hereinafter the Bank, we, us, our) is a wholly owned subsidiary of SinoPac Holdings restructured from Taipei Mutual Loans and Savings Co., which was inaugurated in 1948. The Bank has focused on serving SMEs over decades of restructuring and development, and completed a share swap merger to become a wholly owned subsidiary of SinoPac Holdings in 2005. SinoPac Holdings changed its Chinese name to "Yongfeng Holdings" in 2006. To integrate banking resources and optimize economies of scale, the Bank merged with International Bank of Taipei on November 13, 2006 and became Bank SinoPac; following strategic adjustments and strengthening of structural organizations, we are working to make progress toward our vision of "Together, a better life," through promotions of flat organizations, cost reductions, enhancements in operational efficiency, and improvements to cost-expense structures, aiming to become a leading brand in Chinese finance.

In response to the government's Sustainable Finance policies and SinoPac Holdings' sustainable development strategies, we issued NT\$1 billion in senior unsecured bank debentures (Sustainability Bond) in 2024. As of year-end 2024, Bank SinoPac and its subsidiaries have 7,431 employees, paid-in capital of NT\$103.8 billion, and assets amounting to NT\$2,771.1 billion. Bank SinoPac has also invested in subsidiaries such as SinoPac Insurance Brokers Limited and Bank SinoPac (China), offering customers a full range of financial services through professional division of labor and diversified channels.

About This Report

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

This Report discloses all Bank SinoPac achievements in climate and nature issues regarding the four aspects of governance, strategy, risk management, metrics and targets, as well as scenario analyses for physical and transition risks, enabling our stakeholders to better understand our progress in the climate and nature domain, including our various response actions, low-carbon transformation strategies, climate resilience, and green impacts.

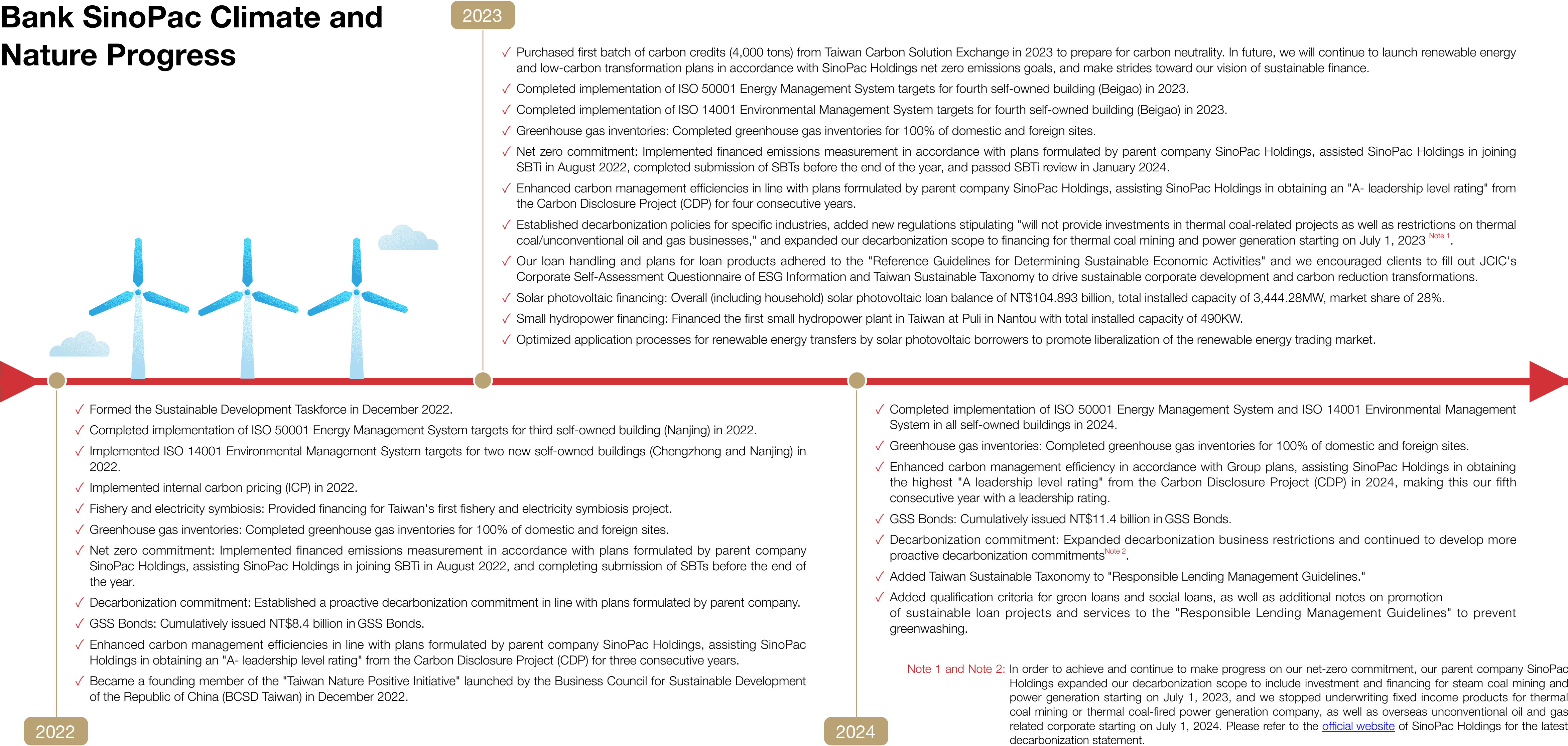


Period Covered
This Report mainly discloses Bank SinoPac's climate and nature actions in 2024 (January 1 to December 31, 2024).

Reporting Boundary
The information and data contained within this Report were mainly taken from Bank SinoPac (including all overseas subsidiaries), subsidiaries SinoPac Insurance Brokers Ltd. and Bank SinoPac (China) Ltd. Discrepancies from these reporting boundaries are specifically stated within the Report.

Information on Verification
This Report was verified by a third-party organization, which has issued an assurance statement. All disclosed environmental data have passed ISO14064-1, 14001, and 50001 verifications, and are simultaneously disclosed in our 2024 Annual Report and the SinoPac Holdings Sustainability Report. 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 Bank SinoPac website.

Bank SinoPac Climate and Nature Progress



Climate and Nature-Related Performance Highlights



Center for Business Sustainability, NCCU:Outstanding Bank in the First TCFD Report Assessment



Taiwan Academy of Banking and Finance:The 12th Elite Award - Best Green Finance Project Award-Excellence (General Finance Category)



Bureau of Energy, Ministry of Economic Affairs:Top Solar Award - Best Financial Service Provider Award for 9 consecutive years



Excellence: Best Green Energy Promotion Award in 2024 Bank Ratings



FinanceAsia: FinanceAsia Awards 2024 - Winner (Best Sustainable Bank in Taiwan)



Energy Taiwan and Net-Zero Taiwan: 2024 Sustainability Awards - Silver Award



Taiwan Institute for Sustainable Energy 2024 Asia-Pacific Sustainability Action Awards (APSAA): Gold for SDG07 (Establishing a Sustainable Green Energy Ecosystem)



Joint Credit Information Center: Special Contribution Award for Sustainable Financing and Wei-Jen Tang Awarded Outstanding Performing Employee



The Asian Banker: The Asian Banker Taiwan Awards 2024 - Best Green Financial Lifestyle Initiative in Taiwan



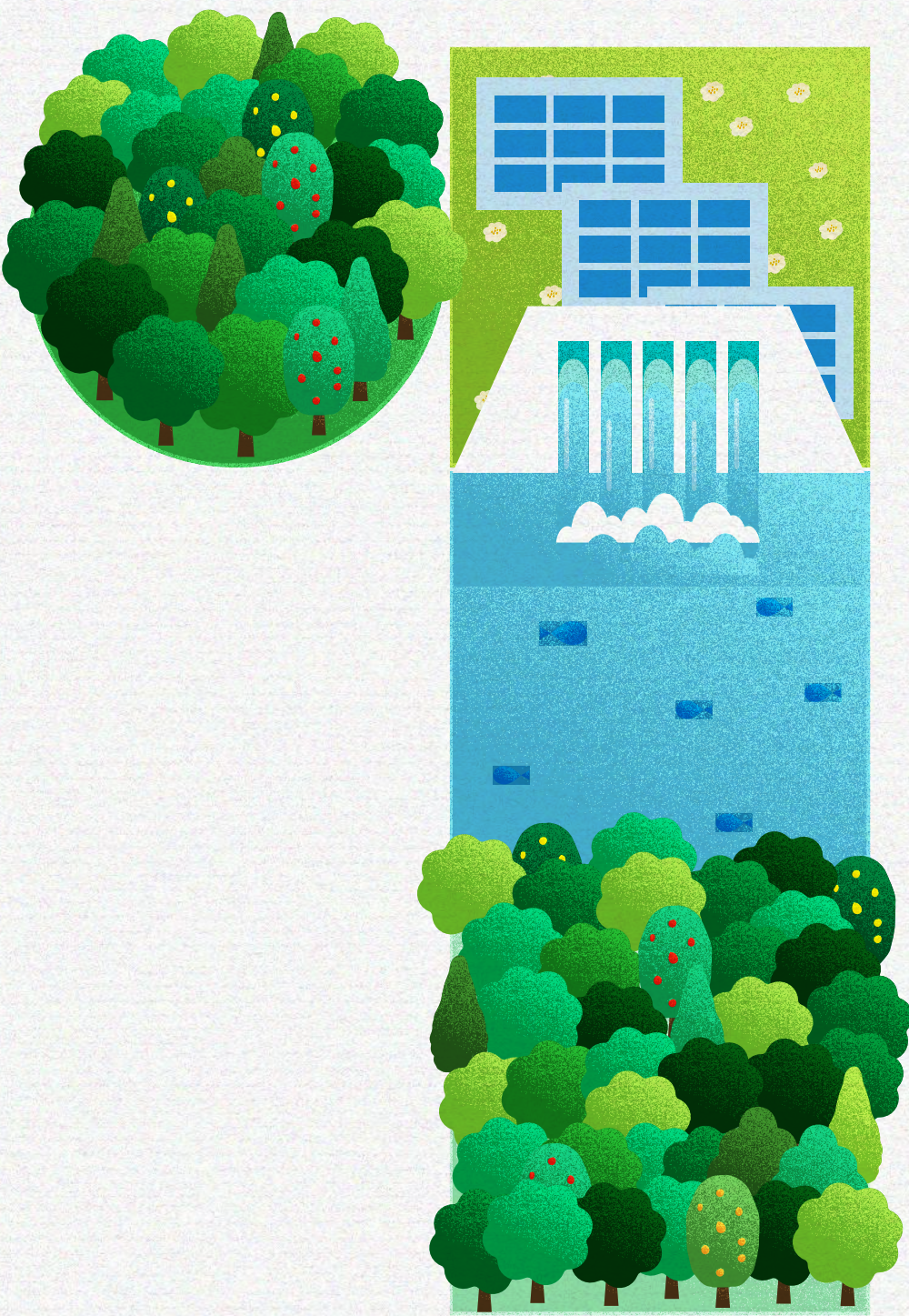
HKQAA: 2024 HK Green and Sustainable Awards Outstanding Green and Sustainable Loan Service Institution (HK Branch), Leadership (HK Branch) and Strategic Specialist (HK Branch)



Republic of China National Enterprise Competitiveness Development Association: The 21st National Brand Yushan Awards - Best Product - New Energy Renewable Finance Service



Asian Banking & Finance: ABF Wholesale Banking Awards 2024 - Taiwan Domestic Project Finance Bank of the Year and Taiwan Domestic Green Finance Initiative of the Year



Governance

- 1.1 Governance Framework
- 1.2 Board of Directors Responsibilities
 - 1.2.1 Board Governance Structure
 - 1.2.2 External Consultants
 - 1.2.3 Board of Directors Education and Training
- 1.3 Senior Management Responsibilities
 - 1.3.1 Senior Management Governance Structure
 - 1.3.2 Senior Management Performance Linked to Sustainability-Related Indicators
 - 1.3.3 Senior Management Education and Training

G O V E R N A N C E

1.1 Governance

The Board of Directors is the highest decision-making unit for climate risk management, and is responsible for approving climate policies and strategies; supervising implementations of climate-related metrics and targets; incorporating climate risk factors into Bank SinoPac's risk appetite, strategies, and business plans; and identifying and assessing climate-related risks and opportunities as well as their impacts on Bank SinoPac's strategies and plans.

The Audit Committee has been established under the Board to supervise and manage existing or potential risks. The Audit Committee is composed of all independent directors, with at least one having expertise in accounting or finance.

The Risk Management Committee has been established under the Chairman to implement major Board decisions and other matters related to climate risk management, formulate corresponding supervision and reporting mechanisms, and monitor climate risk management operations.

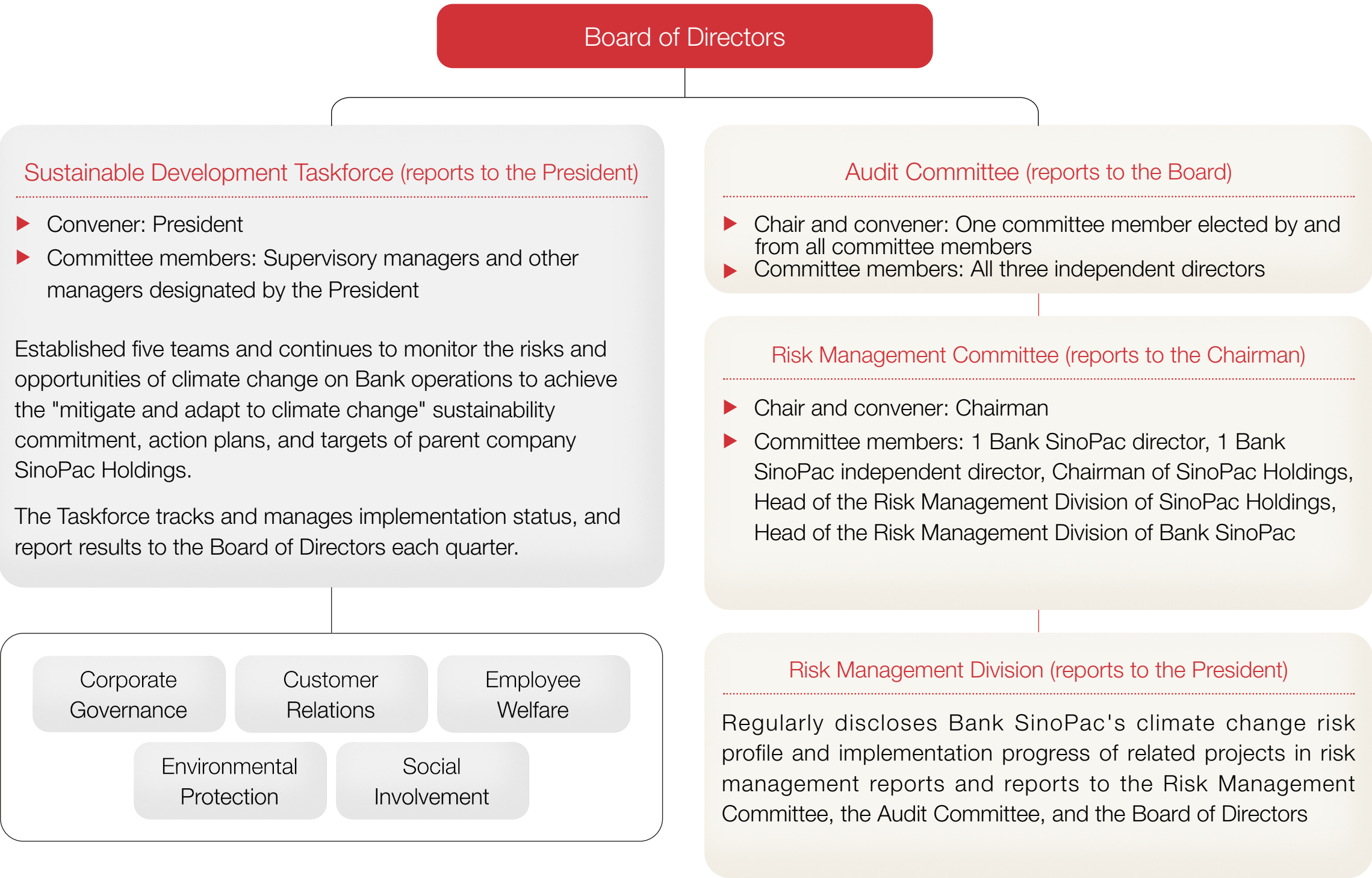
The President is responsible for supervising implementations of climate risk management mechanisms, including assessing and balancing climate risks and opportunities; formulating climate risk management strategies, management systems, and monitoring indicators; regularly reviewing effectiveness and implementations; continuing to monitor exposures to climate risks; and reviewing resilience of response strategies for different climate scenarios.

Responsible units or teams designated by the President implement climate risk management tasks, including establishing management mechanisms, adopting response measures for different scenarios, and periodically or non-periodically reporting information on climate risks to the Risk Management Committee and the Board.

In order to manage economic, environmental, and social risks and impacts from our operational activities, as well as promote the sustainable development policies and plans of our parent company SinoPac Holdings, we established the "Sustainable Development Taskforce" in December 2022. The Taskforce is convened by our President and composed of various supervisory managers and other managers designated by the President. The Taskforce works to implement corporate governance, build sustainable environments, maintain public welfare, and strengthen corporate sustainable development information disclosures to fulfill our corporate social responsibilities and achieve sustainable operations. The Sustainable Development Taskforce is responsible for formulating and promoting work targets and plans associated with sustainable development, and has established five teams (Corporate Governance, Customer Relations, Employee Welfare, Environmental Protection, and Social Involvement) to execute Taskforce plans. The Sustainable Development Taskforce convenes every quarter and provides quarterly reports on sustainability performance and plans to the Board. The Sustainable Development Taskforce continues to be attentive of operational risks and opportunities caused by climate change and works to achieve the "mitigate and adapt to climate change" sustainability commitment, action plans, and targets of our parent company.

The Risk Management Division regularly discusses progress on projects related to climate issues and climate risk

management, conducts stress tests, monitors proportions of industries with high climate risks, and reports regularly to the Risk Management Committee, the Audit Committee, and the Board. The Risk Management Division is also responsible for quantifying the financial impacts of physical and transition risks, and presenting said financial impacts to senior management so that relevant units can shape response strategies, mitigation and adaptation measures, and metrics and targets. Our Risk Management Division works with the SinoPac Holdings' Risk Management Division to identify climate-related risks and opportunities on an annual basis; assists SinoPac Holdings in identifying important climate-related risks and opportunities as well as mitigation and adaptation measures; identifying, measuring, monitoring, and reporting climate risks, and making regular reports and disclosures.



Our parent company SinoPac Holdings became a TCFD supporter in 2021, joined the Partnership for Carbon Accounting Financials (PCAF) in 2023 to align with global GHG accounting & reporting standards, and officially became a Taskforce on Nature-Related Financial Disclosures (TNFD) Forum member and Adopter as well as a Partnership for Biodiversity Accounting Financials Supporter in 2025, demonstrating our active response and commitment to climate and nature-related issues.

In alignment with the three major goals approved by the Board of Directors of our parent company, SinoPac Holdings, in 2022—achieving net-zero emissions from our own operations by 2030, and net-zero emissions across our entire asset portfolio by 2050—our bank adheres to the guiding principles of being Impactful and Sustainable. We actively support green finance initiatives and the development of national green energy. In response to the risks and opportunities brought by climate change, we adopt a three-step approach: starting with our own operations, leveraging financial instruments, and utilizing market forces to lead the transformation of energy, industry, and lifestyle. For a summary of our ambitions, actions, and accountability across various dimensions, please refer to the appendix of this report: TPT Transition Plan Comparison Table.

Bank SinoPac is a rock member of the Business Council for Sustainable Development Taiwan (BCSD Taiwan) and supports BCSD's efforts in promoting various international sustainability initiatives. We were also an initiating member of both the "Taiwan Sustainable Finance Initiatives Network" and the "Taiwan Nature Positive Initiative," which were respectively launched in 2021 and 2022. In recent years, natural capital and biodiversity have become highly relevant sustainability issues that are closely intertwined with climate change, and are crucial elements in achieving our 2050 net zero target. Bank SinoPac collaborates with SinoPac Holdings in using practical actions to demonstrate emphasis and commitment toward these issues, proactively supporting prospective concepts and discussions that benefit sustainability promotions and sustainable industrial transformations. We also work with BCSD in expanding our sustainability influence, for example by releasing "Industrial Net Zero Transformation Strategy Recommendations: Corporate Perspective" in 2022 and by supporting the Chinese version of "Connecting Finance and Natural Capital" in 2023. In 2024, we selected energy, building, and textile materials industries with key climate and nature impacts, and invited academic and industry experts to jointly discuss and explore possible action pathways and corresponding tasks and measures for these three industries in the face of climate, net zero, and nature challenges; these discussions were compiled to create the "[Positive Industry Climate and Nature Actions Guidelines](#)" to identify positive climate and nature solutions.

Unit	Chair	Composition	Meeting Frequency	Related Responsibilities
Board of Directors	Chairman	6 directors and 3 independent directors	Convenes once a month, with sustainability and climate issues discussed at least once every quarter	The highest governance unit for climate change issues
Audit Committee	Committee members elect a convener and meeting chair amongst themselves	3 independent directors	Convenes at least once every quarter and may convene at any time as needed	Supervises and manages existing and potential risks
Risk Management Committee	Chairman	Bank SinoPac's Chairman serves as the Committee convener and chair; Committee members include 2 directors (one of whom is the SinoPac Holdings chairman), 1 independent director, the SinoPac Holdings Risk Management Division director, and the Bank SinoPac Risk Management Division director	Convenes at least once every quarter	Implements major Board decisions and other matters related to climate risk management, establishes corresponding supervision and reporting mechanisms, and monitors climate risk management operations
Sustainable Development Taskforce	President	Supervisory managers and managers designated by the President	Convenes at least once every quarter	Established five teams (Corporate Governance, Customer Relations, Employee Welfare, Environmental Protection, and Social Involvement), continues to be attentive of operational impacts from climate change risks and opportunities, and works to achieve the "mitigate and adapt to climate change" sustainability commitment, action plans, and targets of parent company SinoPac Holdings

1.2 Board of Directors Responsibilities

1.2.1 Board Governance Structure

Bank SinoPac adheres to the governance structures and management processes for "climate change risks and opportunities" adopted by SinoPac Holdings, and conducts annual identification procedures for climate change risks and opportunities in accordance with the sustainable development plans formulated by SinoPac Holdings to identify the climate-related risks and opportunities that impact operations and business. The Board considers overall operational strategies and business environments; approves risk management policies, major decisions, and risk appetite related to climate issues; and is responsible for the ultimate supervision and management of climate-related issues. To fully understand the impacts of climate risks on our operations, Bank SinoPac aligned with the SinoPac Holdings Board in hiring external consultants to aid establishment of climate governance frameworks, promoted sustainable developments, and studied climate issues to facilitate management and implementation of corporate sustainability matters and climate issues.

The 11th Board of Directors at Bank SinoPac is composed of 9 directors, including 3 independent directors, 1 director concurrently serving as a manager (Director Eric Chuang serves as the President of Bank SinoPac), 2 directors concurrently serving as SinoPac Holdings managers (Director Stanley Chu serves as the President of SinoPac Holdings and Director Kerry Hsu serves as the Chief Financial Officer, spokesperson, and Financial Management Division director of SinoPac Holdings), and 3 directors who do not concurrently serve as managers, one of whom is Director Shi-Kuan Chen, the chairman of SinoPac Holdings, who also serves as an executive supervisor of the Taiwan Business Council for Sustainable Development, and leads Bank SinoPac in continuing to focus on climate change and environmental sustainability issues.

1.2.2 External Consultants

Bank SinoPac aligned with SinoPac Holdings in hiring external consultants in 2022, 2023, and 2024 to provide TCFD consulting services, assess financial impacts from physical/transition risks, create climate risk heatmaps, complete climate risk management systems, and provide TCFD training. After SinoPac Holdings established a Net Zero Team in 2022, Bank SinoPac worked with external consultants hired by SinoPac Holdings to conduct GHG measurement of investment and financing portfolios, set SBTs, and support SBTi verifications. The SBTs established by SinoPac Holdings were verified in January 2024. Please refer to the [SinoPac Holdings corporate website](#) for more information.

1.2.3 Board of Directors Education and Training

To strengthen supervision of implementations related to corporate sustainability and management of climate issues at Bank SinoPac, our directors attended classes themed around climate-related issues. In total, our directors completed 148 hours of training in 2024, including 47 hours of training related to climate or sustainability issues, encompassing classes related to low-carbon economics, carbon trading, green finance, IFRS S1 and S2, sustainable governance, and other sustainability issues. Our directors also participated in ESG forums and actively respond to net zero actions and business opportunities in the finance industry. For details on director training in 2024, please refer to our [official website](#).

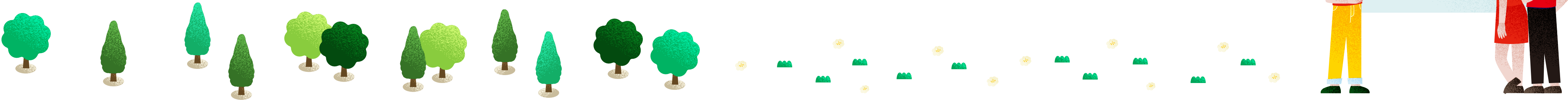


Climate-Related Education and Training for Directors

Participating Directors	Course Title	Course Syllabus	Hours	Participating Directors	Course Title	Course Syllabus	Hours
Wei-Thyr Tsao, Shi-Kuan Chen, Eric Chuang, Kerry Hsu	Global trends and business opportunities related to low-carbon economies and corporate low-carbon innovations	<div>1. Global economic sustainability and low-carbon transformations</div> <div>2. Carbon pricing and internalizing external environmental costs have become inevitable trends</div> <div>3. Financial business opportunities from cleaning technologies and corporate low-carbon innovations</div> <div>4. Low-carbon investment trends in capital markets</div> <div>5. International Sustainability Standards Board (ISSB) current trends and responses</div>	3	Yu-Fen Lin	Sustainable and smart medicine	<div>1. Introduction and Taipei Veterans General Hospital smart medicine sustainability strategic goals</div> <div>2. Taipei Veterans General Hospital smart medicine developments and sustainable development blueprint</div> <div>3. Taipei Veterans General Hospital next generation medical information system</div> <div>4. Taipei Veterans General Hospital telemedicine services and 5G applications</div> <div>5. Discussions</div>	3
Wei-Thyr Tsao, , Shi-Kuan Chen	Aligning with international carbon trading mechanisms to promote corporate innovation opportunities	<div>1. Mandatory and voluntary carbon rights</div> <div>2. Carbon costs and opportunities</div> <div>3. Corporate carbon management</div> <div>4. Corporate support from Taiwan Carbon Solution Exchange</div> <div>5. Features and rules of international carbon rights trading platforms</div> <div>6. Conclusion</div>	3		Environmental sustainability and biodiversity	<div>1. Biodiversity crises and conservation trends</div> <div>2. Corporate biodiversity actions</div> <div>3. Corporate biodiversity and conservation strategies and business opportunities</div> <div>4. Discussions</div>	3
Stanley Chu	Challenges and opportunities of sustainable development pathways and introduction of greenhouse gas inventories	<div>1. International net zero trends and current status</div> <div>2. Organizational/product greenhouse gas inventories</div> <div>3. ISO 14064-1:2018 standards</div> <div>4. Emission calculations and greenhouse gas inventory case studies</div>	3		Exploring international sustainability trends and challenges associated with climate disclosures	<div>1. Main climate disclosure frameworks: TCFD and IFRS S2</div> <div>2. Sustainable development concepts</div> <div>3. What is sustainable finance?</div> <div>4. International sustainability trends and challenges</div>	3
Chia-Hsien Chen	Current developments and trends of renewable energy markets and green finance in Taiwan	<div>1. Carbon neutrality and cash flow governance</div> <div>2. Carbon pricing issues</div> <div>3. Sustainability information disclosures</div> <div>4. Circular economy</div>	3	Chih-Cheng Su	IFRS S1 and S2	<div>1. Introduction to IFRS sustainability disclosure standards</div> <div>2. Introduction to IFRS S1: Structure, aims, and scope</div> <div>3. Introduction to IFRS S1: Fundamental principles</div> <div>4. Introduction to IFRS S1: Core content</div> <div>5. Introduction to IFRS S1: General requirements, judgments, uncertainties</div> <div>6. Introduction to IFRS S2: Structure, aims, and scope</div> <div>7. Introduction to IFRS S2: Core content</div> <div>8. Introduction to IFRS S2: Indicator targets and appendix</div> <div>9. National alignment with IFRS sustainability disclosure standards and blueprint</div>	2

Participating Directors	Course Title	Course Syllabus	Hours
Chih-Cheng Su	Rich Club : Mutual benefits from ESG empowerment and new SinoPac vision	1. Improvements in sustainability foundations 2. Proactive initiatives and sustainability commitments 3. Multiple environmental and sustainability actions 4. Digital empowerment and mutual prosperity from sustainability 5. Diverse benefits of happy enterprises 6. Corporate governance, transparency, and integrity	1.5
	SinoPac ESG Forum: Positive industry climate and nature action guidelines	1. Positive industry climate and nature action guidelines 2. Positive industry climate and nature actions 3. Positive climate and nature transformation solutions	3
Tsung-Ming Su	Sustainable development and sustainable governance trends	1. Introduction 2. Sustainable development and corporate ESG sustainability governance 3. Climate change risks 4. Climate change physical risks and resilience adaptation pathway plans 5. Climate change transition risks and low-carbon transformation pathway plans 6. Science Based Targets initiative 7. Carbon rights and carbon pricing 8. Task Force on Climate-Related Financial Disclosures (TCFD) 9. Building corporate ESG sustainability governance capabilities 10.Conclusion	3

Participating Directors	Course Title	Course Syllabus	Hours
Tsung-Ming Su	Global economic outlook (inflation, interest rate policies, and green trade wars)	1. Overview and forecasts ▶ Economic recovery and related evaluations 2. Global economic conditions and challenges ▶ Current and future developments of large economies 3. Global economic milestones ▶ Inflation and interest rate policies ▶ Outlook on Europe, emerging markets, and developing economies ▶ Trends in green trade wars 4. Global economic outlook 5. Conclusion and discussion	3
	Rich Club : Seeing the future of sustainability from COP29	1. United Nations Climate Change Conference visions 2. International mindsets, trends, and developments 3. International sustainable development trends 4. Impacts for enterprises in Taiwan	1.5



1.3 Senior Management Responsibilities

1.3.1 Senior Management Governance Structure

The Chairman and the President follow the SinoPac Holdings "Sustainable Development Committee" in executing climate strategies as well as in planning and establishing institutions. Bank SinoPac has adjusted internal documents and regulations to integrate climate risk factors into Bank business and operations. The President approved the "Standards for the Management of Climate-Related Risks and Opportunities," which references the four core TCFD aspects and other external regulations such as the "Guidelines for Financial Disclosures Related to Climate Risks by Domestic Banks," the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," and the SinoPac Holdings "Guidelines for the Management of Climate-Related Risks and Opportunities," enabling Bank SinoPac to properly assess current and future potential impacts from climate-related risks and opportunities through establishment of regulations related to corporate governance, development of sustainable environments, and maintenance of social benefits.

1.3.2 Senior Management Performance Linked to Sustainability-Related Indicators

Bank SinoPac adheres to the senior executive performance management system approved by the SinoPac Holdings Board of Directors, which includes short-term (current year) performance targets and long-term (next three years) performance targets. Performance results are linked to individual rewards and remuneration. SinoPac Holdings has established the "Long-Term Incentive and Remuneration Program" for the Presidents and Vice Presidents (senior executives) of SinoPac Holdings and associated subsidiaries. The Sustainability indicator holds a weight of 15% and has been included in annual assessment targets for 2024-2026 to encourage promotion of medium and long-term sustainability actions.

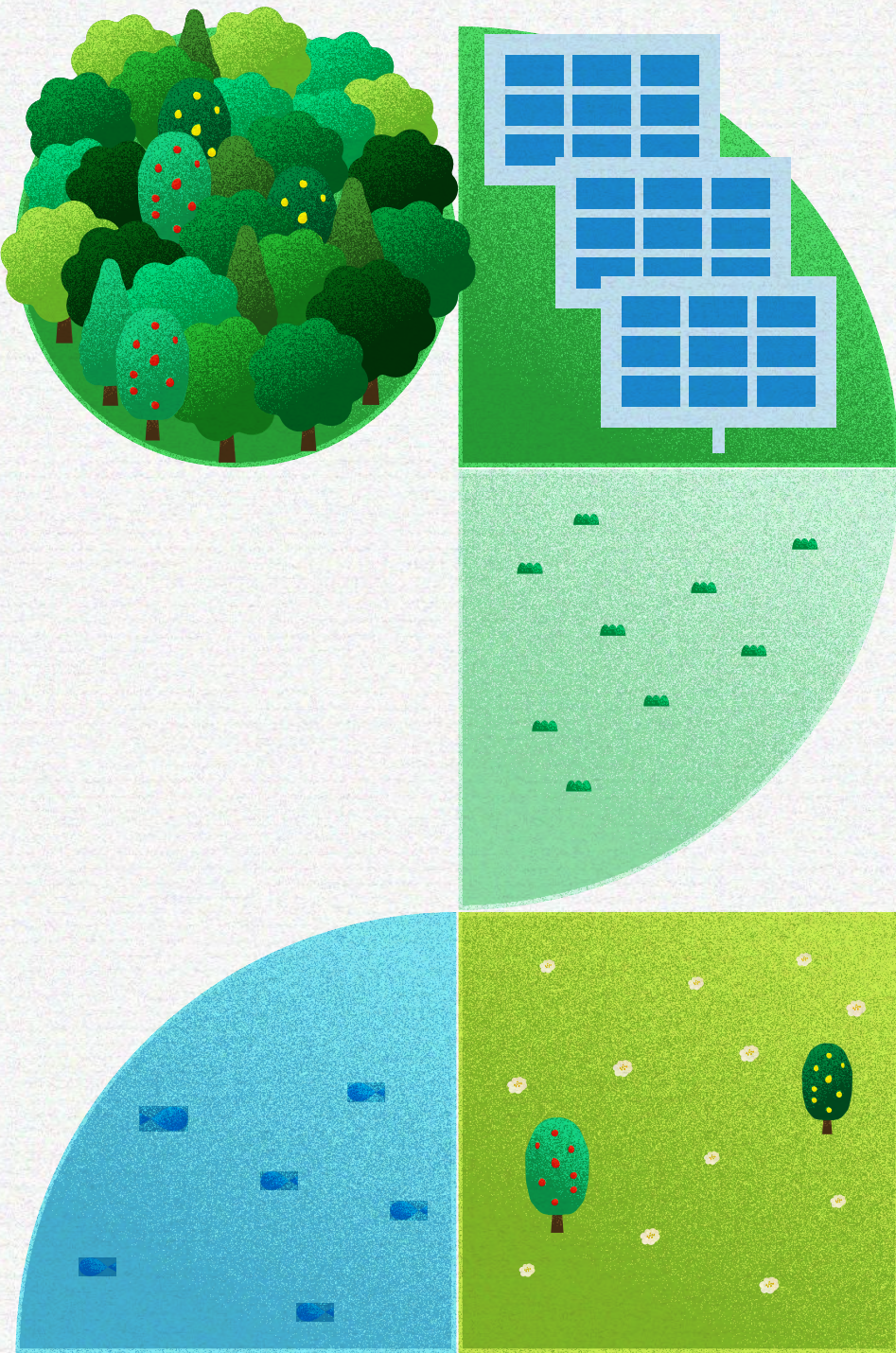
Each year, Bank SinoPac conducts performance management procedures for all employees, and performance results are linked to individual remuneration through the following mechanisms: Sustainability indicators accounted for at least 5-10% of annual sustainability targets for the President of Bank SinoPac and departmental KPI scores in 2024. All departments formulated plans for related indicators which were incorporated into annual performance targets for first-level managers in each department, and these targets were linked to variable bonuses for the year. Relevant performance targets are continually optimized in response to stakeholder expectations and to exert our financial influence. (Please refer to [5.3 Performance and Remuneration Systems for information on climate performance indicators.](#))

1.3.3 Senior Management Education and Training

Our executive managers completed 5,388 hours of training, of which 401 hours were related to climate issues, including a series of courses on sustainable finance trends, experiences of benchmark enterprises, net zero transformations in practice, and corporate social responsibilities.

Sustainable finance trends	Experiences of benchmark enterprises	Net zero transformations in practice	Corporate social responsibilities
Discussions on new trends in financial developments under net zero pathways	Global Views Monthly "Seeing the Future of Sustainability from COP29"	Net zero emissions education and training	Sustainability I DO commitment: Environmental protection, energy conservation, and human rights commitments
Green finance technologies and diverse business model innovations	Chunghwa Telecom "Mutual Benefits from ESG Empowerment and New SinoPac Vision"	Standard operating procedures for analyzing net zero transformations	Sustainable finance literacy courses for all employees
	Synnex "Light and bright: Discussions on business management"	Global trends and business opportunities related to low-carbon economies and corporate low-carbon innovations	Dialogue with the Ocean lecture
	Test-Rite Group "Blue Ocean Markets in Trade"	Renewable energy developments and practices in Taiwan	Sustainability EASY TALK with the Chairman
		Internal carbon pricing applications in investment and financing: Case studies and discussions	Introduction to SDGs: Exploring a sustainable world with children at SinoPac





Strategy

2.1 Climate and Nature-Related Risks and Opportunities

- 2.1.1 Process for Identifying Risks and Opportunities
- 2.1.2 Identified Climate and Nature Risks
- 2.1.3 Identified Climate and Nature Opportunities

2.2 Climate and Nature Strategies and Actions

2.3 Nature Dependencies, Impacts, Risks, and Opportunities Transmission Pathways

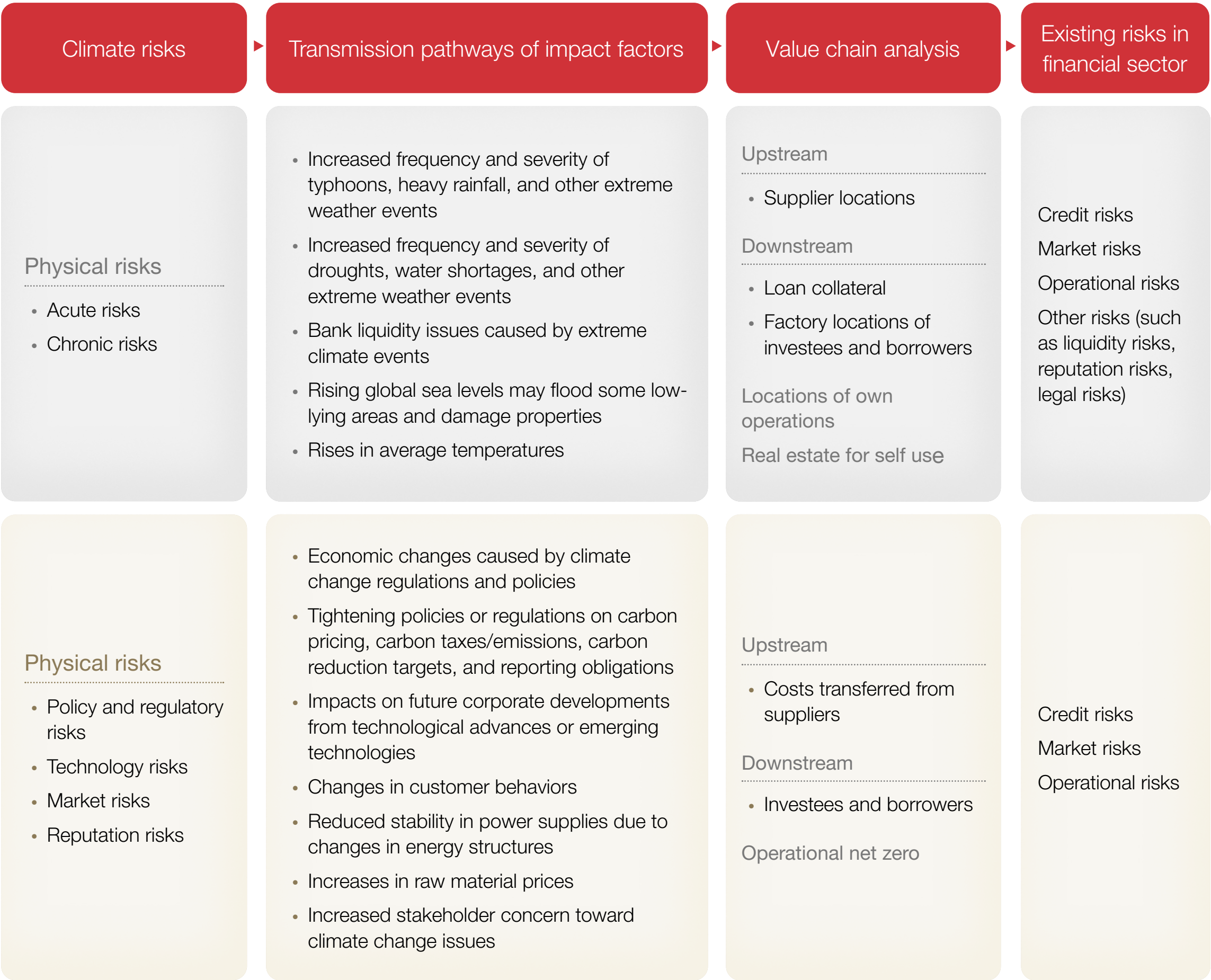
- 2.3.1 Biodiversity Impact Analysis
- 2.3.2 Assessment of Nature-Related Dependencies and Impacts

2.4 Green Strategies

- 2.4.1 Green Operations
- 2.4.2 Green Investments and Financing
- 2.4.3 Green Procurement

S T R A T E G Y

Our identification processes for climate risks and opportunities carefully examine corporate impacts from climate-related transition risks and physical risks, as well as existing risks in the financial sector. Additionally, climate scenario analysis results enable us to examine the impacts of climate risks and propose corresponding mitigation and adaptation measures. The table below illustrates the transmission pathways of climate-related risks.

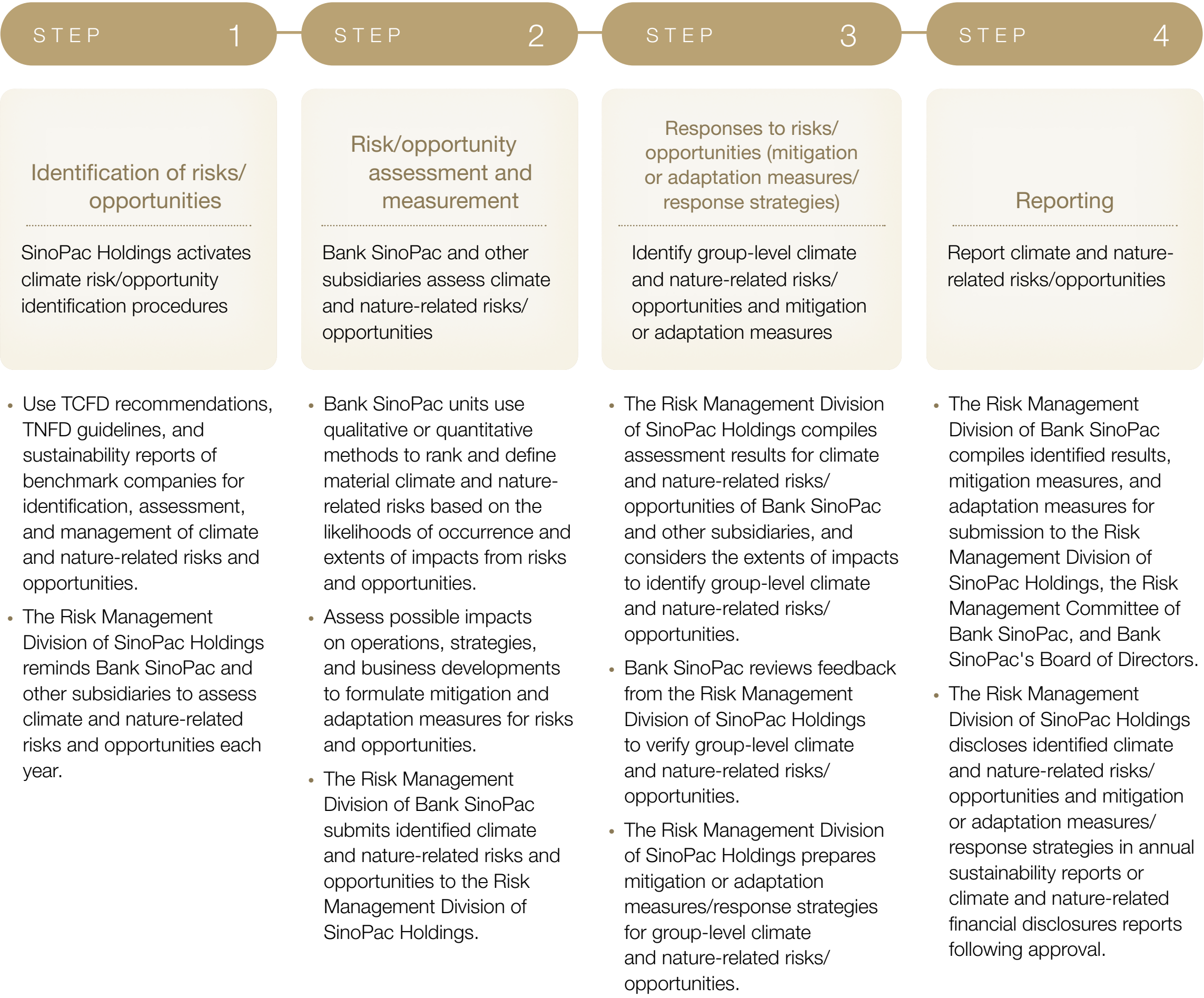


2.1 Climate and Nature-Related Risks and Opportunities

Climate change and losses in natural capital have significant impacts on corporate and social environments. In order to monitor the specific impacts of climate change and natural risks as well as strengthen responses to climate and nature-related issues, the Risk Management Division of SinoPac Holdings creates climate and nature-related risk and opportunity assessment tables each year, and references climate and nature-related 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 Risks and Opportunities

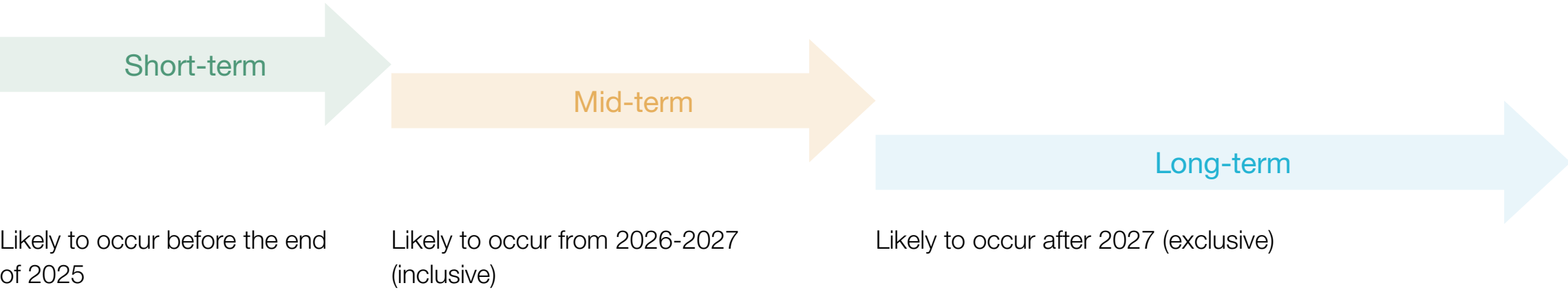


Bank SinoPac assesses emerging risks each year, and generates risk factor lists and assessment tables for emerging risks by adhering to the SinoPac Holdings "Emerging Risk Management Guidelines," referencing the Global Risks Report released by the World Economic Forum, and considering overall environmental changes.

To establish an integrated risk management framework, we included "emerging risks" and "climate risks" in our "Risk Management Policy" and formulated "Standards for the Management of Climate-Related Risks and Opportunities" to evaluate current and future impacts from climate risks and opportunities, and also to set mitigation and adaptation actions in response to climate change. Additionally, we formulated the "Emergency Incident Response Rules" and established emergency notification procedures and response handling guidelines to strengthen emergency response capabilities to natural disasters and other major emergencies.

During annual processes for identifying climate and nature-related risks and opportunities, we comprehensively consider "timelines of occurrence," "likelihoods," and "extents of impact" for collected climate and nature-related risks and opportunities. "Likelihood" and "extent of impact" scores are used as a basis for ranking the materiality of risks and opportunities. We selected the risk and opportunity issues with the highest likelihoods and extents of impacts, then identified their potential operational and financial impacts on different sections of our value chain (suppliers, own operations, and investment and financing businesses), possible timelines of occurrence, and links 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.

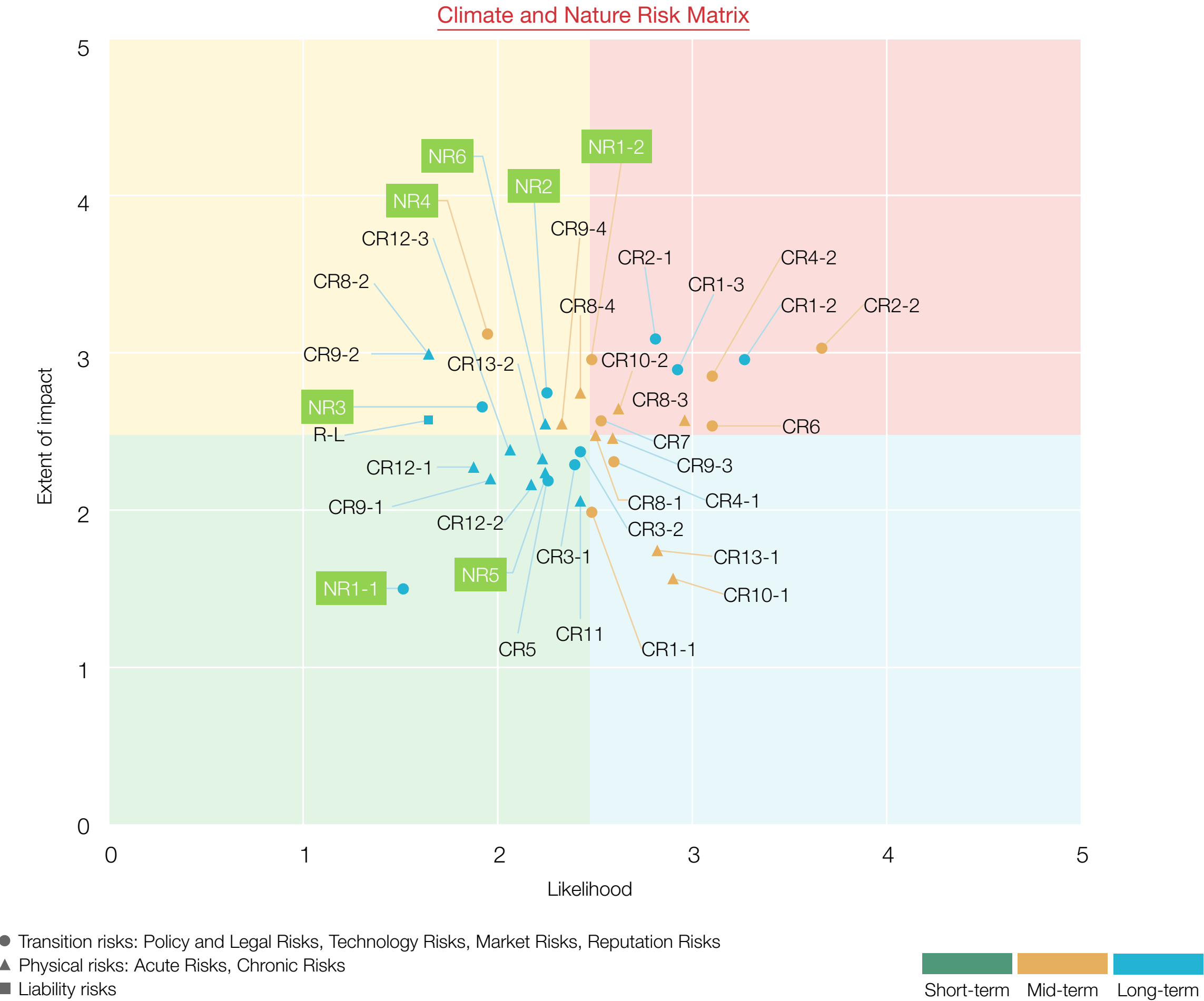
Climate and Nature Risks and Opportunities-Timelines



Note "Likelihood" and "extent of impact" were assessed using 5 levels, with 1 being the lowest and 5 being the highest. For "extent of impact," we referenced Article 2 of Bank SinoPac's "Emergency Incident Response Rules" and set the maximum extent of impact for major unexpected incidents at expected losses of US\$10 million (approximately NT\$300 million).

2.1.2 Identified Climate and Nature Risks

Compiled risk items were divided by risk categories (physical risks, transition risks, and liability risks) and we comprehensively assessed likelihoods and extents of impacts to determine the risks with relatively significant impacts on the different sections of Bank SinoPac's value chain (suppliers, operations, and investment and financing businesses), which are listed as follows:



Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Transition risk	Policy and legal	CR1	Economic changes caused by climate change regulations and policies	CR1-1	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.
				CR1-2	Promulgation and implementation of net zero policies by various countries may affect overall sales of specific products and services (for example, proportions of commercial electric vehicles or energy efficiency standards for new buildings), leading to sharp increases/declines in the output values of specific industries, which may affect related businesses and revenues.
				CR1-3	Government promotion of low-carbon policies will artificially accelerate depreciation for equipment from industries with high carbon emissions (such as fossil fuel industries), such that they are written off before the end of their life cycles, causing their values to decline, following which they become "stranded assets."
	Technology	CR2	Tightening policies or regulations on carbon pricing, carbon taxes, emissions, carbon reduction targets, and reporting obligations	CR2-1	Tightening policies or regulations on carbon reduction targets and reporting obligations (such as net zero commitments, SBT carbon reduction targets, and decarbonization policies) may reduce business opportunities if business strategies are not adjusted, lowering corporate revenues.
				CR2-2	Policies associated with carbon prices and carbon tax policies (such as domestic carbon fee levies), or tightening of policies and regulations associated with energy conservation and energy consumption (such as for heavy electricity users) may reduce profits for borrowers and investees, impact debt recovery, or affect income.
		CR3	Impacts on future corporate developments from technological advances or emerging technologies	CR3-1	Failure to successfully develop financial technologies and utilize digital financial services in leading paper-free functions and carbon-reducing green monetary flows may reduce customer willingness to interact with Bank SinoPac, affecting our revenues.
				CR3-2	During low-carbon transformation processes, errors in technological judgment or large investments in failed developments for new technologies may result in increased costs or reduced profits, affecting corporate debts and incomes.

Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Transition risk	Market	CR4	Changes in customer behavior	CR4-1	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.
				CR4-2	Increased awareness of environmental sustainability and extreme climate affect corporations with high power consumption/ high carbon emissions, resulting in difficulty recovering debts or declines in investment values
		CR5	Reduced stability in power supply due to changes in energy structures	CR5	Renewable energies tend to be intermittent energy resources. Changes in energy structures without grid enhancements or energy storage measures may lead to power supply instability, causing power outages or power rationing, impacting or interrupting corporate operations.
		CR6	Increases in raw material prices	CR6	Widespread impacts from the European Union Carbon Border Adjustment Mechanism (CBAM) are leading to gradual global increases of carbon tariffs and control measures on imported goods, which may further increase raw material prices and affect businesses or revenues.
	Reputation	CR7	Increased stakeholder concern toward climate change issues	CR7	Failure to actively participate in climate change issues of stakeholder concern, inability to supply green products, or poor carbon reduction performance may affect corporate reputations, resulting in business and customer losses, revenue declines, and loss of investor interest.

Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Physical risk	Acute	CR8	Increased frequency and severity of typhoons, heavy rainfall, and other extreme weather events	CR8-1	Damage to operational sites or equipment, operational interruptions, or personnel injuries.
				CR8-2	Critical customer data may be lost if data center equipment are damaged, increasing associated legal risks.
				CR8-3	Decreased loan collateral values may affect debt recovery.
				CR8-4	Damage to operational headquarters, sites, factories, and other properties of borrowers and investees may affect debt recovery or impact investment values of climate-sensitive assets (such as agricultural or real estate properties).

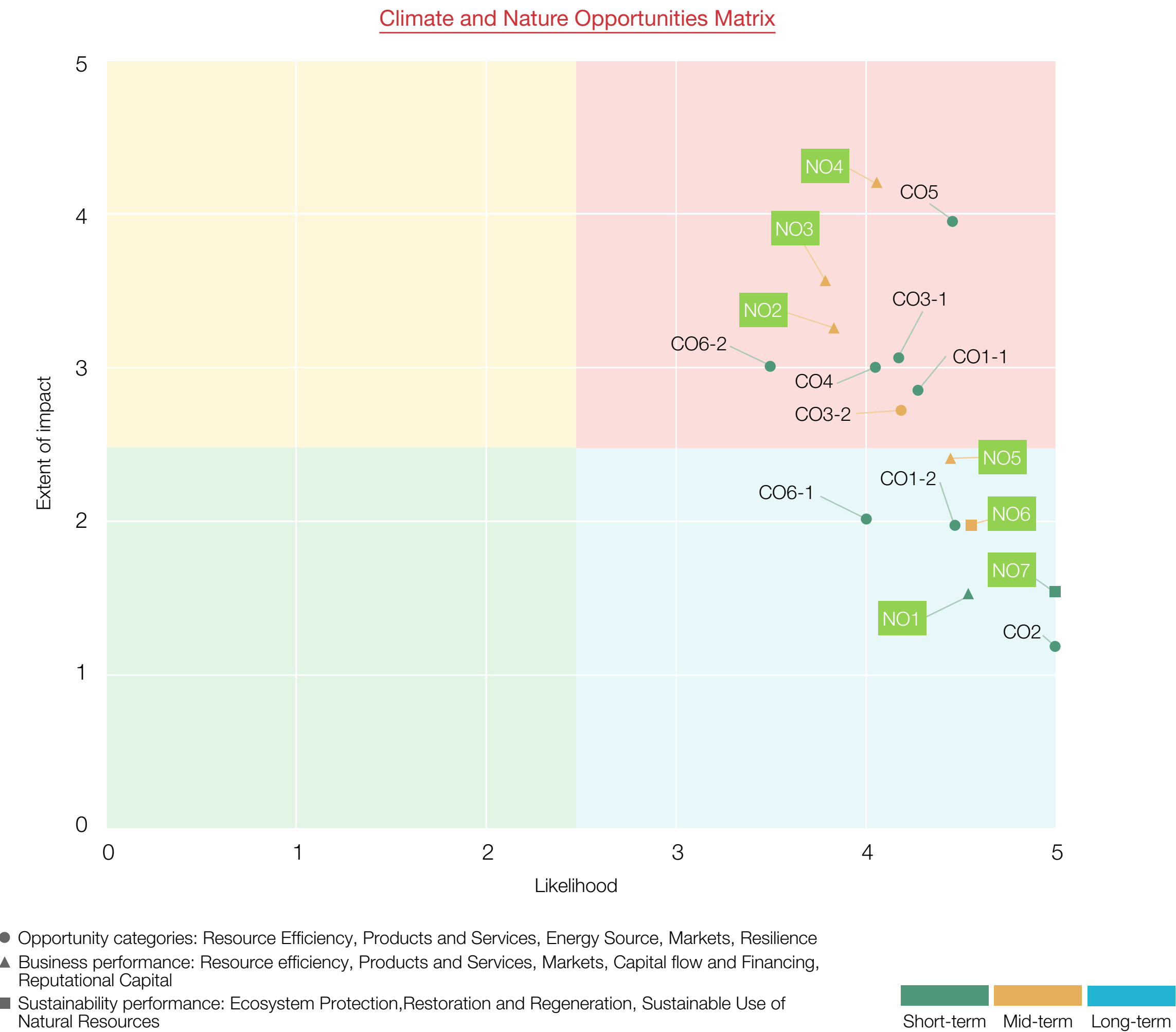
Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Physical risk	Acute	CR9	Increased frequency and severity of avalanches, slope disasters, and other extreme weather events	CR9-1	Damage to operational sites or equipment, operational interruptions, or personnel injuries.
				CR9-2	Critical customer data may be lost if data center equipment is damaged, increasing associated legal risks.
				CR9-3	Decreased loan collateral values may affect debt recovery.
				CR9-3	Damage to operational headquarters, sites, factories, and other properties of borrowers and investees may affect debt recovery or impact investment values of climate-sensitive assets (such as agricultural or real estate properties).
		CR10	Increased frequency and severity of droughts, water shortages, and other extreme weather events	CR10-1	Operational sites may suffer operational interruptions or equipment damages due to heightened probabilities of droughts/water shortages.
				CR10-2	Increased probabilities of droughts/water shortages may cause damage to manufacturing, agricultural, semiconductor, and other industries with heavy water usage, and a lack of response measures for drought incidents may affect debt recovery or impact investment values.

Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Physical risk	Acute	CR11	Bank liquidity issues caused by extreme climate events	CR11	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	CR12	Rising global sea levels may flood some low-lying areas and cause property damages	CR12-1	Damage to operational sites or equipment, operational interruptions, or personnel injuries
				CR12-2	Decreased loan collateral values may affect debt recovery.
				CR12-3	Damage to operational headquarters, sites, factories, and other properties of borrowers and investees may affect debt recovery or impact investment values of climate-sensitive assets (such as agricultural or real estate properties).
		CR13	Rises in average temperatures	CR13-1	High temperatures caused by extreme climate conditions will force outdoor workers to leave their jobs or increase electricity and water consumption required by air-conditioner use, impacting operational costs.
				CR13-2	Decrease expected values of some climate-sensitive assets (such agricultural or real estate properties).

Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Transition risk	Policy and legal	NR1	Changes in nature-related regulations or policies which increase compliance costs	NR1-1	Operational sites located near or in ecological protection areas may need to adopt management measures or relocate due to regulatory changes, increasing costs.
				NR1-2	Tightening regulations or policies require corporations to adopt related management measures, increasing compliance costs (such as for environmental impact assessments and nature conservation measures), resulting in decreased income or increased litigation risks and fines, impacting investee and borrower profitability.
	Technology	NR2	Increased costs from developing eco-friendly new technologies	NR2	Development of new technologies and equipment to mitigate damages caused to nature increase investee and borrower R&D expenditures and operational costs, affecting profitability, and impacting debt recovery and investment returns.
	Market	NR3	Changes in consumer preferences or increased prices for natural resources or raw materials	NR3	Consumers may change their preferences for products or services due to interest in nature-related issues, and scarcity of natural resources may increase raw material prices and operational costs, resulting in declining demand for investee and borrower products and services, reducing revenues while increasing costs for substitute products/services.
	Reputation	NR4	Increased stakeholder concern toward nature-related issues	NR4	Impacts on natural environments from our own or investee and borrower operational activities, failure to provide nature-related products, and lack of active involvement in nature-related issues of stakeholder concern may damage our corporate image and affect market capitalization.

Risk Category	Risk Type	Item Code	Description of Risks	Impact Code	Impacts
Physical risk	Acute	NR5	Specific events that occur over the short term may change natural conditions. Such events may include oil leaks, forest fires, or harvest damages caused by pests.	NR5	Water resource pollution, water flow changes, wildfires, pests, and other natural events may impact corporations that rely heavily on water resources or other natural resources, and corporate operational activities may damage natural environment systems due to overexploitation of resources, oil leaks, or forest fires.
	Chronic	NR6	Changes in rainfall patterns may affect water resource sufficiency and stability	NR6	Long-term changes in rainfall patterns may affect water resource distributions, increasing operational costs from water consumption for agricultural, food, and semiconductor industries that rely heavily on water resources, decreasing incomes and affecting investee and borrower profitability.
Liability risk	Liability	R-L	Failure to establish a climate/nature governance structure, inability to reduce greenhouse gas emissions, insufficient disclosures of climate/nature-related risks, failure to adjust business strategies, environmental damage to borrowers and investees, or property losses to third parties may lead to lawsuits or risks from liability claims.	R-L	There have been an increasing number of lawsuits associated with climate change, natural environments, and biodiversity issues brought to courts by various stakeholders because organizations have failed to adopt climate change mitigation or adaptation actions, or have not fully disclosed climate/nature-related material financial risks. As losses and damages from climate change continue to increase, and biodiversity issues continue to garner interest, the liability risks arising from related litigation may also increase..

2.1.3 Identified Climate and Nature Opportunities



Opportunity Category	Opportunity Type	Item Code	Description of Opportunities	Impact Code	Impacts
Opportunity	Resource Efficiency	CO1	Enhance efficiency of energy resources	CO1-1	Incorporate green building designs into offices or self-owned buildings, use energy-saving equipment to enhance energy efficiency, or move IT rooms to buildings with better energy efficiency to reduce operational costs from energy consumption.
				CO1-2	Promote digitalization of internal processes, online meetings, and other paper-free solutions to enhance internal operational carbon reduction performance.
	Energy Source	CO2	Increase proportion of renewable energy used at operational sites	CO2	Bank SinoPac 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.
	Products and Services	CO3	Increase green financial products and services	CO3-1	Align with government policies and regulations to expand investment and financing for renewable energy or green industries, and develop innovative sustainable finance products and services to increase business opportunities.
				CO3-2	Global trends in low-carbon green energies have increased demand for products associated with environmental sustainability and climate change. Continued investment in R&D of low-carbon products and services help to increase customers and business opportunities, and continued optimization of digital financial services enhance user convenience and offer paper-free, low-carbon benefits. Development of related products and services will drive increases in R&D investments.
		CO4	Engagement with customers	CO4	In response to green and transition trends in the financial sector, Bank SinoPac is working to act as a client-side ESG communicator to assist and guide clients in undergoing low-carbon transformations through loans and investments, thereby improving operational strategies and creating mutual benefits by protecting the environment and stabilizing our relationship with existing customers, enhancing our corporate image.

Opportunity Category	Opportunity Type	Item Code	Description of Opportunities	Impact Code	Impacts
Opportunity	Markets	CO5	Increase issuance of green financial products and green investments to seek out new business opportunities in the market	CO5	Increase issuance and investment of Green Bonds or participation in underwriting of renewable energy industries to enter new markets, obtain new business opportunities related to the circular economy, and increase revenues
	Resilience	CO6	Develop adaption capabilities in response to climate change	CO6-1	Actively participate in government and international sustainability and climate change initiatives, and put related concepts into practice to garner positive media coverage and enhance our overall corporate image
				CO6-2	Add products related to climate change into our investment and financing portfolio, keep informed of market trends, and increase operational flexibility.
Business performance	Resource Efficiency	NO1	Enhance resource efficiency of own operations to reduce impacts and reliance on natural environments	NO1	Install water-saving equipment and devices, and purchase renewable or eco-friendly materials through green procurement procedures to reduce impacts and reliance on natural resources, and lower operational and compliance costs.
	Products and Services	NO2	Develop or add financial products and services with benefits to nature	NO2	Provide eco-friendly financial solutions or green products (such as green loans and green investments) that generate positive impacts or reduce negative impacts on nature to increase income sources and competitiveness.

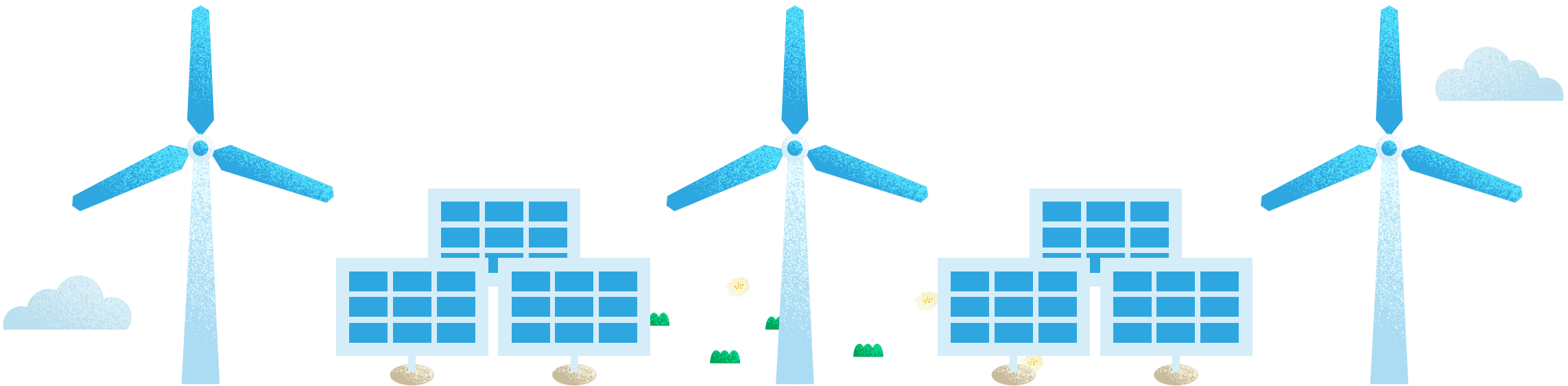
Opportunity Category	Opportunity Type	Item Code	Description of Opportunities	Impact Code	Impacts
Business performance	Markets	NO3	Promote diversity through nature-related financial products	NO3	Governments, investors, and consumers are increasing attention and involvement in nature-related issues (including biodiversity and eco-friendly issues), forming emerging markets, so active development of diverse nature-related financial products and services can increase revenues.
	Capital flows and financing	NO4	Provide capital to support corporate transformations and to promote nature and green-related investments and financing	NO4	Provide investment and financing tools (including loans, bonds, and funds) for capital requirements that can generate positive impacts and reduce negative impacts on nature to increase revenues and direct capital toward eco-friendly and green activities and industries.
	Reputation capital	NO5	Actively participate in and support nature-related activities in accordance with nature-related policies and initiatives	NO5	Actively work with government and international nature-related policies and initiatives in participating in activities associated with environmental assets and ecological systems, as well as sustainability evaluations, to generate positive impacts on society and local economies, thereby enhancing our corporate image and brand value.
Sustainability Performance	Ecosystem protection, restoration, and regeneration	NO6	Support protection, restoration, and regeneration of habitats and ecosystems, as well as other nature and ecological protection activities	NO6	Actively participate in ecological protection activities to improve ecosystems and increase resilience toward natural disasters through direct/indirect restoration, conservation, or protection of ecosystems or habitats.
	Sustainable use of natural resources	NO7	Promote transformations in own operations, green procurement, and sustainable management to promote sustainable use of natural resources	NO7	Promote transformations in own operations or utilize green procurement and supplier sustainable management mechanisms to promote sustainable use of natural resources, generating positive impacts on nature as we use practical actions to protect natural resources.

2.2 Climate and Nature Strategies and Actions

Bank SinoPac identified the impact timelines and potential financial impacts of climate and nature-related risks and opportunities, as well as their connections with existing risks in the financial sector (such as credit risks, market risks, and operational risks) to serve as a basis for formulating related countermeasures and risk management measures. We selected the risks and opportunities located in the first quadrant (high likelihood and high extent of impact) and ranked them by materiality for further analysis.

During risk and opportunity identification processes, we consider the most likely time intervals for the risks and opportunities associated with each issue, and use these to formulate mitigation and adaptation measures for the short, medium, and long term. As climate change scenarios and international trends evolve, the characteristics of these risks or opportunities may change accordingly. Bank SinoPac continuously tracks and identifies associated impacts during annual identification processes, and adjusts formulated strategies based on identification results to respond to changing scenarios and trends.

In 2024, we identified 9 material climate risks and 3 nature risks, as well as potential impacts and response measures, which are compiled in the table below. In terms of nature-related risks, we analyzed the top three material nature risk items to gain clarity on our material nature risks. To better understand climate and nature risks, Bank SinoPac formulated risk management measures and response strategies for identified key climate and nature risks based on past operational performance of related businesses. Please refer to "[5.2 Metrics and Targets](#)" for more information.



Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Policy and legal	CR2-2	Tightening policies or regulations on carbon pricing, carbon taxes, emissions, carbon reduction targets, and reporting obligations	Policies associated with carbon prices and carbon tax policies (such as domestic carbon fee levies), or tightening of policies and regulations associated with energy conservation and energy consumption (such as for heavy electricity users) may reduce profits for borrowers and investees, impact debt recovery, or affect income.	<ul style="list-style-type: none">Increased losses in debt recoveryRisks to own operationsCredit businessInvestment/underwriting business	<ol style="list-style-type: none">Changes in client default rates, increased fluctuations in market prices, and increases in expected losses and inventory write-down lossesIncreased losses from debt recoveryReduced investment returnsImpairment of credit collateral values and impacts on borrower repayment capabilities	<ul style="list-style-type: none">Credit risksMarket risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">In order to comply with regulations (such as the EU CBAM or the Climate Change Response Act), borrowers may directly or indirectly raise operational costs, thereby affecting profitability. Some high-emission clients may even lose orders or suffer business impacts under specific circumstances, and clients in poor financial health may therefore be unable to repay their debts.Borrowers and investees which are highly reliant on fossil fuels or industries with high pollution, high emissions, or higher impacts from climate change may suffer impacts to operations and profits due to changes in energy regulations and rising carbon prices, reducing investment returns; clients in poor financial health may be unable to repay their debts, which may increase credit risks and decrease our profitability.If investees 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 will increase operational costs and affect profitability, making it difficult to recover loans, reducing investment returns/underwriting profits, and leading to market liquidity problems.Competent authorities are requiring the financial industry to achieve net zero investment and financing portfolios as well as set annual limits, affecting the growth momentum of loans and causing declines in equity collateral values for the financial industry.Subsidiary bank: Policies associated with carbon prices, carbon taxes/emissions, carbon reduction targets, and reporting obligations, as well as tightening energy conservation and power consumption policies and regulations, may reduce profits for investees and borrowers, impact debt recovery, or affect income.					<ol style="list-style-type: none">SinoPac Holdings has successively announced 2050 net zero targets, decarbonization statements, and other sustainable finance targets for its entire asset portfolio. SinoPac Holdings continues to formulate net zero strategic plans including Partnership for Carbon Accounting Financials (PCAF) carbon inventories for gradual decarbonization of investment and financing portfolios, and also actively engages with investees and borrowers.The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for sales and approval personnel.Bank SinoPac has signed the Equator Principles and rigorously evaluates environmental and social risks and impacts of borrowers when making decisions on project financing, particularly possible financial impacts from environmental risks and corresponding issues related to debt recovery and corporate reputations. Bank SinoPac established the Responsible Lending Management Guidelines, which includes guidelines and standards related to stranded assets (thermal coal and unconventional oil and gas) and industries or economic activities with high emissions.When handling related business matters, the first line of defense incorporates considerations of impacts from climate-related trends, policies, and regulatory changes on clients, which are summarized and explained during loan approval processes so that authorization personnel can review the information when approving or denying loans.We incorporate considerations of operational risks when assessing investment amounts. Additionally, credit ratings agencies also incorporate considerations of operational and moderate risks when assessing corporate operational risks. Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to manage investments in high-emission targets. All investment units have also established evaluation processes for domestic exchange-listed and OTC-listed company stocks and bonds to further control investments that may be affected.Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules" for strict management and gradual exits.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Policy and legal	CR1-2	Economic changes caused by climate change regulations and policies	Promulgation and implementation of net zero policies by various countries may affect overall sales of specific products and services (for example, proportions of commercial electric vehicles or energy efficiency standards for new buildings), leading to sharp increases/declines in the output values of specific industries, which may affect related businesses and revenues.	<ul style="list-style-type: none">• Credit business• Investment/underwriting business• Product and merchandise sales• Customer service• Industrial risks	<ol style="list-style-type: none">1. Dramatic changes in prospects for specific industries may also affect client default probabilities.2. Increased losses from debt recovery3. Reduced investment returns4. Impairment of credit collateral values and impacts on borrower repayment capabilities5. Increased operational risks6. Increased default probabilities	<ul style="list-style-type: none">• Credit risks• Market risks• Strategic risks	Long-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">1. Implementations of net zero policies by various countries will affect future developments of some industries. Using the electric vehicle industry as an example, more than 20 countries have announced timelines for 100% electrification of public transportation vehicles, which will affect sales of gas-powered cars, and in turn impact the growth momentum of loans in the financial industry or reduce the value of equity collateral.2. Compliance with regulations may directly or indirectly increase operational costs for borrowers, 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 therefore be unable to repay their debts.3. Borrowers and investees which are manufacturers or suppliers of traditional gasoline and diesel cars will suffer impacts to business and revenues as net zero policies are promulgated and implemented by various countries, resulting in reduced profits and impacts on corporate asset values and valuations. Financial institutes that provide financing to these types of companies may see rises in excess lending and bad debt, as well as increased operational risks.4. Establishing net zero standards for specific industries will widen discrepancies between industrial competitive advantages. If clients cannot adjust their operational strategies in line with net zero trends, this may result in poor operating prospects, declines in revenue, and increased probabilities of default.5. If traditional industries or other legal entities do not undertake transformations or improve carbon reduction technologies, they may suffer elimination due to market or regulatory conditions, or lose market share as existing products and services are replaced by low-carbon products, resulting in revenue declines, losses in corporate asset values, or even operational difficulties. Financial institutes that provide loans to these types of companies may see rises in excess lending and bad debt, as well as increased operational risks, which in turn affects creditors, and ultimately creates bad debts or lower-than-expected income for companies, reductions in corporate investment values, and increased risks for creditors and other financial market participants.6. Changes in net zero policies of various countries will affect bank financing strategies. 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 opportunities or revenues.7. Subsidiary bank: Promulgation and implementation of net zero policies by various countries may affect overall sales of specific products and services (for example, proportions of commercial electric vehicles or energy efficiency standards for new buildings), leading to sharp increases/declines in the output values of specific industries, which may affect related businesses and revenues.					<ol style="list-style-type: none">1. High-emission industries are likely to perform poorly in future. Therefore, Bank SinoPac will continue to observe industrial developments, compare historical profitability, and compile industrial analysis reports.2. SinoPac Holdings has successively announced 2050 net zero targets and decarbonization statements for its entire asset portfolio as well as other sustainable finance targets, and continues to formulate net zero strategic plans to reduce risks through gradual decarbonization of investment and financing portfolios.3. The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for business and audit personnel.4. We keep informed of key developments in 2050 net zero policies in Taiwan, and adjust business targets and strategies as appropriate.5. We guide borrowers in developing green energy industries and implementing industrial upgrading; adjust operational strategies and risk allocations as appropriate based on policy changes; and assist high-emission enterprises in formulating short, medium, and long-term plans and strategies during transformation periods to prevent subsequent chain reactions from temporary shocks.6. We incorporate considerations of operational risks when assessing investment amounts. Additionally, credit ratings agencies have also incorporated considerations of operational and moderate risks when assessing corporate operational risks. Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to manage investments in high-emission targets. All investment units have also established evaluation processes for domestic exchange-listed and OTC-listed company stocks and bonds to further control investments that may be affected.7. Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules" for strict management of clients with higher risks.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Market	CR4-2	Changes in customer behavior	Increased awareness of environmental sustainability and extreme climate affect corporations with high power consumption/ high carbon emissions, resulting in difficulty recovering debts or declines in investment values	<ul style="list-style-type: none">• Risks to own operations• Credit business• Investment/underwriting business• Product and merchandise sales• Customer service• Corporate reputation	<ol style="list-style-type: none">1. Changes in client default rates, increased fluctuations in market prices, and increases in expected losses and inventory write-down losses2. Increased losses from debt recovery3. Reduced investment returns4. Impairment of credit collateral values and impacts on borrower repayment capabilities5. Increased default probabilities	<ul style="list-style-type: none">• Credit risks• Market risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">1. Environmental sustainability is a global initiative. Industries with high power consumption/high emissions are facing major financial impacts, so client engagement on climate change risks should be strengthened when conducting business.2. Extreme weather events may damage the operational headquarters, assets, or product and service sales of our investee companies, negatively affecting profitability and debt repayment capabilities, and reducing investment values. Increasing awareness of environmental protection issues may affect selection of investees. Changes in products and services may also cause sales for the original products and services provided by our investee companies to decline, impairing investment values.3. Implementation of net zero policies by various countries may affect future developments for some industries. The profitability of high-emission industries or gasoline car manufacturers may decline, as well the net worths of associated companies, affecting credit risks.4. Subsidiary bank: Increased awareness of environmental sustainability and extreme climate affect corporations with high power consumption/high carbon emissions, resulting in difficulty recovering debts or declines in investment values.					<ol style="list-style-type: none">1. When handling related business matters, the first line of defense evaluates climate risks, especially for industries that are significantly affected by climate risks; the climate-related response measures adopted by industrial clients belonging to industries significantly affected by climate risks are summarized during the loan approval process so that authorization personnel can review the information when approving or denying loans.2. Environmental sustainability is a global initiative. Industries with high energy consumption/high emissions are facing major financial impacts, so client engagement on climate change risks should be strengthened when conducting business.3. Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to manage investments in high-emission targets. All investment units have also established evaluation processes for domestic exchange-listed and OTC-listed company stocks and bonds to further control investments that may be affected.4. The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for business and audit personnel.5. High-emission industries are likely to perform poorly in future. Therefore, Bank SinoPac will continue to observe industrial developments, compare historical profitability, and compile industrial analysis reports. We implement post-loan and annual reviews, observe industrial risks, and review appropriateness of credit line renewals each year.6. Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules," which set concentration ratios for high-emission industries, implement strict controls, and enable gradual exits.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Policy and legal	CR2-1	Tightening policies or regulations on carbon pricing, carbon taxes, emissions, carbon reduction targets, and reporting obligations	Tightening policies or regulations on carbon reduction targets and reporting obligations (such as net zero commitments, SBT carbon reduction targets, and decarbonization policies) may reduce business opportunities if business strategies are not adjusted, lowering corporate revenues.	<ul style="list-style-type: none">Legal compliance risksCredit business Investment/underwriting businessCorporate reputationCorporate revenuesMarket competitiveness	<ol style="list-style-type: none">Declines in business opportunities and revenuesRisks of competent authorities limiting business scopeClient inability to implement carbon reduction commitmentsChanges in market demandIncreased compliance costsFailure to adjust strategies in a timely mannerIncreased losses from debt recoveryReduced investment returnsOperational risks	<ul style="list-style-type: none">Credit risksMarket risksStrategic risksLegal compliance risksIncreased operational costs	Long-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">Borrowers which are highly reliant on fossil fuels or industries with high pollution, high emissions, or higher impacts from climate change may suffer impacts to operations and profits due to changes in energy regulations and rising carbon prices; clients in poor financial health may be unable to repay their debts, which may increase credit risks and decrease our profitability.The need to reallocate resources and formulate investment and financing strategies adhering to regulations and policy guidelines increase compliance costs. We also need to consider changes in market demand and strategic adjustments made by our competitors.If we are unable to achieve net zero commitments or comply with reporting obligations, this may cause investors and consumers to reduce their transactions with us, causing revenues and investment capital to decline.Bank SinoPac cannot grant loans to enterprises which are unable to meet carbon reduction targets or reporting obligations, resulting in reduced business opportunities and causing revenues to decline.Competent authorities are requiring the financial industry to achieve net zero investment and financing portfolios as well as set annual limits, affecting the growth momentum of loans and causing declines in equity collateral values for the financial industry.Subsidiary bank: Tightening policies or regulations on carbon reduction targets and reporting obligations will lead to a reduction in business opportunities, which may lower corporate revenues.					<ol style="list-style-type: none">SinoPac Holdings has successively announced 2050 net zero targets, decarbonization statements, and other sustainable finance targets for its entire asset portfolio. SinoPac Holdings continues to formulate net zero strategic plans including Partnership for Carbon Accounting Financials (PCAF) carbon inventories for gradual decarbonization of investment and financing portfolios, and also actively engages with investees and borrowers.The SBTs proposed by SinoPac Holdings were verified in January 2024. Bank SinoPac is the main subsidiary of SinoPac Holdings; apart from adhering to SinoPac Holdings sustainable development targets and actively responding to carbon reduction policies, we have also accelerated development of green financial products, assisted corporate clients in evaluating carbon reduction transformations, provided financial support, strengthened monitoring of regulatory and market trends, and continued to issue Green Bonds and increase investments in low-carbon industries as part of our sustainability transformations.Bank SinoPac has established the "Responsible Investment Management Guidelines" and incorporated ESG issues and related risks into business decision-making processes. We have also established the "Responsible Lending Management Guidelines" and signed the "Equator Principles" for rigorous evaluation of the environmental, social, and corporate governance impacts of businesses operated by borrowers when making decisions involving asset management and project financing.Bank SinoPac has established the "Standards for the Management of Climate-Related Risks and Opportunities" to manage climate-related risks and implement information disclosures on climate-related risks and opportunities.Bank SinoPac has signed the Equator Principles and rigorously evaluates environmental and social risks and impacts of borrowers when making decisions on project financing, particularly possible financial impacts from environmental risks and corresponding issues related to debt recovery and corporate reputations.We keep informed of carbon reduction policies and regulations, and adjust our business operations as needed.Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules," which set concentration ratios for high-emission industries and implement strict controls.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Policy and legal	CR1-3	Economic changes caused by climate change regulations and policies	Government promotion of low-carbon policies will artificially accelerate depreciation for equipment from industries with high carbon emissions (such as fossil fuel industries), such that they are written off before the end of their life cycles, causing their values to decline, following which they become "stranded assets."	<ul style="list-style-type: none">Risks to own operationsCredit businessCollateralInvestment/underwriting business	<ol style="list-style-type: none">Changes in client default rates, increased fluctuations in market prices, and increases in expected losses and inventory write-down lossesIncreased losses from debt recoveryReduced investment returnsImpairment of credit collateral values and impacts on borrower repayment capabilities	<ul style="list-style-type: none">Credit risksMarket risks	Long-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">We adhere to the government's 2050 net zero commitments and focus on 12 action strategies as well as respond to the Climate Change Response Act by establishing guidelines and standards related to stranded assets (thermal coal and unconventional oil and gas) and industries or economic activities with high carbon emissions.Government promotion of low-carbon policies will artificially accelerate depreciation for equipment from industries with high carbon emissions (such as fossil fuel industries), so they may be written off before the end of their life cycles, causing debt values to decline.Borrowers and investees which belong to high-emission industries (such as fossil fuel industries) may suffer accelerated depreciation or early write-off and scrapping of existing assets due to changes in low-carbon policies or energy regulations, increasing operational costs and reducing profits, thereby affecting corporate asset values and evaluations; clients in poor financial health may be unable to repay their debts, which may increase credit risks and debt losses.If investees belong to industries with high power consumption, high pollution, or high climate risks, changes in energy laws, as well as domestic and foreign carbon fees and carbon taxes, will increase operational costs and affect profitability, making it difficult to recover loans, reducing investment income/underwriting profits, and leading to market liquidity problems.Subsidiary bank: Government promotion of low-carbon policies will artificially accelerate depreciation for equipment from industries with high carbon emissions (such as fossil fuel industries), such that they are written off before the end of their life cycles, causing their values to decline, following which they become "stranded assets," impacting the operations of borrowers and negatively affecting Bank SinoPac's creditor rights					<ol style="list-style-type: none">During loan approval processes for high-emission industry clients, first line of defense units should provide additional explanations of client fund utilization and net zero measures to serve as a reference for authorization personnel when approving or denying loans.We guide borrowers in developing green energy industries and implementing industrial upgrading; adjust operational strategies and risk allocations as appropriate based on policy changes; and assist high-emission enterprises in formulating short, medium, and long-term plans and strategies during transformation periods to prevent subsequent chain reactions from temporary shocks.The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for business and audit personnel.We incorporate considerations of operational risks when assessing investment amounts. Additionally, credit ratings agencies also incorporated considerations of operational and moderate risks when assessing corporate operational risks. Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to manage investments in high-emission targets. All investment units have also established evaluation processes for domestic exchange-listed and OTC-listed company stocks and bonds to further control investments that may be affected.Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules," which set concentration ratios for high-emission industries, implement strict controls, and enable gradual exits.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Market	CR6	Increases in raw material prices	Widespread impacts from the European Union Carbon Border Adjustment Mechanism (CBAM) are leading to gradual global increases of carbon tariffs and control measures on imported goods, which may further increase raw material prices and affect businesses or revenues.	<ul style="list-style-type: none">• Risks to own operations• Credit business• Investment/underwriting business• Product and merchandise sales• Customer service• Corporate reputation	<ol style="list-style-type: none">1. Changes in client default rates, increased fluctuations in market prices, and increases in expected losses and inventory write-down losses2. Increased losses from debt recovery3. Reduced investment returns4. Impairment of credit collateral values and impacts on borrower repayment capabilities5. Increased default probabilities6. Risks of lowered bond ratings	<ul style="list-style-type: none">• Credit risks• Market risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">1. In order to comply with regulations (such as the EU CBAM or the Climate Change Response Act), borrowers may directly or indirectly raise operational costs, thereby affecting profitability. Some high-emission clients may even lose orders or suffer business impacts under specific circumstances, and clients in poor financial health may therefore be unable to repay their debts.2. Carbon tariffs and control measures imposed on imported goods may further raise raw material prices, affecting businesses or revenues of investees and borrowers, and reducing investment values. Borrowers which are highly reliant on fossil fuels or industries with high pollution, high emissions, or higher impacts from climate change may suffer impacts to operations and profits due to changes in energy regulations and rising carbon prices; clients in poor financial health may be unable to repay their debts, which may increase credit risks and decrease our profitability.3. Subsidiary bank: Widespread impacts from the European Union Carbon Border Adjustment Mechanism (CBAM) are leading to gradual global increases of carbon tariffs and control measures on imported goods, which may further increase raw material prices and affect businesses or revenues, causing difficulties in debt recovery or impairing investment values.					<ol style="list-style-type: none">1. 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 compile industry analysis reports.2. The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for business and audit personnel.3. When handling related business matters, the first line of defense evaluates climate risks, especially for industries that are significantly affected by climate risks; the climate-related response measures adopted by industrial clients belonging to industries significantly affected by climate risks are summarized during the loan approval process so that authorization personnel can review the information when approving or denying loans.4. We guide borrowers in developing green energy industries and implementing industrial upgrading to help them align with policy, adjust operational strategies and allocate risks appropriately, and also assist high-emission enterprises in formulating short, medium, and long-term plans and strategies during transformation periods to prevent subsequent chain reactions from temporary shocks.5. Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to manage investments in high-emission targets. All investment units have also established evaluation processes for domestic exchange-listed and OTC-listed company stocks and bonds to further control investments that may be affected.6. Our subsidiary bank has established a number of internal regulations such as the "Green Finance Management Plan" and "Granting Green Credit Loan Work Rules," which set concentration ratios for high-emission industries and implement strict controls.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Reputation	CR7	Increased stakeholder concern toward climate change issues	Failure to actively participate in climate change issues of stakeholder concern, inability to supply green products, or poor carbon reduction performance may affect corporate reputations, resulting in business and customer losses, revenue declines, and loss of investor interest.	<ul style="list-style-type: none">Investment/underwriting businessProduct and merchandise salesCustomer serviceCorporate reputationCorporate revenuesMarket competitiveness	<ol style="list-style-type: none">Corporate credit lossesInvestor withdrawalDeclines in market competitiveness and client trustReduced incomeCorporate reputational damageIncreased operational costsReduced market salesCustomer lossesInvestor withdrawal	<ul style="list-style-type: none">Credit risksMarket risksStrategic risksLegal compliance risksReputation risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">As sustainability-related issues are a current trend, companies tend to prioritize financial institutions that offer relevant services. Failure to actively engage in environmental sustainability strategies may negatively impact our corporate image and diminish stakeholder willingness to invest, potentially leading to stock divestments and declines in share prices.Stakeholders place great emphasis on climate issues. If Bank SinoPac is perceived to be unaligned with ESG and sustainable development values, this may damage our reputation, affect customer relationships, and potentially reduce stakeholder willingness to invest. We have established a "Climate-Related Transition Plan" to keep informed of low-carbon economic opportunities and risk mitigation measures, and we have also established an "Adaptation Plan" to reduce risk impacts and identify opportunities.A passive approach toward climate change and other issues of stakeholder concern, or failure to offer green financial products that meet relevant standards may result in negative perceptions or criticism from the media and the public, which could damage our reputation, affect brand value, reduce customer loyalty and shareholder support, and weaken our market competitiveness.Subsidiary bank: Our corporate reputation may be damaged if we are perceived as being not environmentally friendly or if we do not offer green products, causing loss of business and customers as well as declines in revenue					<ol style="list-style-type: none">We have established routine stakeholder communication mechanisms to understand and respond to stakeholder issues of concern and needs. Additionally, we continue to be attentive of operational risks and opportunities caused by climate change, actively develop green financial products and services, and issue regular climate-related reports to achieve the "mitigate and adapt to climate change" sustainability commitments, action plans, and targets of our parent company SinoPac Holdings, and work to demonstrate our carbon reduction performance.We have established dedicated communication channels with all stakeholder groups to respond to stakeholder issues of concern and needs, and have established an internal "Environmental Sustainability Team" which coordinates promotions of environmental sustainability policies and action plans as well as incorporates environment and energy management measures.We continue to promote environmental sustainability concepts, implement sustainable development targets, and adhere to our "Standards for the Management of Climate-Related Risks and Opportunities."We continue to be attentive of domestic and overseas sustainable development issues, focus on climate change trends, formulate sustainability guidelines, and work to implement important annual sustainable finance plans.Subsidiary bank: Respond to external regulations and SinoPac Holdings strategies by continuing to implement ESG projects, provide green finance services, and promote green finance products.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Physical risk	Acute	CR8-3	Increased frequency and severity of typhoons, heavy rainfall, and other extreme weather events	Decreased loan collateral values may affect debt recovery.	<ul style="list-style-type: none">Risks to own operationsCredit businessInvestment businessCollateral	<ol style="list-style-type: none">Declines in client collateral values, increased LGD, increased fluctuations in market prices, and increases in expected losses and inventory write-down losses.Increased losses from debt recoveryImpairment of credit collateral valuesIncreased credit risks and expected losses	<ul style="list-style-type: none">Credit risksClimate change risksMarket risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">The value of borrower collateral may decline significantly due to severe climate events such as typhoons, heavy rainfall, or earthquakes, reducing client repayment capabilities and willingness, resulting in lawsuits or debt losses. Investments in climate-sensitive industries, debts, funds, and other products may affect corporate revenues when extreme climate events trigger abnormalities, increasing revenue fluctuations and increasing uncertainties in debt repayment and profitability, impacting investment target prices.Damage to client property may increase expected losses.Declines in collateral value increase LGD ratios and affect credit risks and expected losses, so we will need additional capital to maintain our capital adequacy ratios.Subsidiary bank: Abnormal events caused by typhoons, heavy rainfall, and other extreme climate conditions may lower loan collateral values and affect debt recovery or impact investment values.					<ol style="list-style-type: none">Bank SinoPac's "Personal Mortgage Loan Operations Manual" clearly lists "communities with potential safety concerns" so we can avoid underwriting real estate properties that are prone to flooding, landslides, faults, soil liquefaction, tsunamis, or nuclear disasters. Collateral is classified using a tiered alert system, and we have formulated corresponding control measures to mitigate risks by enhancing front-end loan reviews and elevating approval authorization levels. Bank SinoPac also complies with the "Regulations Governing Collateral Appraisals and Management ": 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, and Bank SinoPac shall be listed as a designated beneficiary.Credit investigation (operational sites) and pricing (collateral) regulations have incorporated physical risks for individual cases, and we have procured credible external databases to provide business and approval personnel with objective assessments and information disclosures related to physical risks. Particular attention is given to real estate used as credit enhancements; during review processes, risks of impairment or loss to such collateral is taken into consideration, and loan-to-value ratios are adjusted if necessary, or additional credit enhancement measures may be implemented.Bank SinoPac has clearly listed "communities with potential safety concerns" so we can avoid underwriting real estate properties that are prone to flooding, landslides, faults, soil liquefaction, tsunamis, or nuclear disasters.When formulating management measures for assets with high climate risks, the investment, financing, operational management, and product management units consider the materiality of climate risks, asset management capabilities, and whether there are alternative approaches to mitigate our risk exposure. Appropriate response measures should be implemented for asset portfolios where climate risks cannot be effectively managed.Our subsidiary bank and clients are located in areas unlikely to be affected by extreme climate. While there may be impacts in the long run, the possibilities are slim.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Physical risk	Acute	CR10-2	Increased frequency and severity of droughts, water shortages, and other extreme weather events	Increased probabilities of droughts/water shortages may cause damage to manufacturing, agricultural, semiconductor, and other industries with heavy water usage, and a lack of response measures for drought incidents may affect debt recovery or impact investment values.	<ul style="list-style-type: none">Credit businessInvestment/underwriting businessRisks to own operations	<ol style="list-style-type: none">Impairment of credit collateral values and impacts on borrower repayment capabilitiesIncreased default probabilitiesRisks of lowered bond ratingsIncreased losses from debt recoveryReduced investment returns	<ul style="list-style-type: none">Credit risksMarket risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">If the operational sites or factories or assets of borrowers or bond issuers are affected by drought, this may lower the capabilities of clients and issuers to repay their loans on time and in full. Additionally, losses in short-term bond prices may be reflected in our income statement. Both of these situations will ultimately affect our profitability.The operations of investees may be affected by extreme climate, causing negative impacts to assets.Borrowers and investees in industries with heavy water usage (such as agricultural, semiconductor, and manufacturing industries) may be affected by water shortages or uneven water distribution, affecting production volumes, reducing profits, creating difficulties in debt recovery, and decreasing investment returns.Operational interruptions in the electronics industry caused by water shortages may cause equipment damages and revenue declines, affecting profitability, and generating negative impacts on debt recovery.Subsidiary bank: Increased probabilities of droughts/water shortages may cause damage to manufacturing, agricultural, semiconductor, or other industries with heavy water usage, affecting debt recovery or impacting investment values.					<ol style="list-style-type: none">Credit investigation (operational sites) and pricing (collateral) regulations have incorporated physical risks for individual cases, and we have procured credible external databases to provide business and approval personnel with objective assessments and information disclosures related to physical risks. We consider the risk of operational interruptions due to climate disasters during review processes, and loan-to-value ratios are adjusted if necessary, or additional credit enhancement measures may be implemented.Our investees are mainly multinational corporations with widely distributed factories and assets. In future, we will continue to diversity investee locations to reduce potential physical risk impacts.Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to incorporate ESG considerations into fund utilization, and to serve as a guideline for promoting and implementing responsible investment. All investment units implement post-investment management procedures at least once every year to review whether investees were affected by drought, water shortages, or other extreme climate events.When handling related business matters, the first line of defense evaluates climate risks, especially for industries that are significantly affected by climate risks; the climate-related response measures adopted by industrial clients belonging to industries significantly affected by climate risks are summarized during the loan approval process so that authorization personnel can review the information when approving or denying loans.We continue to keep informed of global climate changes and impacts on industrial profitability. Corporations are required to formulate operational response measures to droughts, heavy rains, and landslides, and we review backup plans when approving loans.Our subsidiary banks and clients are located in areas unlikely to be affected by water shortages. While there may be impacts in the long run, the possibilities are slim.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Policy and legal	NR1-2	Changes in nature-related regulations or policies which increase compliance costs	Tightening regulations or policies require corporations to adopt related management measures, increasing compliance costs (such as for environmental impact assessments and nature conservation measures), resulting in decreased income or increased litigation risks and fines, impacting investee and borrower profitability.	<ul style="list-style-type: none">Risks to own operationsCredit businessInvestment/underwriting business	<ol style="list-style-type: none">Increased losses from debt recoveryReduced investment returnsImpairment of credit collateral valuesIncreased default probabilities	<ul style="list-style-type: none">Credit risksMarket risks	Mid-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">Tightening nature-related regulations or policies may increase operational costs and reduce profits for borrowers and investees, affecting corporate asset values and ratings, decreasing our investment returns. Clients in poor financial health may be unable to align with regulations and policies, which may increase credit risks and debt losses.Impacts from policies and regulations may increase client operating costsThe operations of investees may be affected by laws and regulations, causing negative impacts to assets.As sustainability-related issues are a current trend, companies need to comply with regulatory changes, which affects compliance costs and operational management. Failure to actively engage in environmental sustainability measures may negatively impact corporate image and increase litigation risks.Subsidiary bank: Tightening regulations or policies require corporations to adopt related management measures, increasing compliance costs (such as for environmental impact assessments and nature conservation measures), resulting in decreased income or increased litigation risks and fines, impacting investee and borrower profitability.					<ol style="list-style-type: none">We continue to keep informed of important nature-related policies and regulatory developments in Taiwan.Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to incorporate ESG considerations into fund utilization, and to serve as a guideline for promoting and implementing responsible investment. We consider the financial risks and opportunities of climate change on "high pollution and high energy (water) consuming" industries/ corporations, and all investment units implement post-investment management procedures at least once every year to review whether investees have developed ESG risks.The Responsible Lending Management Guidelines include guidelines and standards for stranded assets (thermal coal and unconventional oil and gas) and high-emission industries or economic activities. Environmental and social impacts of large-scale financing projects are assessed using the Equator Principles framework, and credible external databases were procured to provide objective transition risk information disclosures for business and audit personnel.We respond to nature-related regulations and policies by implementing mitigation measures such as technological upgrading, strengthened energy management, and establishment of green supply chains, as well as adaptation measures such as policy monitoring, compliance management, and strengthened collaboration with government and industry sectors.Subsidiary bank: Financing is discouraged for industries with stringent environmental requirements, and credit limits are established and monitored accordingly.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Transition risk	Technology	NR2	Increased costs from developing eco-friendly new technologies	Development of new technologies and equipment to mitigate damages caused to nature increase investee and borrower R&D expenditures and operational costs, affecting profitability, and impacting debt recovery and investment returns.	<ul style="list-style-type: none">Risks to own operationsCredit businessInvestment/underwriting business	<ol style="list-style-type: none">Increased losses from debt recoveryReduced investment returnsImpairment of credit collateral valuesIncreased default probabilities	<ul style="list-style-type: none">Credit risksMarket risks	Long-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">Borrowers have invested large amounts of capital to develop new transition technologies. Failure to expand market share may directly or indirectly raise operational costs, thereby affecting profitability. Clients in poor financial health may therefore be unable to repay their debts.Development of new technologies and equipment to mitigate damages caused to nature increase investee and borrower R&D expenditures and operational costs, affecting profitability, and decreasing investment returns.Development of nature-friendly new technologies requires increased R&D expenditures, procurement of new equipment, and hiring of professional personnel, which may impact corporate operations and lower repayment capabilities.Investees may increase R&D expenditures and suffer impacts to corporate operations when reducing environmental damage.Subsidiary bank: Development of new technologies and equipment increase investee and borrower R&D expenditures and operational costs, affecting profitability, and impacting debt recovery and investment returns.					<ol style="list-style-type: none">We encourage investees and borrowers to focus on damage to natural environments and associated social issues, and our credit risk assessments include expenditures for air pollution and noise reduction equipment as part of our comprehensive risk considerations and to reduce future issues with debt recovery.We continue to keep informed of important nature-related policies and regulatory developments in Taiwan.Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to incorporate ESG considerations into fund utilization, and to serve as a guideline for promoting and implementing responsible investment. All investment units implement post-investment management procedures at least once every year to review whether investees have developed ESG risks.Bank SinoPac encourages clients to focus on sustainable economic activity targets and invest in the 16 ordinary economic activities and 13 forward-looking economic activities listed in the government-issued "Taiwan Sustainable Taxonomy"Subsidiary bank: Financing is discouraged for industries with stringent environmental requirements, and credit limits are established and monitored accordingly.			

Risk Category	Risk Types	Impact Code	Risk Item	Impacts	Impact Aspects	Potential Impacts	Links to Other Risks	Possible Time of Occurrence
Physical risk	Chronic	NR6	Changes in rainfall patterns may affect water resource sufficiency and stability	Long-term changes in rainfall patterns may affect water resource distributions, increasing operational costs from water consumption for agricultural, food, and semiconductor industries that rely heavily on water resources, decreasing incomes and affecting investee and borrower profitability.	<ul style="list-style-type: none">Risks to own operationsCredit businessInvestment/underwriting business	<ol style="list-style-type: none">Increased losses from debt recoveryReduced investment returnsImpairment of credit collateral valuesIncreased default probabilitiesRisks of lowered bond ratings	<ul style="list-style-type: none">Credit risksMarket risks	Long-term
Analysis of Impacts on Operational Strategies, Potential Businesses/Products, and Financial Plans					Mitigation or Adaptation Measures/Response Strategies			
<ol style="list-style-type: none">Changes in long-term rainfall patterns may increase operational costs for industries that rely heavily on water resources, increasing revenue fluctuations, uncertainties in debt repayment and profitability, and causing difficulties in debt recovery.Borrowers and investees in industries with heavy water usage (such as agricultural, semiconductor, and manufacturing industries) may be affected by uneven water distribution, affecting production volumes, reducing profits, creating difficulties in debt recovery, and decreasing investment returns.Global warming has affected rainfall patterns and made it more difficult for corporations to access water, increasing costs for industries which rely heavily on water resources, and further affecting production schedules and repayment capabilities.Subsidiary bank: Long-term changes in rainfall patterns may affect water resource distributions, increasing operational costs from water consumption for agricultural, food, and semiconductor industries that rely heavily on water resources, decreasing incomes and affecting investee and borrower profitability.					<ol style="list-style-type: none">When handling related business matters, the first line of defense evaluates climate risks, especially for industries that are significantly affected by climate risks. The climate response measures adopted by these industrial clients are summarized and explained during loan approval processes so that authorization personnel can review the information when approving or denying loans.Bank SinoPac has established the "Responsible Investment Management Guidelines" and related regulations to incorporate ESG considerations into fund utilization, and to serve as a guideline for promoting and implementing responsible investment. We consider the financial risks and opportunities of climate change on "high pollution and high energy (water) consuming" industries/corporations, and all investment units implement post-investment management procedures at least once every year to review whether investees have developed ESG risks.Credit investigation (operational sites) and pricing (collateral) regulations have incorporated physical risks for individual cases, and we have procured credible external databases to provide business and approval personnel with objective assessments and information disclosures related to physical risks. We consider the risk of operational interruptions due to climate disasters during review processes, and loan-to-value ratios are adjusted if necessary, or additional credit enhancement measures may be implemented.Bank SinoPac has collected, identified, and assessed driving factors for water consumption and water pollution, as well as impacts on industrial operations and production processes to serve as a reference for future mitigation and adaptation measures. In future, we plan to track client investments in reclaimed water, desalinated sea water, and water-saving technologies.Our investees are mainly multinational corporations with widely distributed factories and assets. In future, we will continue to diversity investee locations to reduce potential physical risk impacts.Subsidiary bank: Focus on appropriateness of client water resource utilization.			

The 6 material climate opportunities and 3 nature opportunities, as well as potential strategies, and management measures for 2024, are shown in the table below. To better understand climate and nature opportunities, Bank SinoPac formulated opportunity development strategies for identified key climate and nature opportunities based on past operational performance of related businesses. Please refer to "[5.2 Metrics and Targets](#)" for more information.

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Markets	CO5	Increase issuance of green financial products and green investments to seek out new business opportunities in the market	Increase issuance and investment of Green Bonds or participation in underwriting of renewable energy industries to enter new markets, obtain new business opportunities related to the circular economy, and increase revenues	<ul style="list-style-type: none">• Credit business• Investment/underwriting business• Corporate reputation• Product and merchandise sales• Customer service	<ol style="list-style-type: none">1. Increased operational flexibility2. Expanded business opportunities and new markets3. Improved market positioning4. Increased revenues5. Enhanced corporate image6. Invigorate markets for low-carbon financial products	Short-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">1. Bank SinoPac issues Green Bonds, which are reliant on high credit ratings. High market ratings enable us to absorb capital at lower interest rates, and insurance companies and listed companies have a higher willingness to subscribe, so all funds can be used for developing renewable energy financing services.2. Bank SinoPac continues to issue Sustainability Bonds and utilize funds for green investment plans, expanding bond issuance while maintaining our market position in domestic Sustainability Bonds.3. We increase customer stickiness and help clients enter green industries by providing green products and services, as well as financing for renewable energy projects. We also issue bonds to support investment plans with green or social benefits to increase our sustainable investment ratios.4. Increasing green investments enhances our corporate image and enables us to be included in ESG-related funds.5. Subsidiary bank: Increase investments in Green Bonds to diversify bond risks					<ol style="list-style-type: none">1. Issuing Green Bonds to raise funds required for business development is an important measure for renewable energy and environmental sustainability businesses. Thanks to our high credit ratings, our bonds have all had high subscription rates, but we remain attentive of market interest rates and future interest rate trends to control our issuance costs.2. We continue to issue Sustainability Bonds to implement SinoPac Holdings sustainability strategies and execution plans. Although these investments increase our capital costs, they fully demonstrate Bank SinoPac's efforts in fulfilling corporate social responsibilities and practical actions on ESG-related issues.3. We grasp new business opportunities; work to understand investor and consumer concerns regarding climate change issues and needs and preferences for green finance products and services; continue to develop green/ESG/low-carbon products and services themed around sustainable development; and increase investment balances of Green Bonds as appropriate to fully demonstrate Bank SinoPac's efforts in fulfilling corporate social responsibilities and practical actions on ESG-related issues.4. Continue to seek out ESG-related bonds issued by investable targets on the market.5. Subsidiary bank: Increase investments in Green Bonds to diversify bond risks		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Products and services	CO3-1	Increase green financial products and services	Align with government policies and regulations to expand investment and financing for renewable energy or green industries, and develop innovative sustainable finance products and services to increase business opportunities.	<div><div><ul style="list-style-type: none">• Product and merchandise sales• Customer service• Credit business• Investment/underwriting business• Strategic risks• Legal compliance risks• Corporate reputation• Resource efficiency</div><div><ol style="list-style-type: none">1. Changes in consumer preferences2. Strengthened customer relations and enhanced loan services3. Increased income/lowered risk4. Market expansions5. Enhanced brand value and social influence6. Technological innovations7. Expand business opportunities8. Improved marketing positioning and corporate image</div></div>		Short-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<div><div><ol style="list-style-type: none">1. Launch diversified digital green finance services and functions such as carbon credit trading and green loan assessments to enhance market competitiveness.2. Promote strengthened commitments to sustainable finance and social responsibility by issuing regular sustainable finance social impact reports to enhance brand loyalty, attract investors and clients interested in social responsibility issues, and increase long-term returns.3. Bank SinoPac adheres to governmental renewable energy policies and actively supports financing for solar photovoltaic equipment encompassing rooftop installations, ground installations, covered court installations, and fishery and electricity symbiosis projects. Apart from focusing on year-over-year growth for our financing balance, we also strive to obtain the highest financing market share in the industry to expand our market impacts. We have established a Renewable Energy Electricity Trading Trust Platform in response to corporate renewable energy demands and to match green electricity needs, thereby creating new business opportunities.4. We continue to optimize our responsible lending and responsible investment policies to increase investment and financing in companies with better performance in ESG, carbon reduction, and sustainable economic activities, while also offering preferential loan conditions and green financing and loan products to encourage corporate enhancement of information disclosures, and launching green products to increase revenue proportions from sustainable economic activities.5. We continue to launch Green Bonds, green consumer loans (for green buildings, electric vehicles, and energy-saving home appliances), green funds, and other financial products to align with current consumption trends and policies proposed by competent authorities, and we also assist in underwriting issuances of Green Bonds or Sustainability Bonds.6. We align with government policies by launching green loans, Green Bonds, and other related products to exert our financial influence, helping renewable energy companies obtain the capital required for operational developments. We also engage with our investees and borrowers to guide relevant industries, investors, and consumers in focusing on green and sustainable issues, thereby expanding our business scope and increasing income sources. Additionally, products and services that support transformations in green low-carbon economies, green investments, green consumption, and daily life enhance our brand value.7. Market opportunities: With regard to developments in Bank SinoPac's trust business, we are attentive of the trust services required by green energy companies financed by Bank SinoPac, and work to offer comprehensive financial services and increase income from trust services.8. Global trends in low-carbon green energies have increased demand for products associated with environmental sustainability and climate change. Adding products and services associated with these themes can help to expand business opportunities.9. Subsidiary bank: Align with government policies and regulations by expanding investment and financing in renewable energy and green industries, developing innovative sustainable finance products and services, and expanding business opportunities though financing for solar photovoltaic power and green buildings.</div></div>					<div><div><ol style="list-style-type: none">1. We designed exclusive sustainable finance products and digital services for different customer groups (corporations/individuals), and formed alliances with external collaboration partners (such as ESG evaluation institutes and renewable energy companies) to enhance product values and expand our scope of influence.2. We regularly showcase our sustainable finance investments and achievements to reinforce our image as a "responsible financial institute," and promote sustainable finance concepts to help our clients understand product values and social influence, encouraging their participation.3. We have established risk management mechanisms to ensure that our green finance products comply with regulations and standards, thereby reducing risks.4. Bank SinoPac has established a program to provide financing for solar photovoltaic power plants. Apart from using feed-in tariff income from Taiwan Power Company for repayment, we also assisted power generating companies in supply transfer, formulated customized financing models, and established a Renewable Energy Electricity Trading Trust Platform to keep informed of the latest business opportunities in renewable energy trading.5. Bank SinoPac has established the "Responsible Investment Management Guidelines" and the "Responsible Lending Management Guidelines" to incorporate ESG issues and climate risks into business decision-making processes and review standards.6. We continue to refine our sustainable development financial policies and relevant content in response to domestic and overseas trends and regulations, and encourage all relevant responsible units to continue promoting green financial products/services and conducting engagements by formulating sustainable development targets.7. We actively research and develop green finance products, including Green Bonds, financing for solar photovoltaic plants, syndicated loans for fishery and electricity symbiosis projects, sustainability loans for green buildings, and USD green deposits, and work with the government and other institutes to ensure that our products adhere to policy and regulatory requirements.8. We actively participate in renewable energy and green industry associations, working with industry sectors to design innovative products and services to strengthen our brand value and professional image.9. We continue to evaluate/provide trust products based on different themes to meet customer needs.10.Subsidiary bank: Signed the Equator Principles and rigorously evaluates environmental and social risks as well as impacts of credit recipients when making decisions on project financing, particularly possible financial impacts from environmental risks and corresponding issues related to loan recovery and corporate reputations.11. Our subsidiary bank has established the "Green Finance Management Plan" to serve as a policy guideline for investment and financing in green finance, gradually improving ESG risk identification capabilities and capabilities to assess financial impacts from climate change risks in Bank SinoPac loan personnel.</div></div>		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Products and services	CO4	Engagement with customers	In response to green and transition trends in the financial sector, Bank SinoPac is working to act as a client-side ESG communicator to assist and guide clients in undergoing low-carbon transformations through loans and investments, thereby improving operational strategies and creating mutual benefits by protecting the environment and stabilizing our relationship with existing customers, enhancing our corporate image.	<ul style="list-style-type: none">Investment/underwriting businessCredit businessCorporate reputationProduct and merchandise salesCustomer service	<ol style="list-style-type: none">Increased income/lowered riskUnderstand client capital gaps through client engagement processesExpanded business opportunitiesImproved customer loyaltyEnhanced corporate imageIncreased revenues	Short-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">Taiwan has announced 2050 net zero targets which has driven corporate low-carbon transformation business opportunities, including replacement of aged process equipment and requirements for renewable energy usage proportions. Additionally, international CBAM and supply chain management issues have triggered carbon anxiety in enterprises seeking to conduct carbon inventories. Financial corporations can work together with consulting companies to identify corporate carbon risks and provide transition assessments and capital plans, direct funds into sustainable economic activities, and promote sustainable products.We have established professional consulting service models and help corporations understand international sustainability and renewable energy requirements through engagement activities so we can keep informed of the sustainability transformation programs of our investees and borrowers. We introduced loan assessment mechanisms and low-carbon transformation loans for renewable energy and eco-friendly corporations, and also provide preferential conditions to borrowers that adhere to government regulations.We act as a client-side ESG communicator, provide green loans and conduct exchanges through investor conferences to guide clients in low transformations, expanding our scope of business and enhancing our corporate image.Subsidiary bank: Increase investment in Green Bonds to enter new markets and obtain new business opportunities related to circular economy.					<ol style="list-style-type: none">To better understand the carbon emission targets and plans of our customers, we work to assess and analyze the carbon risks, opportunities, and transformations of our clients, as well as distribute Financial Supervisory Commission questionnaires to collect carbon emissions information from exchange-listed and OTC-listed companies. We also continue to promote collaborations with energy management companies and other external institutes, as well as host net zero seminars to enhance vendor participation in sustainability issues, promote Bank SinoPac's sustainable finance programs, and encourage our clients to formulate carbon reduction plans.Sales personnel engage with clients, and encourage clients to disclose carbon emissions and consider investments in transformation plans (green expenditures).We continue to promote communication channels with investees and borrowers to establish relations and increase Green Bond investment opportunities.We invest in green/ESG fund, bond, and loan products and services based on sustainable development themes to provide companies with operational flexibility and continue to create sources of income.Bank SinoPac continues to assess and keep informed of the demands of non-green industries and transforming industries. We actively develop loan products with sustainable development targets and increase green finance loans. Apart from working with external institutes to provide professional guidance to clients, we also assist clients with low-carbon transformations through loans, helping them to improve operational strategies. Our engagement creates mutual benefits by protecting the environment and stabilizing our relationship with existing customers, thereby enhancing our corporate imageSubsidiary bank: Currently invested in Green Bonds and will increase investments based on market conditions and related strategies.		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Resource efficiency	CO1-1	Enhance efficiency of energy resources	Incorporate green building designs into offices or self-owned buildings, use energy-saving equipment to enhance energy efficiency, or move IT rooms to buildings with better energy efficiency to reduce operational costs from energy consumption.	<div><div>• Risks to own operation</div><div>• Other</div></div>	<div><div>1. Reduced operating costs</div><div>2. Enhanced energy efficiency</div></div>	Short-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<div><div>1. We transformed existing self-owned buildings into green buildings by installing rooftop solar panels or rooftop gardens to lower building temperatures, or by using large glass panels to enhance internal lighting, or by using energy-saving lights in buildings, or by incorporating green building designs in new offices to reduce energy costs during operations.</div><div>2. We procured eco-friendly, energy-saving/water-saving label equipment, green building materials, and products with carbon footprint certifications to effectively enhance energy efficiency and reduce operational costs.</div><div>3. We relocated IT rooms to more energy-efficient buildings to solve spacing, electricity, and air-conditioning issues, thereby reducing operational costs.</div><div>4. We purchased new energy-saving equipment, replaced aged equipment, and enhanced energy efficiency.</div><div>5. Subsidiary bank: Relocated IT rooms to more energy-efficient buildings and purchased new energy-saving equipment to enhance energy efficiency and reduce operational costs. We also incorporated green building designs into offices and self-owned buildings to reduce energy costs.</div></div>					<div><div>1. SinoPac Holdings has established the "Environment and Energy Management Policy," "Environment/Energy Management System Manual," and "Environment/Energy Management System Procedures," and continues to implement ISO 14001, ISO14064-1, ISO50001 energy management systems; pass BSI verifications; and formulate short, medium, and long term sustainability targets to gradually achieve our sustainable development roadmap.</div><div>2. SinoPac Holdings has established the "Code of Environmental Protection and Energy Conservation"; actively promotes environmental protection and energy-saving concepts to employees; and requires SinoPac Holdings and subsidiary personnel to sign documents online.</div><div>3. Subsidiary bank: Replaced energy-consuming lights, installed water-saving equipment, optimized equipment, and adopted active management measures.</div></div>		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Products and services	CO3-2	Increase green financial products and services	Global trends in low-carbon green energies have increased demand for products associated with environmental sustainability and climate change. Continued investment in R&D of low-carbon products and services help to increase customers and business opportunities, and continued optimization of digital financial services enhance user convenience and offer paper-free, low-carbon benefits. Development of related products and services will drive increases in R&D investments.	<ul style="list-style-type: none">• Product and merchandise sales• Customer service• Strategic risks• R&D investments/capital expenditures• Credit business• Deposit business• Credit card business• Corporate reputation• Resource efficiency• Operational procedures (Process risks)	<ol style="list-style-type: none">1. Improved satisfaction with digital services2. Paper-free solutions and carbon footprint reductions3. Increased income and capital funds from fees4. Expanded business opportunities, new low-carbon products and services, increased green finance services, and increased revenues5. Changes in consumer preferences6. Lowered maintenance costs7. Improved user experiences and satisfaction, market penetration, and business opportunities.8. Increased need for introduction and development of upgraded systems that integrate new technologies to strengthen information security protections	Mid-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">1. Improve operational efficiency: Paper-free processes significantly reduce paper and printing costs, saving resources.2. Improve customer experiences: Enhanced convenience provided by digital financial services improves customer satisfaction and loyalty.3. Eco-friendly image: Promoting paper-free and low-carbon processes can enhance our image as an eco-friendly bank, attracting clients and investors interested in environmental protection.4. Data analytics: Digital processes facilitate collection and analysis of customer data, helping us accurately understand customer needs so we can develop more innovative products such as online loans and digital wealth management functions to satisfy the needs of different clients.5. Risk management: Digital processes improve transaction transparency and traceability, reducing risks of fraud and enhancing our risk management capabilities.6. We continue to promote green and paper-free operations as well as carbon footprint management services while developing low-carbon products and services, gradually moving financial products from physical channels to online channels while guiding customers in using digital channels to apply for related services.7. We have formulated plans for mobilizing paper-free wealth management fund/bond transactions for our discretionary money trust unit, and our insurance unit launched online insurance services in 2022, allowing customers to purchase insurance at any time and any place based on their needs. As of 2024, electronic policy application documents have also been made available online, and full digital application processes using iPad-based e-signatures are scheduled to be launched in 2025. Leveraging the convenience of mobile transactions reduces customer carbon emissions from traveling to and from physical branches.8. We provide ESG-related trust services encompassing elder care trusts, ibrAin, renewable energy trusts, corporate trustee services for Green Bonds, employee welfare trusts, and ESG collective investment trust funds.9. In response to global low-carbon and green energy trends, we actively align with government policies to promote suitable green products and services that can attract more customers and create new business opportunities. For example, offering green deposits, green building loans, and preferential personal loans for electric vehicle owners can expand business opportunities, and continuously optimizing user-friendly digital application processes for mortgages/personal loans/credit cards/card acquiring services helps increase customer willingness to apply for these services while reducing use of physical documents and lowering operating costs, reducing carbon emissions and enhancing our image as a promoter of green industries.10.Subsidiary bank: Guide customer acceptance of digital channels and promote related financial products such as online financing and electronic transactions to reduce operational and transaction costs.					<ol style="list-style-type: none">1. We are actively developing digital financial services and continue to invest in research and resources associated with smart finance technologies, new products, and innovative smart finance development strategies. In response to changing consumer preferences, we continue to improve and enhance digital wealth management and retail finance services associated with online application, instruction, and transaction processes, using advances in financial technology to optimize our financial service mobile apps so that our customers can complete most of their financial transactions online.<ol style="list-style-type: none">① Completed internal electronic services for funds, bonds, core-satellite investments, and investment matching to spearhead paper-free processes② Completed mobile wealth management fund matching function, continued to plan expansions of digital functions, and gradually launched online insurance and mobile insurance functions.③ Launched the funBIZ online payment service which is not constrained by time and space limits, and shortens the time required for clients to implement online payment services.④ Developed the DACARD app and increased payment items by connecting to the Taiwan Clearing House platform. We added payment records, payment reminders, and other digital functions to enhance mobile services and convenience.⑤ Continued to offer more green online banking services (such as membership points) to improve customer satisfaction toward Bank SinoPac.⑥ Conducted interviews with clients to discuss operational models and formulate plans for providing carbon credit trading trusts.2. Cultivate professional technical team to strengthen technological innovations and information security protections, improve digital channel efficiency and security, and enhance customer trust.3. Bank SinoPac continues to launch digital products and integrate account services, incorporating the four core services most commonly used by individual customers (consumption, investment, savings, and pocket money loans), and assisting corporate clients with sustainability engagement.4. We continue to work with relevant head office units to launch enhanced e-banking services.5. Our subsidiary bank has established the "Green Finance Management Plan" to provide specific guidance for improving our own operations and customer services.		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Opportunities	Resilience	CO6-2	Develop adaption capabilities in response to climate change	Add products related to climate change into our investment and financing portfolio, keep informed of market trends, and increase operational flexibility.	<ul style="list-style-type: none">Product and service sales/customer service, loan business, investment/underwriting business, corporate reputation	<ol style="list-style-type: none">New product pipelinesEnhanced corporate imageIncreased revenuesIncreased operational flexibilityLoan businessCollateralStrategic risks	Short-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">Add climate change products (products associated with carbon emissions and ESG) to our existing investment portfolio to keep abreast of market trends, and to increase financial opportunities and operational flexibility.Establish a complete green product PDD (Product Due Diligence) system and recommend green finance products to customers in accordance with regulatory requirements, thereby fulfilling regulatory expectations while expanding our product lines.Add climate change products in our investment and financing portfolios to respond to competent authority policy developments and market trends to enhance response capabilities to climate risks, increasing income and establishing an leadership position in the green finance market.Subsidiary bank: Increase investments in Green Bonds to diversify bond risks					<ol style="list-style-type: none">Bank SinoPac has established the "Responsible Lending Management Guidelines" and signed the "Equator Principles," and we carefully evaluate the impacts from environmental and social risks caused by loan client businesses when making decisions related to financing and loan projects.Formulated internal asset management/investment management regulations which clearly stipulate that climate change products should be incorporated into our scope of investment.We remain attentive of domestic and overseas sustainable development issues and climate change trends, evaluate related industry and market risks, and inventory customer footprints through "Reduce Carbon Footprint" credit card events.We listen to and meet customer demands and preferences for green financial products and services using financial asset management methods to continue development of Green/ESG Bonds and loan products and services themed around sustainable development to provide companies with operational flexibility.We strengthen cross-industry collaborations with energy industries to understand market demands and formulate corresponding solutions, establish climate change risk assessment tools to enhance accuracy of product designs, and enhance market acceptance through briefing sessions and promotion activities.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 roadmap progress; short, medium, and long-term targets; and annual work plans.Subsidiary bank: Increase investments in Green Bonds to diversify bond risks		

Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Business performance	Capital flows and financing	NO4	Provide capital to support corporate transformations and to promote nature and green-related investments and financing	Provide investment and financing tools (including loans, bonds, and funds) for capital requirements that can generate positive impacts and reduce negative impacts on nature to increase revenues and direct capital toward eco-friendly and green activities and industries.	<ul style="list-style-type: none">Risks to own operationsCredit businessProduct and merchandise salesCustomer serviceCorporate reputationCapital flows and financingInvestment/underwriting	<ol style="list-style-type: none">Enhanced competitivenessIncreased product and service categoriesEnhanced corporate imageIncreased revenuesImproved market positioningIssuance of financial bonds and increased funds for supporting nature-friendly or green activities and industries	Mid-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">Bank SinoPac continues to issue Sustainability Bonds and utilize funds for renewable energy and energy technology developments, pollution prevention and control, and related industrial financing.We provide investment and financing products and services to direct capital toward nature-friendly industries, and continue to optimize loan policies, increase proportions of low-risk & high-stability income assets, and increase financial resilience.We are planning to launch the first ESG-related products for our collective management accounts to meet customer investment needs, expand AUM of collective management funds, increase revenues.Establish a complete green product PDD (Product Due Diligence) system and recommend green finance products to customers in accordance with regulatory requirements, thereby fulfilling regulatory expectations while expanding our product lines.Expand sustainability-linked loans and provide preferential interest rates to clients based on indicators with ESG benefits (including positive impacts on nature).Add green investment products (such as Green Bonds or Sustainability Bonds) to existing investment portfolios.Underwriting units provide Green Bond OTC listing processes to potential Green Bond issuers.Subsidiary bank: Provide investment and financing tools (including loans, bonds, and funds) for capital requirements that can generate positive impacts and reduce negative impacts on nature to increase revenues and direct capital toward eco-friendly and green activities and industries.					<ol style="list-style-type: none">We continue to issue Sustainability Bonds to implement SinoPac Holdings sustainability strategies and execution plans. Although these investments increase our capital costs, they fully demonstrate Bank SinoPac's efforts in fulfilling corporate social responsibilities and practical actions on ESG-related issues.We actively promote green energy financing and strategic investments in key technologies, renewable energies, circular economy, and low-carbon targets to direct capital toward nature-friendly or green activities and industries, and enhance customer acceptance of and participation in green products through market promotions.Overseas branches align with local regulations and regulatory expectations within specified time limits.Grasp new business opportunities; work to understand investor and consumer concerns regarding climate change issues and needs and preferences for green financial products and services; continue to develop green/ESG collective management funds themed around sustainable development.Subsidiary bank: As of December 31, 2024, our green loan balance amounted to more than RMB 1.2 billion. In 2024, our subsidiary bank purchased RMB 430 million of Green Bonds.		

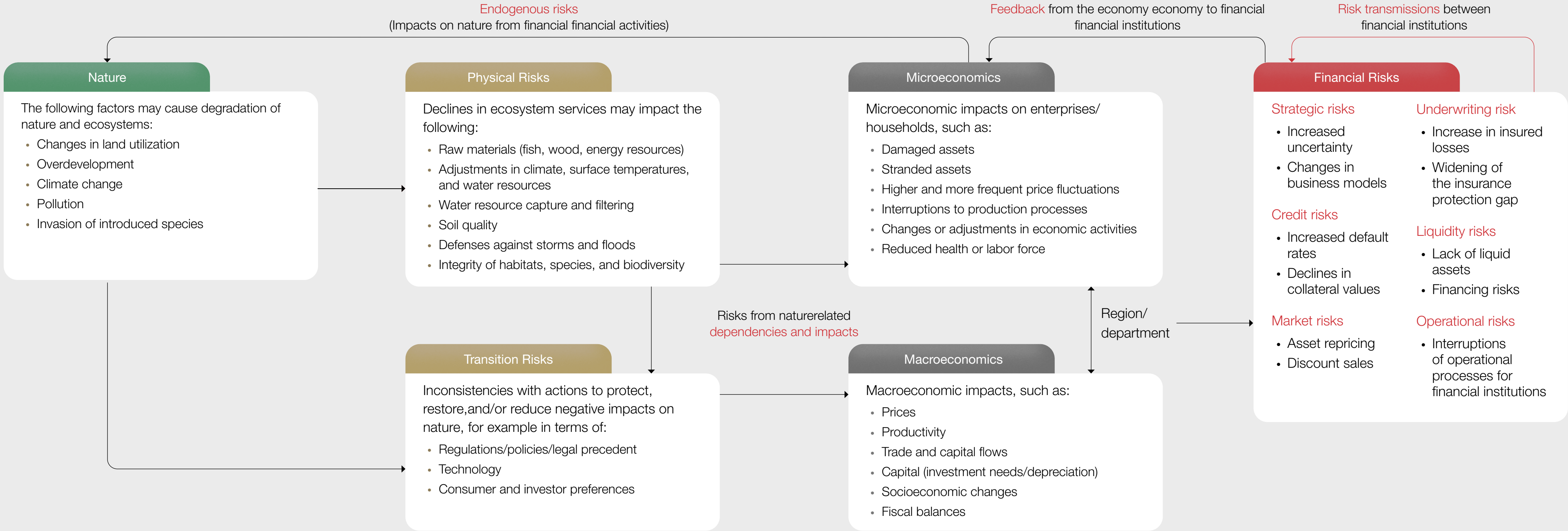
Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Business performance	Markets	NO3	Promote diversity through nature-related financial products	Governments, investors, and consumers are increasing attention and involvement in nature-related issues (including biodiversity and eco-friendly issues), forming emerging markets, so active development of diverse nature-related financial products and services can increase revenues.	<ul style="list-style-type: none">Risks to own operationsCredit card businessDeposit businessProduct and merchandise salesCustomer service (trust and wealth management businesses)Corporate reputationCredit businessInvestment/underwriting business	<ol style="list-style-type: none">Enhanced corporate imageIncreased revenuesImproved market positioningNew green product pipelines and increased revenuesIncreased operational flexibility	Mid-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">The market for nature-related financial products has strong potential for growth. We focus on developing financial products that support biodiversity and low-carbon economics which attract new clients and enhance loyalty of existing clients to optimize income structures and lower climate risk impacts while solidifying our competitive position in the green finance market.In response to increasing interest in nature-related (including biodiversity and nature/eco-friendly) issues, we direct current and upcoming products to supporting nature-friendly and green activities and industries to expand customer sources and business opportunities, enhancing our reputation.We are planning to launch the first ESG-related products for our collective management accounts to meet customer investment needs, expand AUM of collective management funds, increase revenues.Add green investment products (such as Green Bonds or Sustainability Bonds) to existing investment portfolios.Establish a complete green product PDD (Product Due Diligence) system and recommend green finance products to customers in accordance with regulatory requirements, thereby fulfilling regulatory expectations while expanding our product lines.Subsidiary bank: Governments, investors, and consumers are increasing attention and involvement in nature-related issues (including biodiversity and eco-friendly issues), forming emerging markets, so active development of diverse nature-related financial products and services can increase revenues.					<ol style="list-style-type: none">We continue to focus on developing diverse products and services focused on SDGs and natural environments.Strengthen collaborations with government and non-government organizations and environmental protection institutes to ensure that our products adhere to market demands and regulatory requirements, continue to develop and promote nature-related financial products, and strengthen internal training to enhance employee knowledge and professionalism associated with green finance to ensure that our new products are successfully promoted and implemented.Overseas branches align with local regulations and regulatory expectations within specified time limits.We remain attentive of market products and continue to evaluate/provide products that meet customer needs; we have added ESG funds to our trust wealth management products.Subsidiary bank: Formulate new green finance scenarios and sustainable finance frameworks.		

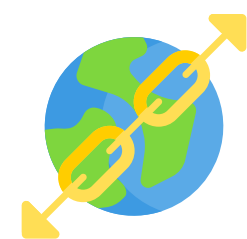
Opportunity Category	Opportunity Type	Impact Code	Opportunity Item	Impacts	Impact Aspects	Potential Impacts from Opportunities	Possible Time of Occurrence
Business performance	Products and services	NO2	Develop or add financial products and services with benefits to nature	Provide eco-friendly financial solutions or green products (such as green loans and green investments) that generate positive impacts or reduce negative impacts on nature to increase income sources and competitiveness.	<ul style="list-style-type: none">• Credit business• Investment/underwriting business• Risks to own operations• Credit card business• Deposit business• Corporate reputation• Product and merchandise sales• Customer service (trust and wealth management businesses)	<ol style="list-style-type: none">1. Expanded markets2. Enhanced brand image3. Stable investment returns4. New product and service categories5. Enhanced corporate image6. Increased revenues7. Improved market positioning8. Increased operational flexibility and enhanced competitiveness	Mid-term
Assessments of Development Opportunities Related to Operational Strategies, Potential Businesses/Products, and Finances					Opportunity Development Management Measures/Response Strategies		
<ol style="list-style-type: none">1. Add products with positive impacts on nature (such as financing for renewable energy equipment and energy-saving and carbon-reducing equipment) to help us manage corporate environmental operating risks while keeping informed of market trends, increasing financial opportunities and income sources.2. Promote nature-friendly financial products (such as green energy loans, green deposits, and Green Bonds) to expand our green finance market share, achieve business and nature protection goals, and increase portfolio resilience and income stability.3. Establish a complete green product PDD (Product Due Diligence) system and recommend green finance products to customers in accordance with regulatory requirements, thereby fulfilling regulatory expectations while expanding our product lines.4. We provide ESG-related trust services encompassing elder care trusts, renewable energy trusts, Green Bonds, employee welfare trusts, and ESG collective investment trust funds.5. We continue to compete for custody of ESG-related funds and communicate ESG issues to our fund custodian partners, recommending incorporation in corporate governance and investment policies to fulfill corporate social responsibilities.6. Subsidiary bank: Provide eco-friendly financial solutions or green products (such as green loans and green investments) that generate positive impacts or reduce negative impacts on nature to increase income sources and competitiveness.					<ol style="list-style-type: none">1. Established cross-departmental project team to quickly conduct market surveys and demand analysis using agile development methodologies to ensure risk management and compliance. We provide comprehensive employee training, formulate market promotion plans, educate clients, establish continued monitoring and improvement mechanisms, and work with professional institutes to quickly meet market needs and achieve mutual benefits.2. Showcase environmental protection contributions associated with digital green financial services, and host sustainable finance forums or activities to attract young customers and customers with strong eco-friendly awareness.3. We remain attentive of market products and continue to evaluate/provide products that meet customer needs; we have added ESG funds to our trust wealth management products.4. Continue to launch and optimize digital services: Our funds and bonds can be traded through our online bank and mobile bank, and we provide digital trading services matching funds, bonds, and efficient investment allocations. Our wealth management personnel can match funds and bonds through our mobile wealth management system.5. We have long promoted and supported renewable energy financing by issuing Green Bonds, facilitating capital flows toward industries with positive ecological impacts. Apart from monitoring whether our clients have assessed and appropriately responded to climate change and nature resource risks and opportunities, we have also established a dedicated credit investigation team to strengthen internal professional capabilities, and enhance customer acceptance of and participation in green products through market promotions.6. We continue to seek out ESG-related bonds issued by investable targets on the market.7. Bank SinoPac has successively issued Green Bonds and Sustainability Bonds in recent years, and has launched renewable energy trusts and local rebate trust mechanisms for clients to support developments of green energy-related industries. In future, we will continue to use trusts, financing, and other diverse finance tools to formulate plans for carbon credit trading trusts, and expand our green and sustainable finance services.8. Subsidiary bank: Our green deposits were launched in 2023. Subsidiary bank: As of December 31, 2024, our green loan balance amounted to more than RMB 1.2 billion.		

2.3 Climate and Nature Dependencies, Impacts, Risks, and Opportunities Transmission Pathways

Bank SinoPac follows in the footsteps of SinoPac Holdings and jointly focuses on nature-related risks. In 2022, the United Nations Biodiversity Conference (15th meeting of the Conference of the Parties to the Convention on Biological Diversity, CBD COP15) proposed the Kunming-Montreal Global Biodiversity Framework (GBF), setting forth a long-term plan for global biodiversity governance. The TNFD taskforce released formal guidance in September 2023, providing a disclosure framework based on four dimensions (governance, strategy, risk management, and metrics and targets) and established the LEAP (Locate, Evaluate, Assess, Prepare) methodology, emphasizing careful consideration of assessment scope before initiating risk and opportunity identification. Subsequently, relevant dependencies and impacts are evaluated, and significant natural-related risks and opportunities are identified. TNFD taskforce has also developed a tailored LEAP approach for financial institutions, known as LEAP-FI. LEAP-FI focuses on assessing natural risks and opportunities related to investment and financing activities, such as equity and bond investments, trading and insurance, and financing.

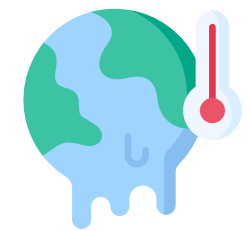
SinoPac Holdings firmly believes that loss of natural capital and resulting nature-related risks will affect corporate operational activities, capital allocation, and risk management, which in turn creates potential impacts on financial business activities and impairs asset values. Conversely, protecting and restoring natural capital will support sustainable development in industrial and economic activities. SinoPac aligned with the GBF Target 15 (Businesses Assess, Disclose and Reduce Biodiversity-Related Risks and Negative Impacts) and TNFD framework in conducting preliminary identification of nature-related dependencies, impacts, risks, and opportunities. The following figure illustrates our transmission pathway for nature-related risks.





Dependencies

The extent to which companies rely on ecosystem services. Examples include the ability to regulate water flow and quality, and the ability to recover from disasters such as fires and floods.



Impacts

The degree of change in the state of nature. Companies alter impacts of nature on society and economies through direct, indirect, or cumulative actions, making changes that can be either positive or negative.



Nature-related risks

Risks arising from nature dependencies and impacts of businesses and society. Risk categories include physical risks, transition risks, and systemic risks.



Nature-related opportunities

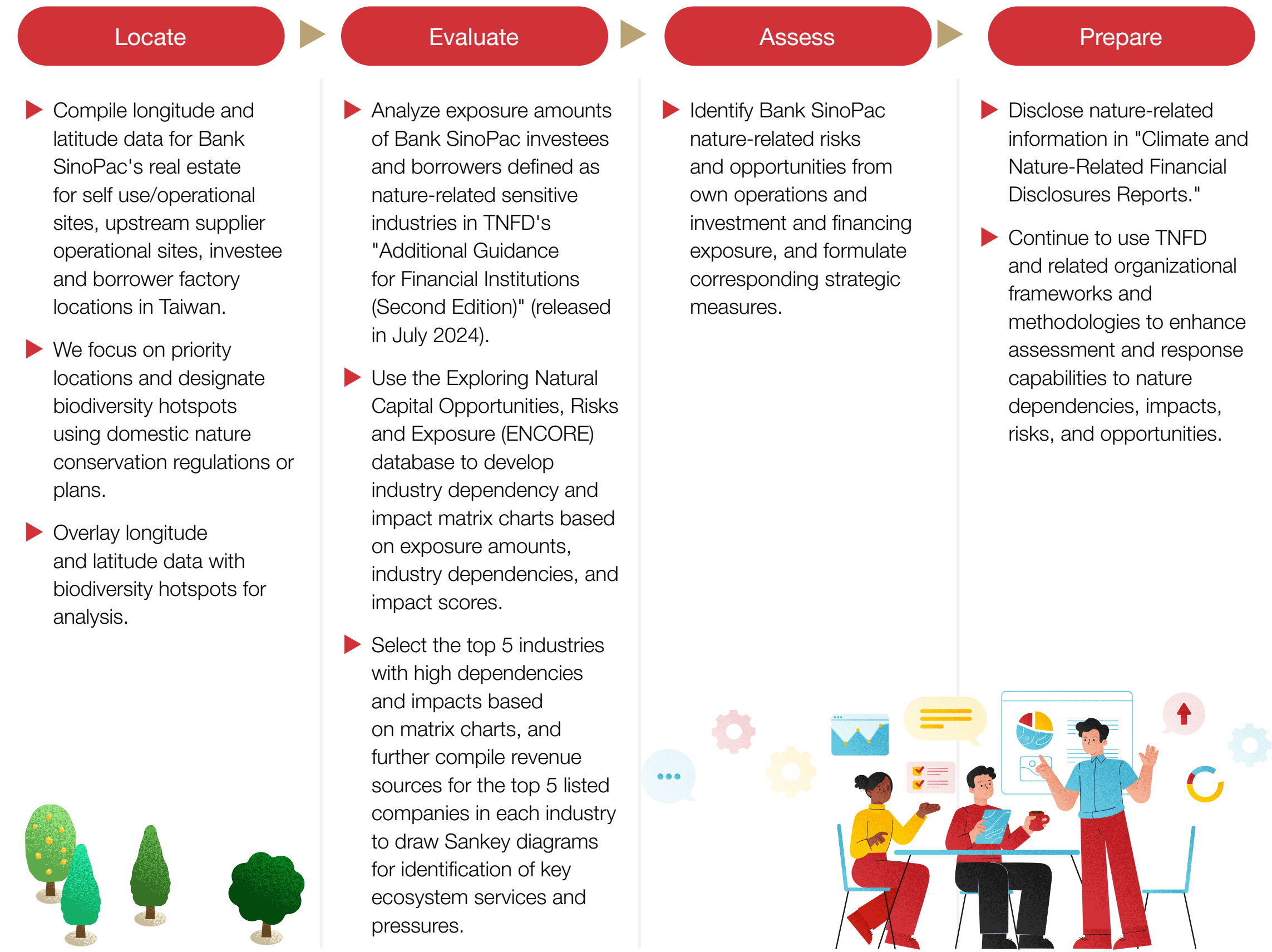
Activities that create positive outcomes for businesses and nature by generating positive impacts or mitigating negative impacts on nature. These opportunities can be further categorized into business performance and sustainability performance.



LEAP Evaluation Process

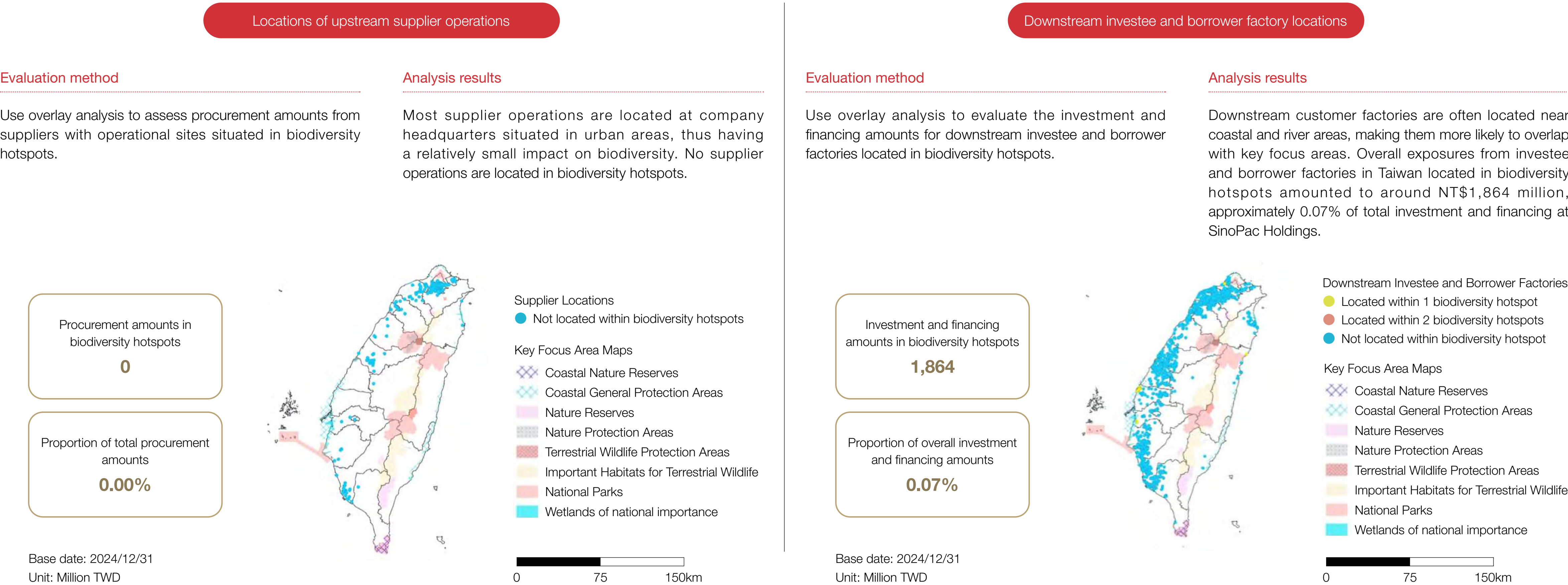
In order to evaluate the nature dependencies, impacts, risks, and opportunities of Bank SinoPac's own operations, supply chain, and investees and borrowers, we utilized the LEAP methodology proposed by TNFD, incorporating natural factors in evaluations for comprehensive analysis of nature-related risks and opportunities, and to serve as a reference for future decisions. The LEAP methodology mainly includes four stages: Locate, Evaluate, Assess, and Prepare.

We used the LEAP methodology and framework to design Bank SinoPac's analysis process for nature-related issues:



2.3.1 Biodiversity Impact Analysis

Bank SinoPac follows the LEAP-FI analysis steps, with "L" (Locate) emphasizing whether business activities and value chain sectors impact the natural environment, specific biomes, or ecologically sensitive areas. Bank SinoPac obtained latitude and longitude information for own real estate/operational sites, upstream supplier operation locations, and downstream investee and borrower factory locations in Taiwan. These coordinates were overlaid on areas designated by key domestic natural conservation-related regulations or plans as biodiversity hotspots, consisting of eight map layers: national parks, terrestrial wildlife protection areas, important habitats for terrestrial wildlife, nature reserves, nature protection areas, coastal nature reserves, general coastal protection areas, and wetlands of national importance.



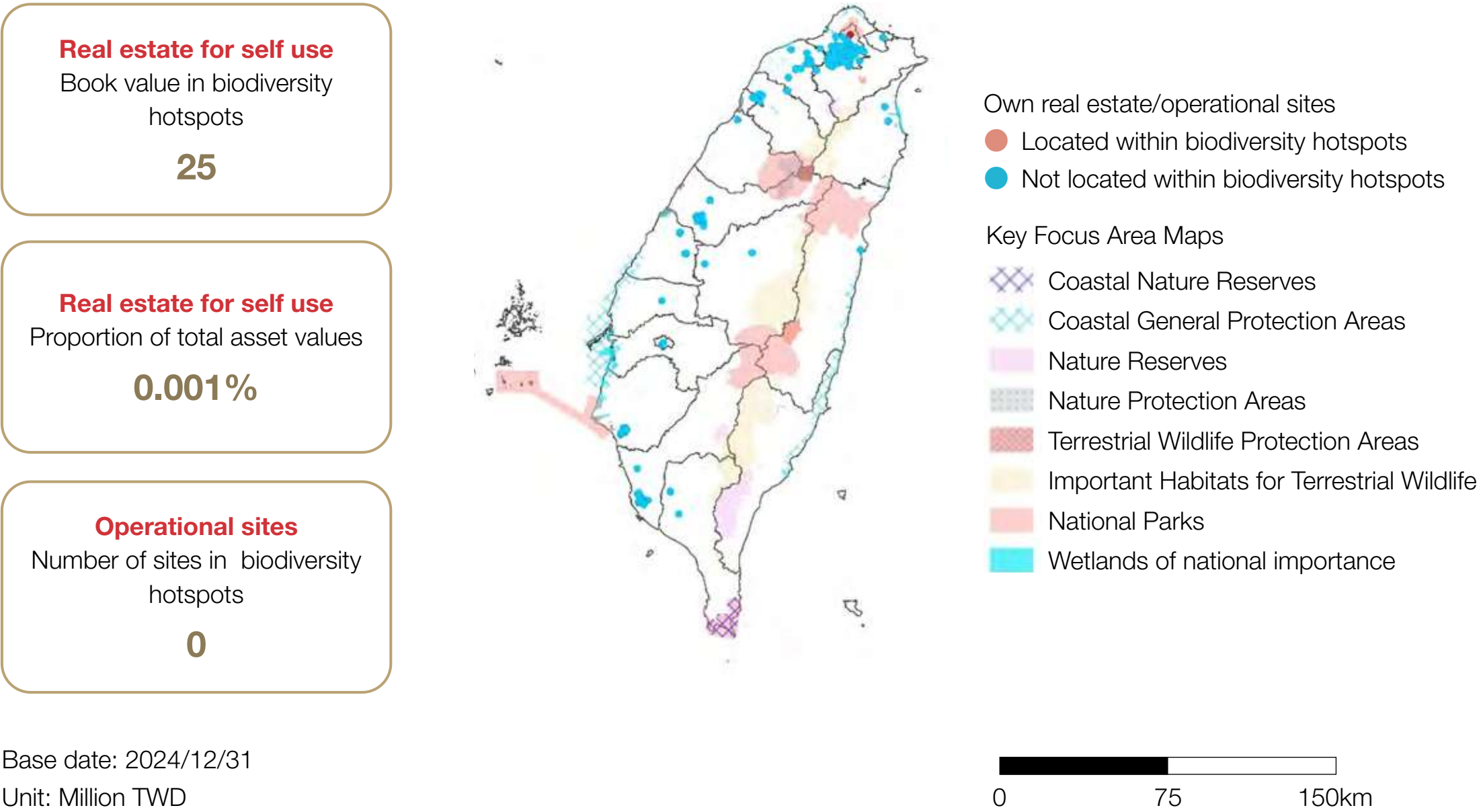
Real estate for self use/operational sites

Evaluation method

Use overlay analysis to assess the book value of own real estate located in biodiversity hotspots and the number of operational sites situated in these areas.

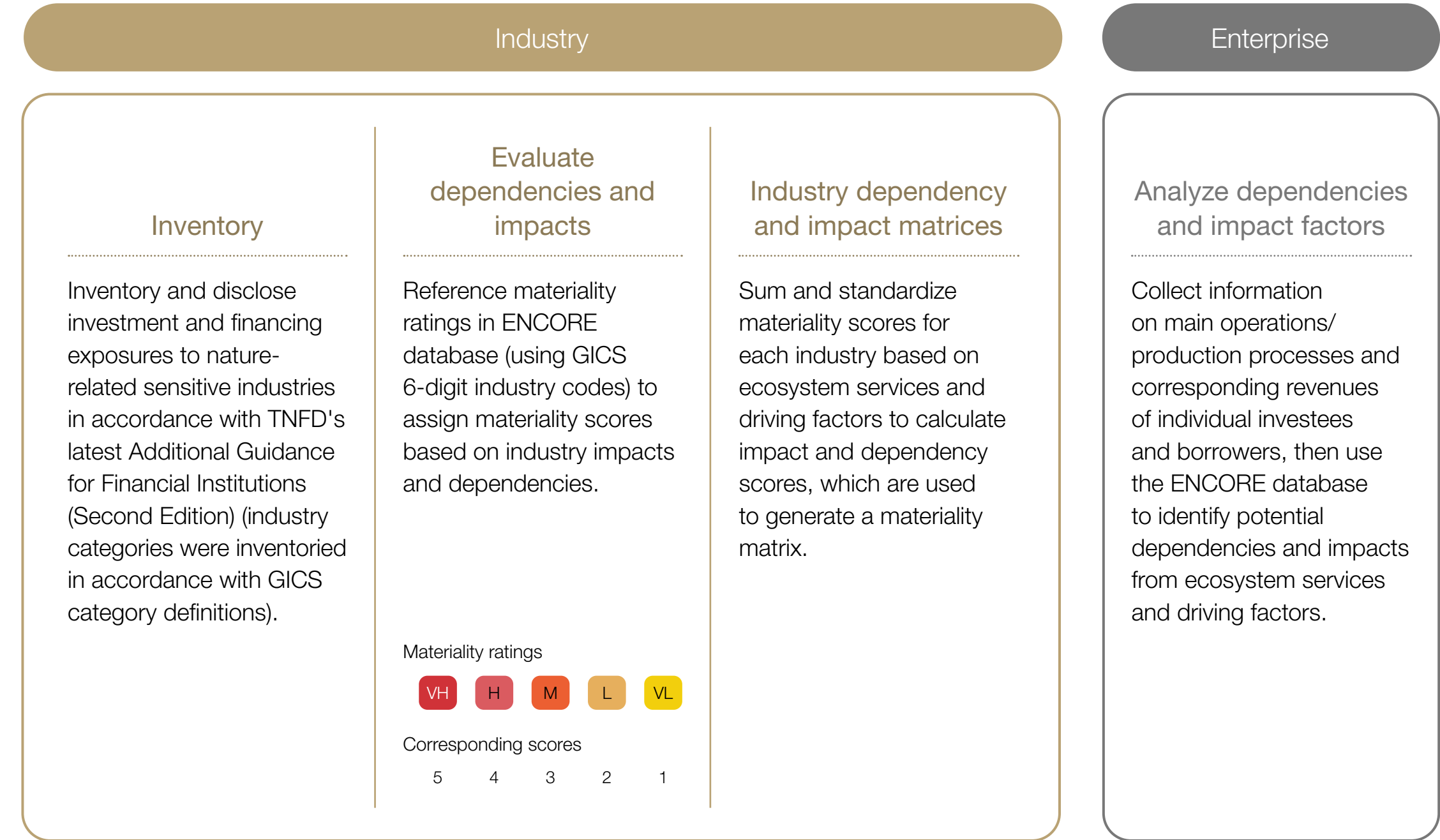
Analysis results

Own real estate and operational sites are mostly located in urban areas, so have a minimal impact on biodiversity. The total book value of real estate for self use located in biodiversity hotspots amounted to NT\$25 million, approximately 0.001% of total asset values. None of the operational sites are located in biodiversity hotspots.



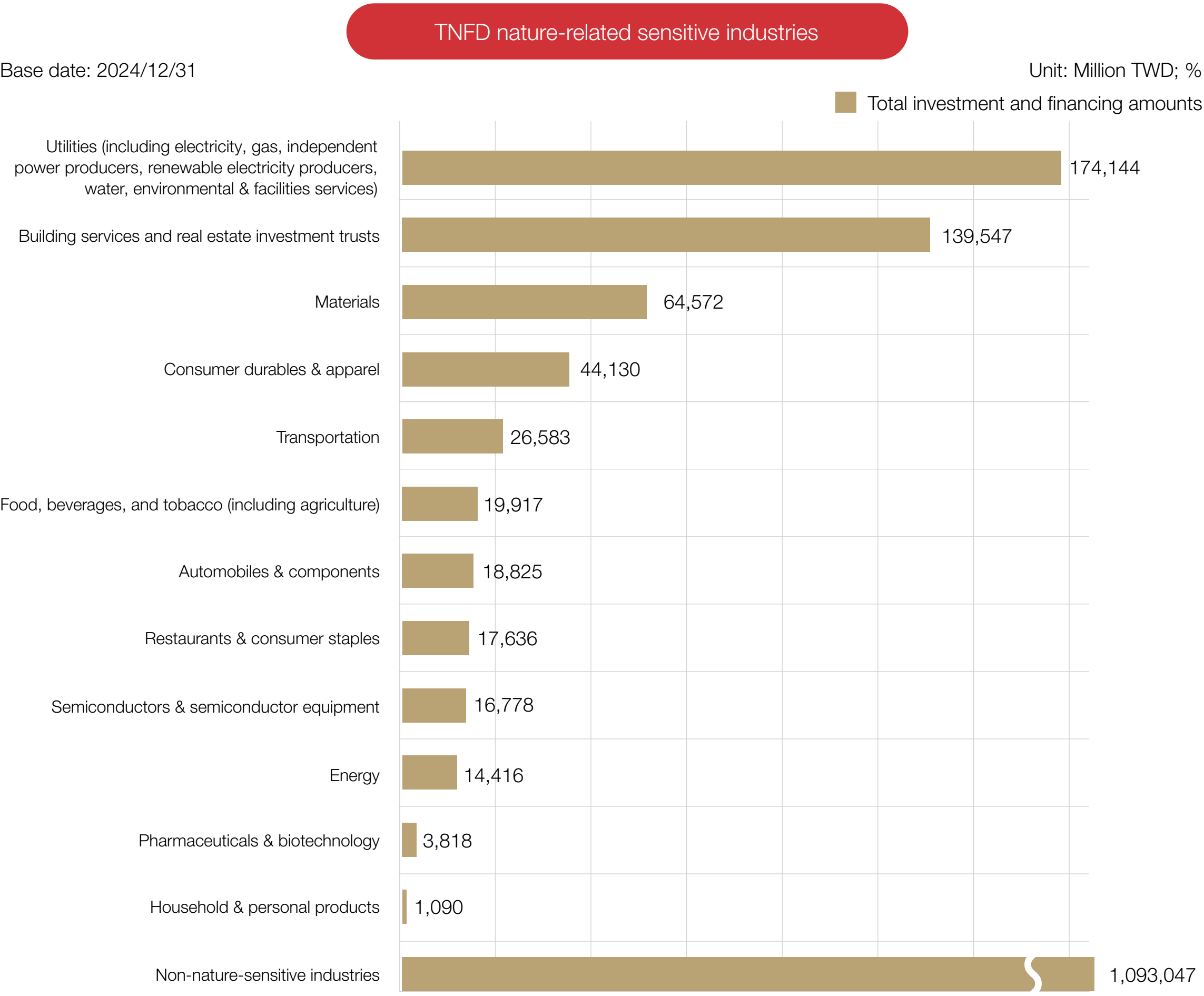
2.3.2 Assessment of Nature-Related Dependencies and Impacts

Apart from disclosing investment and financing amounts in nature-related sensitive industries based on TNFD's Additional Guidance for Financial Institutions (Second Edition) (released in July 2024), SinoPac also referenced the "E" (Evaluate) step of the LEAP methodology to identify and assess nature dependencies and impacts. We used the Exploring Natural Capital Opportunities, Risks and Exposure tool (ENCORE) to create dependency and impact matrices for industries in our investment and financing portfolio. This helped us to map overall exposures to nature-related risks and brought focus to high-exposure, high-risk industries, encouraging collection of information on the economic activities of individual investees and borrowers. This analysis identifies key ecosystem services and pressures that can be used to determine nature resource dependencies and impacts of investees and borrowers. Analysis procedures were as follows:



Overview of TNFD Nature-Related Sensitive Industry Risk Exposures

The "Additional Guidance for Financial Institutions (Second Edition)" released by TNFD in July 2024 identified 12 industries as having natural-related sensitivities and listed 12 nature-related sensitive industries (industry classifications were based on GICS definitions). As of December 31, 2024, the investment and financing amounts in TNFD natural-related sensitive industries was NT\$541,456 million, accounting for approximately 33.13% of our overall investment and financing portfolio, and 22.51% of overall investment and financing amounts (including personal loans).



Base date: 2024/12/31

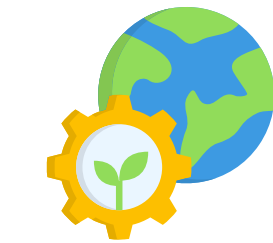
Unit: Million TWD; %

TNFD nature-related sensitive industries	Proportion of overall investment and financing balance
Energy	0.88%
Materials	3.95%
Transportation	1.63%
Automobiles & components	1.15%
Consumer durables & apparel	2.70%
Restaurants & consumer staples	1.08%
Food, beverages, and tobacco (including agriculture)	1.22%
Household & personal products	0.07%
Pharmaceuticals & biotechnology	0.23%
Semiconductors & semiconductor equipment	1.03%
Utilities (including electricity, gas, independent power producers, renewable electricity producers, water, environmental & facilities services)	10.65%
Building services and real estate investment trusts	8.54%
Total amount for nature-sensitive industries	33.13%
Non-nature-sensitive industries	66.87%
Total	100.00%

Bank SinoPac Industrial Dependency and Impact Materiality Matrix

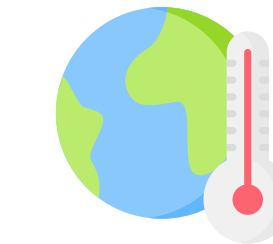
We used the latest ENCORE tool (released on June 2024) and GICS global industry classification standards to categorize industries, and developed an industry dependency and impact materiality matrix for the top 20 industries by investment and financing amounts based on dependency and impact scores.

Matrix axes




Dependency level

The extent to which businesses rely on various ecosystem services to sustain themselves. Examples include the ability to regulate water flow and quality, and the ability to recover from disasters such as fires and floods. The ENCORE database includes a total of 25 ecosystem services



Impact level

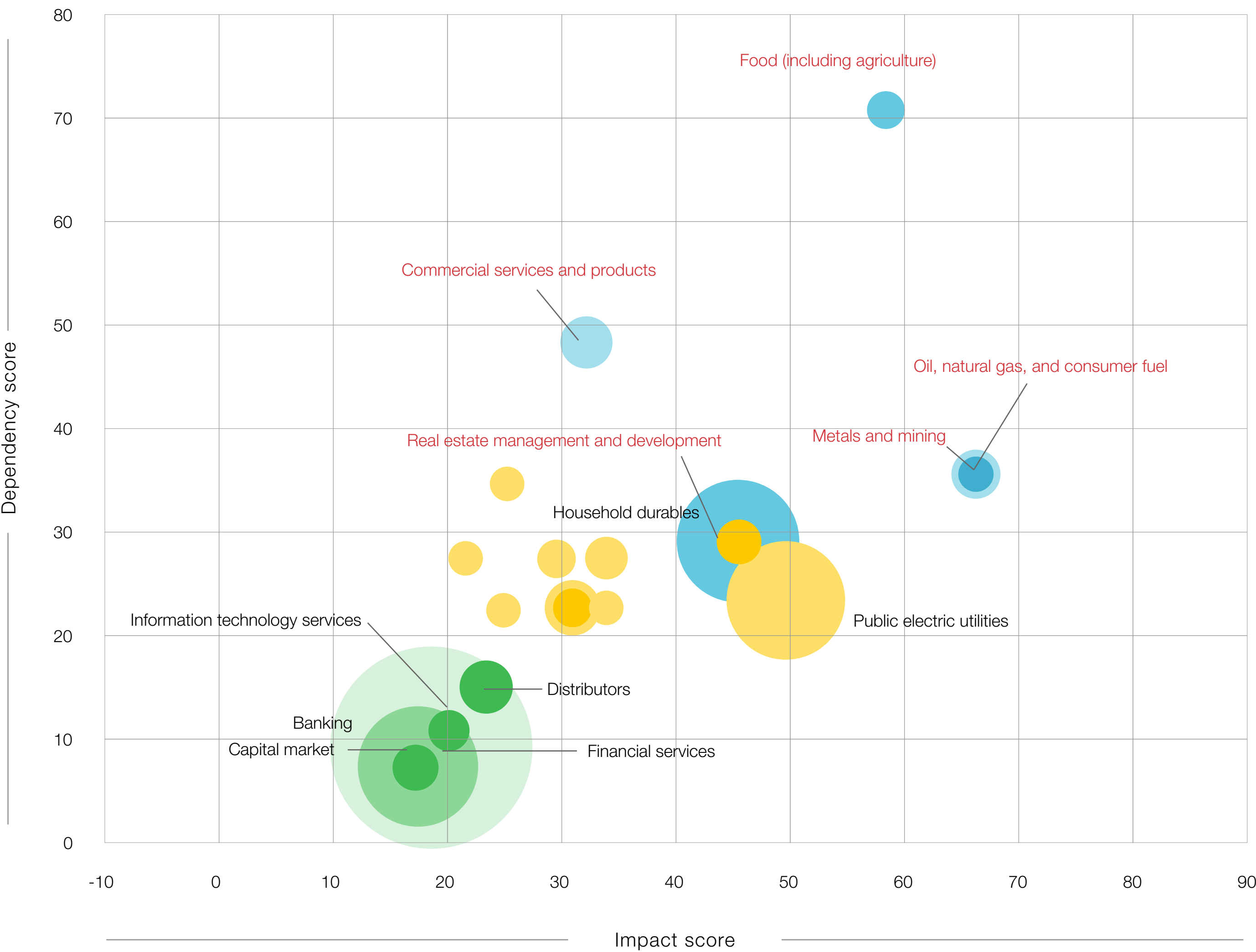
The degree of change in natural conditions caused by direct, indirect, or cumulative organizational actions which affect natural impacts on social and economic functions. Impacts may be positive or negative. The ENCORE database includes a total of 13 pressures.



Bubble size

Investment and financing amounts as of December 31, 2024

The top five industries in our overall investment and financing portfolio with the highest dependencies and impacts (shown in blue on the chart) were: food (including agriculture); metals and mining; oil, natural gas, and consumer fuel; commercial services and products; and real estate management and development.

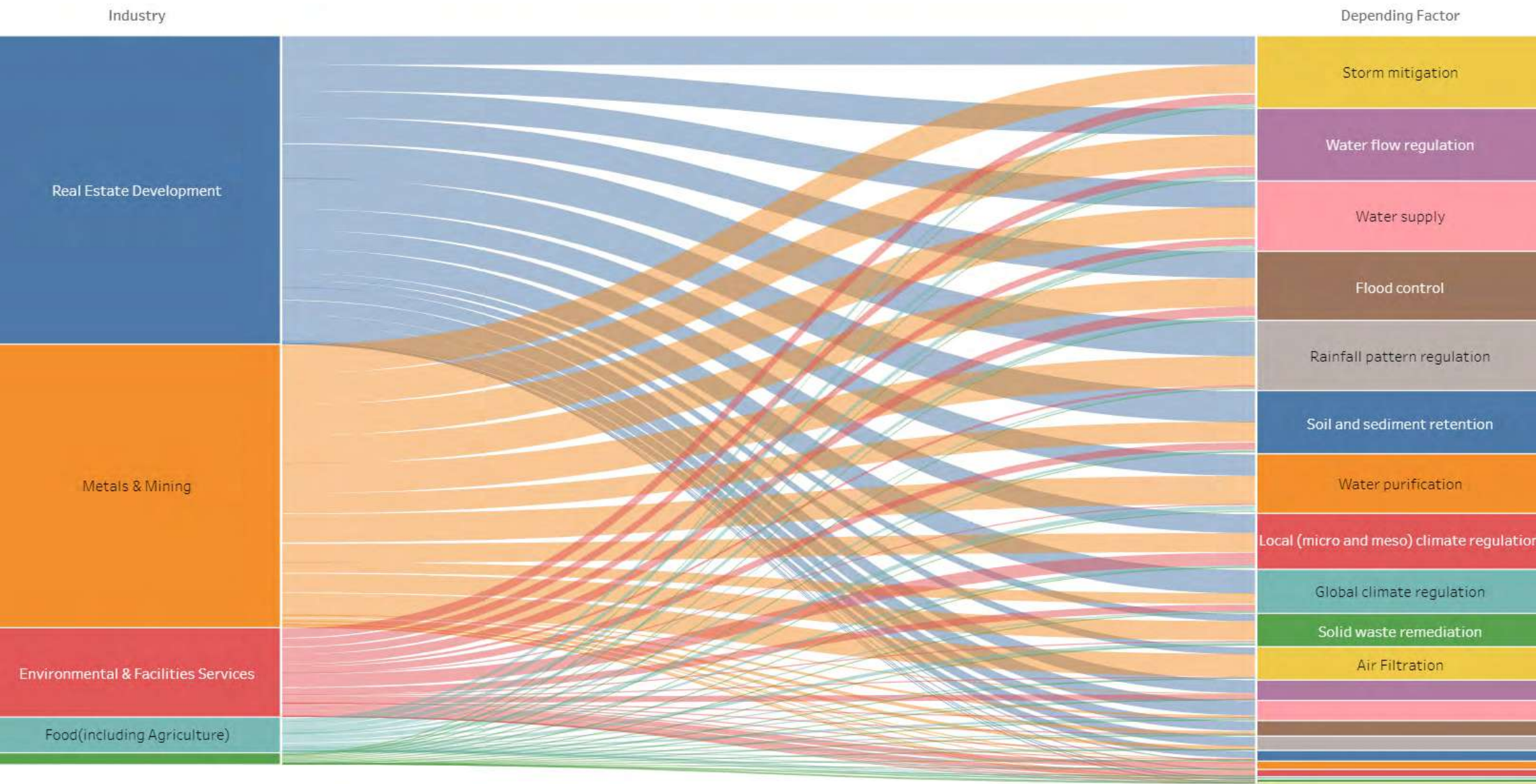


Sankey Diagrams Illustrating Dependencies and Impacts of 25 Listed Companies with High Dependencies and Impacts

The top five industries with the highest dependencies and impacts were: food (including agriculture); metals and mining; oil, natural gas, and consumer fuel; commercial services and products; and real estate management and development. We further compiled the top 5 listed companies in these industries and their risk exposures from operational activities (there were a total of 21 companies as some industries had fewer than 5 listed companies), using public information to define economic activities and associated dependencies (ecosystem services) and impacts (pressures) for further identification of nature risks in overall investment and financing portfolios, and to establish corresponding risk management processes to mitigate potential impacts.

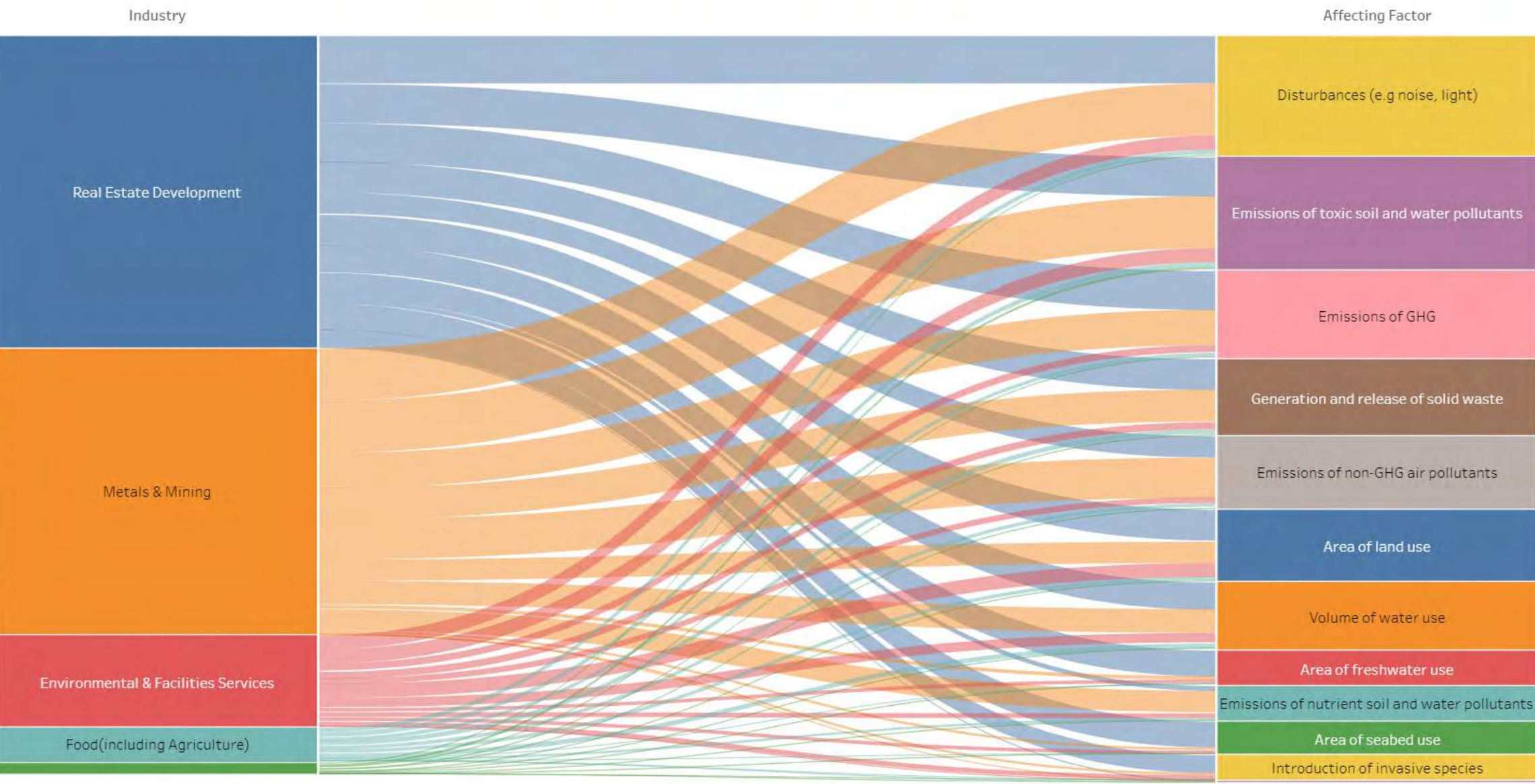
Sankey Diagram of Dependencies

Analysis results for dependencies are shown in the following image. We analyzed the economic activities of these companies and found that the top 3 ecosystem service dependencies were storm mitigation, water flow regulation, and water resource supplies, accounting for 29.3% of total outstanding.



Sankey Diagram of Impacts

Analysis results for impacts are shown in the following image. We analyzed the economic activities of these companies and found that the top 3 ecological pressures were disruptions (such as noise and light), emitting toxic pollutants to water and soil, and greenhouse gas emissions, accounting for 43.60% of total outstanding.



2.4 Green Strategies

2.4.1 Green Operations

Bank SinoPac identified business, strategic, and financial planning impacts from climate-related risks and opportunities; adopted "mitigation" and "adaptation" climate actions in line with the "Paris Agreement" and national 2050 net zero emissions goals; and actively expanded energy and environmental management measures and improvement programs for all branch offices. Additionally, we strengthened supply chain management benefits through green operations and took on industrial environmental protection responsibilities. Bank SinoPac will continue to upgrade energy-saving equipment and implement energy management to enhance energy efficiency. In 2023, Bank SinoPac purchased the first batch (4,000 tons; not yet utilized) of carbon credits from Taiwan Carbon Solution Exchange to prepare for carbon neutrality. We continue to purchase renewable energy, and have signed agreements for 5,957,000 kWh of renewable energies as of year-end 2024 (including 637,000 kWh of renewable energy proportionally shared with the SinoPac Holdings Zhonglun Building) to achieve our long-term carbon reduction commitments.

Energy Management

Bank SinoPac adheres to the energy management policies of SinoPac Holdings and implemented the ISO 50001:2018 Energy Management System for the first time in 2019 to optimize energy management efficiency. In 2024, Bank SinoPac completed integration of ISO 50001 Energy Management System targets for all self-owned buildings, increasing the overall coverage rate to 100%. We continue to monitor and quantify our energy conservation targets and key operational characteristics as well as implement various energy-saving programs.

[Certificate](#)

Environmental Management

Bank SinoPac adheres to the environmental management policies of SinoPac Holdings and implemented the ISO 14001:2015 Environmental Management System for the first time in 2019 to improve management of environmental risks. In 2024, we completed incorporation of ISO 14001 Environmental Management System targets in all self-owned buildings, increasing the overall coverage rate to 100%. We continue to control and reduce impacts from major environmental factors as well as establish long-term and feasible measures to facilitate climate sustainability developments.

[Certificate](#)

Greenhouse Gas Inventories

Bank SinoPac collaborated with SinoPac Holdings to initiate greenhouse gas inventories under the Operational Control Approach in 2018 and began implementing ISO 14064- 1:2018 inventories of total greenhouse gas emissions in 2019. We set short, medium, and long-term Scope 1 and Scope 2 reduction targets under SinoPac Holdings SBTs, and plan to utilize our energy and carbon reductions, renewable energy usage, and renewable energy certificates to achieve our target of operational net zero emissions by 2030. In 2022, we completed inventory of all domestic and foreign locations, achieving a coverage rate of 100%. In future, we will continue to conduct greenhouse gas inventories in accordance with our carbon reduction pathway plans and incorporate green energy and low-carbon transformations into our sustainable finance vision.

[Certificate](#)

The following table will be disclosed in the [SinoPac Holdings 2024 Sustainability Report](#) in accordance with Financial Supervisory Commission Sustainable Finance Evaluations.

Energy Conservation Measures	Description	Electricity Savings in 2024 (MWh)	Reduced Greenhouse Gas Emissions (tons-CO ₂ e)
Electricity consumption of air conditioning cooling towers	Upgraded air-conditioners and replaced air-conditioner cooling towers in Nanjing Building to lower electricity consumption of air-conditioners	77.01	38.04
Replaced traditional lights with LED lights	Replaced traditional lights in branches and offices with LED lights	399.38	197.29
Total		476.39	235.33

2.4.2 Green Investments and Financing

In March 2022, with the approval of the Board of Directors, the Bank aligned with SinoPac Holdings in committing to achieve net-zero emissions from its own operations by 2030, and net-zero emissions across its entire asset portfolio by 2050. In pursuit of this goal, the Bank is working collaboratively with stakeholders to drive a low-carbon transition, actively advancing the vision of "Empowering Taiwan's Net-Zero Future through Sustainable Finance." The Bank supports the government's efforts to transform Taiwan's economy and industrial structure by developing green financial products and services, enhancing climate awareness among clients and the public, facilitating energy transition, and exploring opportunities in the zero-carbon economy for customers and investors alike.

2.4.2.1 Investments in Green Products and Services

Third-Party Sustainable Investment (Mainly Green) Products

Unit: Million TWD

Category	2023		2024	
	Year-end AUM	Ratio (%)	Year-end AUM	Ratio (%)
ESG integration	1,007	0.90%	2,534	1.91%
Best in Class	369	0.33%	414	0.31%
Total sustainability products	1,376	1.23%	2,948	2.22%
Overall product scale	111,553		133,017	

Note1 The scope of the overall product portfolio excludes Bank SinoPac (China) Ltd



2.4.2.2 Financing in Green Products and Services

Corporate Finance

Unit: Million TWD

Category	2023		2024	
	Year-end financing balance	Ratio (%)	Year-end financing balance	Ratio (%)
Green loans/sustainable loans	116,793	14.73%	151,091	17.00%
bluesign®-Certified Textile Industry Financing	3,231	0.41%	3,264	0.37%
Financing for energy conservation and energy storage equipment	6,643	0.84%	13,417	1.51%
• Financing for energy storage Systemsequipment	5,971	0.76%	13,102	1.47%
• Replacement of large diesel vehicles	671	0.08%	315	0.04%
Green infrastructure financing	106,919	13.49%	134,411	15.13%
• Financing for solar photovoltaic equipment	104,654	13.20%	128,918	14.51%
• Financing for other green energy projectsNote 1	2,266	0.29%	5,493	0.62%
Sustainability-linked loans	23,206	2.93%	23,247	2.62%
Total sustainability products	139,999	17.66%	174,338	19.62%
Overall product scaleNote 2	792,676		888,598	

Note1 "Financing for other green energy projects" mainly includes onshore wind power, geothermal power, small hydropower, and other energy construction items, but does not include financing for solar photovoltaic equipment and energy storage equipment.

Note2 The scope of the overall product portfolio excludes Bank SinoPac (China) Ltd

Consumer Finance

Unit: Million TWD

Category	2023		2024	
	Year-end financing balance	Ratio (%)	Year-end financing balance	Ratio (%)
Sustainable loans and mortgages provided to consumers	2,351	0.33%	5,187	0.68%
Green Mortgage	2,049	0.29%	4,940	0.65%
Energy-saving equipment	302	0.04%	247	0.03%
• Household solar photovoltaic equipment	239	0.03%	211	0.03%
• Personal electric vehicles	62	0.01%	36	0.00%
Overall product scale Note	712,390		765,024	



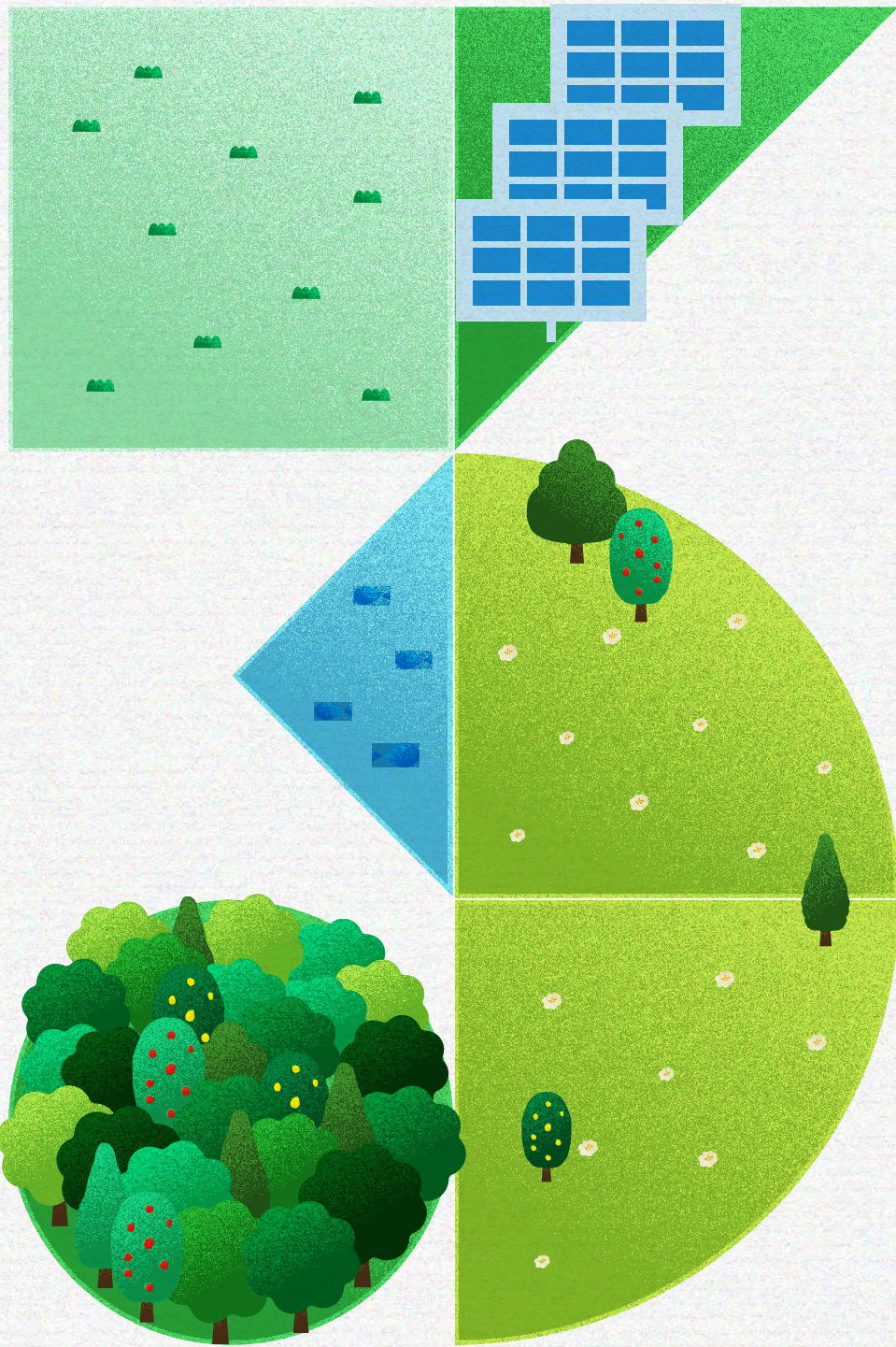
2.4.3 Green Procurement

We prioritize purchases of government-certified eco-friendly products with environmental protection labels, energy-saving labels, and water-saving labels, including green building materials and recycled paper. We adhere to the "Supplier Sustainable Development Guidelines" established by SinoPac Holdings to determine whether suppliers comply with environmental protection regulations, establish specific environmental management systems and processes, and require our suppliers to sign the "Supplier Sustainability Commitment." We hope our suppliers can be attentive of labor rights, business ethics, and ethical management as well as promote economic, social, and environmental balance along with developments in environmental sustainability. The SinoPac Group's achievements in green procurement have been recognized by external parties; we are a three-time recipient of the Green Procurement Award for Private Enterprise and Organization from the Ministry of Environment.

Bank SinoPac Green Procurement Achievements

Unit: Million TWD

Items	2022		2023		2024	
	Total expenditures on said item	Green procurement amount	Total expenditures on said item	Green procurement amount	Total expenditures on said item	Green procurement amount
Construction projects	314	7	289	50	542	59
Computer and information systems	1001	12	994	10	896	20
Office supplies	64	31	58	40	89	40
Property security	96	0	87	0	167	0
Printed materials	82	8	77	4	93	6
Marketing services	77	12	129	30	162	43
Total procurement amount	1,634	70	1,635	134	1,950	168
Green procurement ratio	4.3%		8.2%		8.6%	



Climate and Nature Scenario Analyses

3.1 Physical Risks

- 3.1.1 Heavy Rainfall and Flooding
- 3.1.2 Droughts
- 3.1.3 Slope Disasters
- 3.1.4 Rising Sea Levels

3.2 Transition Risks

- 3.2.1 Carbon Cost Payments
- 3.2.2 Energy Transition
- 3.2.3 Net Zero Emissions in Own Operations

3.3 Scenario Analyses for Climate Opportunities

3.4 Regulatory Climate Change Scenario Analysis

A N A L Y S I S

Safekeeping of Documents Related to Scenario Analyses

Scenario analyses and strategic information, including key assumptions and parameters used during analyses, are documented and stored by the Risk Management Division in accordance with the "Guidelines for Financial Disclosures Related to Climate Risks by Domestic Banks" issued by the Financial Supervisory Commission. If related information needs to be updated due to implementations of climate risk management tasks or after referencing the latest climate science research, the Risk Management Division will update and regularly report said information to senior management.



3.1 Physical Risks


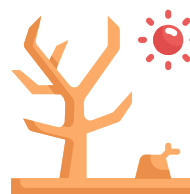


Bank SinoPac has proposed four scenario analyses for physical risks: Heavy rainfall and flooding, droughts, slope disasters, and rising sea levels. Heavy rainfall and flooding may occur as Taiwan is often impacted by typhoons which bring heavy rain and cause flooding in low-lying areas. Impacts from global climate change in recent years have increased the frequency of flooding incidents due to heavy rainfall in some regions, causing financial losses in our value chain. Droughts result from Taiwan's high mountains, short and fast-flowing 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 operational impacts due to suspended operations or additional costs required to obtain water. Slope disasters may occur as Taiwan has many mountains and is often impacted by earthquakes and typhoons, which may cause slope collapses and affect the safety of real estate and businesses located in slope regions. Finally, as Taiwan is an island, rising sea levels over the long term may impact real estate in low-lying coastal areas and around rivers. Heavy rainfall and flooding, droughts, and slope disasters are acute physical risks, while rising sea levels is a chronic physical risk.

In Bank SinoPac's 2023 report, it adopted climate scenarios based on the Fifth Assessment Report (AR5) published by Intergovernmental Panel on Climate Change (IPCC). For this year, the scenarios related to extreme rainfall and flooding, drought, and slope disasters have been updated in accordance with the Sixth Assessment Report (AR6) issued by the IPCC, while the scenario for sea level rise continues to be based on AR5.


Bank SinoPac analyzed physical risks for various sections of our overall value chain (suppliers, our own operations, investees and borrowers) and assessed potential impacts on capital adequacy ratios from expected losses, setting five potential impact levels:

Potential Impact Level	Low	Moderately Low	Moderate	Moderately High	High
Capital Adequacy Ratio Reduction (A)	$0\% \leq A < 0.12\%$	$0.12\% \leq A < 0.24\%$	$0.24\% \leq A < 0.41\%$	$0.41\% \leq A < 0.58\%$	$A \geq 0.58\%$
Equivalent Amount (B)(TWD)	$0 \leq B < 1.9 \text{ billion}$	$1.9 \text{ billion} \leq B < 3.7 \text{ billion}$	$3.7 \text{ billion} \leq B < 6.5 \text{ billion}$	$6.5 \text{ billion} \leq B < 9.2 \text{ billion}$	$B \geq 9.2 \text{ billion}$

Overview of Physical Risks and Scenario Analysis Results

Overview of Physical Risks and Scenario Analysis Results							
Risk Factors			 Acute Physical Risk: Heavy Rainfall and Flooding	 Acute Physical Risk: Droughts	 Acute Physical Risk: Slope Disasters	 Chronic Physical Risk: Rising Sea Levels	
Parameters			Rainfall volumes and inundation probability maps	Standardized Precipitation Index threshold values and water conservation alert levels	Rainfall volumes and landslide susceptibility index	Rising sea levels and parameters in the Climate Change Scenario Analyses Documents for Domestic Banks (including loss ratios for real estate values and revenue impact ratios)	
Climate Scenarios			AR6 SSP1-2.6, SSP2-4.5, SSP5-8.5	AR6 SSP1-2.6, SSP2-4.5, SSP5-8.5	AR6 SSP1-2.6, SSP2-4.5, SSP5-8.5	AR5 RCP 2.6, RCP 4.5, and RCP 8.5 ^{Note 4}	
Timeline			2030, 2050	2030, 2050	2030, 2050	The lifespan of real estate is around 50-80 years, but mortgage transfers and increases may extend SinoPac's business relationships with clients who have loans secured with real estate. Available data indicates that impacts on real estate are likely to occur after mid-century. We have therefore used the following time periods for analysis. Mid-century (2050) and Century's end (2100)	
Scenario Analysis Methods			Obtained latitude and longitude values for real estate locations ^{Note 1} to determine AR6 heavy rainfall and flooding risk levels.	Obtained latitude and longitude values for real estate locations ^{Note 2} to determine AR6 drought risk levels.	Obtained latitude and longitude values for real estate locations ^{Note 3} to determine AR6 slope disaster risk levels.	Obtained latitude and longitude values ^{Note 5} for real estate locations and used QGIS to conduct overlap analysis. Analyzed sea levels at various timepoints under each scenario and identified areas in Taiwan that may fall below predicted sea levels.	
Value Chain Analysis	Locations of upstream supplier operations		Operational risks	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ
	Locations of own operations		Operational risks	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ
	Real estate for self use		Operational risks	Low impact ⓘ	-	Low impact ⓘ	Low impact ⓘ
	Downstream	Loan collateral	Credit risks	Low impact ⓘ	-	Low impact ⓘ	Low impact ⓘ
		Factory locations of investees and borrowers	Credit risks and market risks	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ	Low impact ⓘ
Analysis Results			The total expected losses from locations of own operations, real estate for self use, loan collateral, locations of suppliers, and factory locations of investees and borrowers have potentially low impacts on capital adequacy ratios under all scenarios at all timepoints.				
^{Notes 1, 2, 3} Conducted individual assessments for real estate assets located on the island of Taiwan and Penghu, Kinmen, and Matsu.							
^{Note 4} Analyzed using the 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 5} Conducted individual assessments for real estate assets located on the island of Taiwan.							

Physical Risks—Mitigation and Adaptation Measures

Risk Factors	Analysis Target	Mitigation and Adaptation Measures
<div>① Acute Physical Risk: Heavy Rainfall and Flooding</div> <div></div>	Locations of upstream supplier operations	<div><div>▶</div>Maintain signing rates of Supplier Sustainability Commitment at 100%. ①②③④</div> <div><div>▶</div>Continue to strengthen supplier awareness of climate change issues and organize regular supplier communications and exchanges themed around climate issues. In 2023, we hosted 1 supplier training session themed round ESG/climate change issues; in 2024, we hosted 1 supplier session themed round ESG/climate change issues and provided ESG management guidance documents to 1 supplier on a trial basis. ①②③④</div> <div><div>▶</div>In 2024, we conducted on-site audits of 7 suppliers with high ESG risks.</div>

3.1.1 Heavy Rainfall and Flooding

Locations of upstream supplier operations

Procurement amounts and expected losses from suppliers located in areas with high climate sensitivity risks; increased procurement amounts transferred back to SinoPac were estimated based on expected losses.

Evaluation method

Calculated procurement amounts and expected lossesNote from suppliers located in areas with high climate sensitivity risks due to heavy rainfall and flooding under SSP scenarios.

Analysis results

Procurement amounts associated with high climate sensitivity risks from suppliers located in areas prone to heavy rainfall and flooding under all scenarios and timelines amounted to NT\$12 million, around 0.61% of total procurement at Bank SinoPac, and expected losses amounted to NT\$0.2 million.

Acute Physical Risk: Heavy Rainfall and Flooding		Base date: 2024/12/31	Unit: Million TWD
Scenario	2030 、 2050		
	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses
SSP1-2.6	12	0.61%	0.2
SSP2-4.5	12	0.61%	0.2
SSP5-8.5	12	0.61%	0.2

Note Expected losses = Total procurement amount x Possibility of flooding under AR6 physical climate change risks from heavy rainfall and flooding x Inundation probability x Ratio of repair costs for property damages

Locations of own operations

Revenues and expected losses associated with high climate sensitivity risks from locations of own operations.

Evaluation method

Referenced the "Climate Change Scenario Analyses Documents for Domestic Banks" issued by the Bankers Association of the Republic of China, using the revenue impact ratios of the highest physical risk level (Level 5) to assess expected lossesNote, costs of property damage repairs, and costs offset by insurance settlements from suspensions of overall operations located in areas prone to heavy rainfall and flooding under SSP scenarios to calculate expected losses with high climate sensitivity risks.

Analysis results

Expected losses associated with high climate sensitivity risks from own operations prone to heavy rainfall and flooding under all scenarios and timelines ranged from NT\$0.24-1.21 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Heavy Rainfall and Flooding		
Base date: 2024/12/31		Unit: Million TWD
Scenario	2030	2050
	Expected losses	Expected losses
SSP1-2.6	0.24	1.21
SSP2-4.5	0.24	1.21
SSP5-8.5	0.24	1.21

Note 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 property damage repairs" were calculated as: Annual revenue for said operational location in 2024 x Possibility of flooding under AR6 physical climate change risks from heavy rainfall and flooding x Inundation probability x Ratio of repair costs for property damages; (3) "Insurance settlements" were calculated as 90% of costs of property damage repairs.

Real estate for self use

Book values and expected losses associated with high climate sensitivity risks from locations of real estate for self use.

Evaluation method

Book Values and expected losses^{Note} from real estate for self use with high climate sensitivity risks due to heavy rainfall and flooding under SSP scenarios.


Analysis results

The total book values of real estate for self use associated with high climate sensitivity risks due to heavy rainfall and flooding under all scenarios and timelines ranged from NT\$30-131 million, amounting to 0.011-0.049% of total Bank SinoPac property values; expected losses ranged from NT\$9-59 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Heavy Rainfall and Flooding

Base date: 2024/12/31

Unit: Million TWD



Scenario	2030			2050		
	High climate sensitivity risks Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assets	Expected losses	High climate sensitivity risks Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assets	Expected losses
SSP1-2.6	30	0.011%	9	131	0.049%	59
SSP2-4.5	30	0.011%	9	131	0.049%	59
SSP5-8.5	30	0.011%	9	131	0.049%	59

Note

Expected losses = Book values of real estate for self use x Real estate loss ratio x Possibility of flooding under AR6 physical climate change risks from heavy rainfall and flooding x Inundation probability x Median of expected values for real estate value loss ratios.

Climate sensitivity distribution of the operational location and owned real estate under heavy rainfall and flooding in the SSP5-8.5 scenario (2050)



Loan collateral

Loan amounts and incremental expected losses from real estate collateral associated with high climate sensitivity risks.

Evaluation method

Referenced the advanced methodology from the "Climate Risk Management Manual for Domestic Banks" to calculate internal ratings for loan clients based on probabilities of default and referenced the LGD estimation method from the "Climate Change Scenario Analyses Documents for Domestic Banks" to evaluate incremental expected losses^{Note} from real estate collateral associated with high climate sensitivity risks under all scenarios and timepoints.

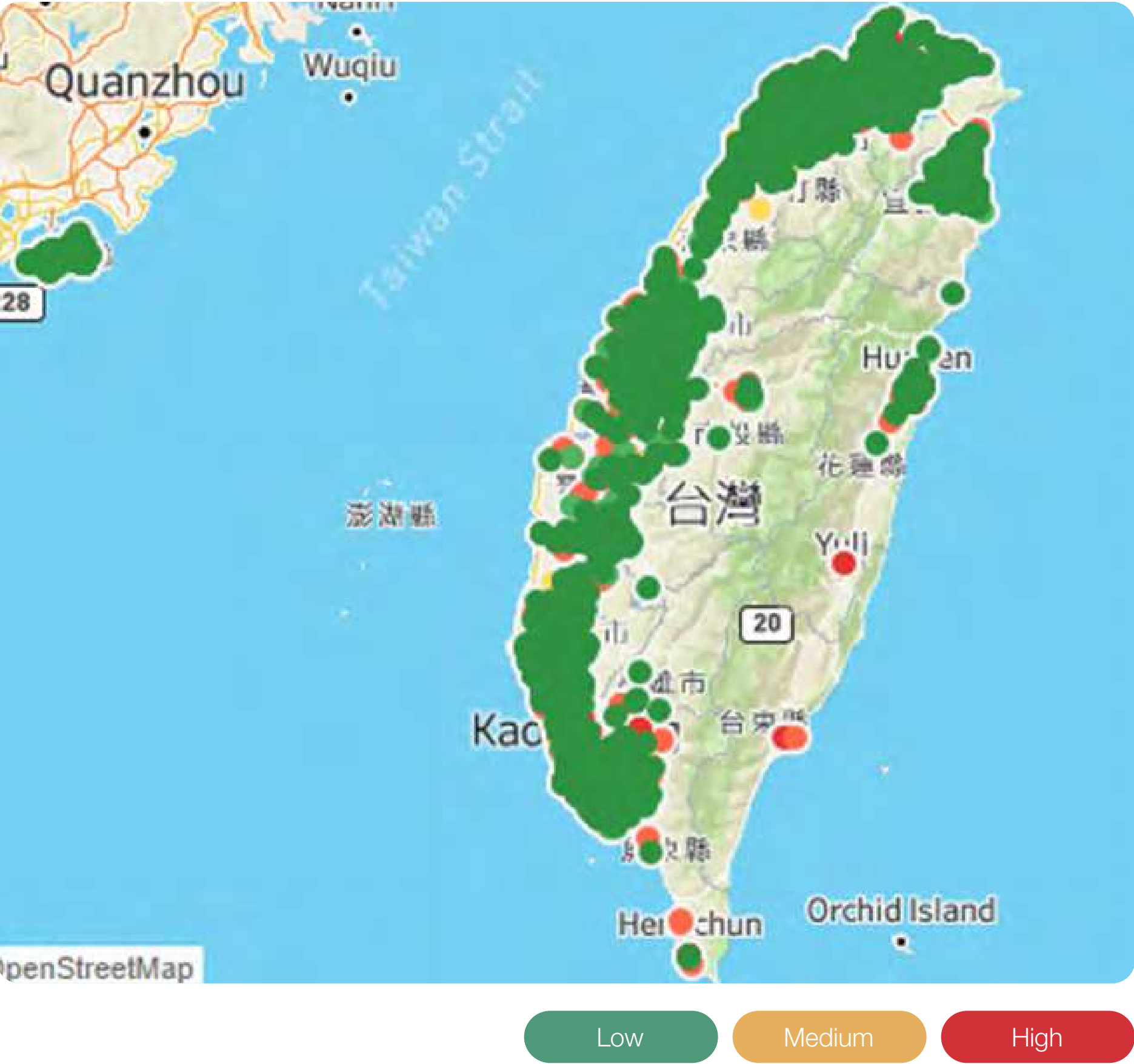
Analysis results

The total amount of loans with real estate collateral associated with high climate sensitivity risks due to heavy rainfall and flooding under all scenarios and timepoints ranged from NT\$10,696-14,966 million, amounting to 0.71-0.99% of total Bank SinoPac loans; incremental expected losses ranged from NT\$47-57 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Heavy Rainfall and Flooding				Base date: 2024/12/31			Unit: Million TWD		
Scenario	2030			2050					
	Loan amounts associated with high climate sensitivity risks	Proportion of overall loans	Incremental expected losses	Loan amounts associated with high climate sensitivity risks	Proportion of overall loans	Incremental expected losses			
SSP1-2.6	10,696	0.71%	47	14,379	0.96%	56			
SSP2-4.5	10,704	0.71%	47	14,379	0.96%	56			
SSP5-8.5	10,704	0.71%	47	14,966	0.99%	57			

^{Note} Incremental expected losses = Probability of default x Change in loss given default x Loan amount.

Climate sensitivity distribution of credit collateral under heavy rainfall and flooding in the SSP5-8.5 scenario (2050)



Loan collateral

Possible potential impacts on interest income: Estimated potential impacts from interest income when loan ratios were reduced by at least -5.0% or loan applications were rejected based on opinions from internal experts.

Evaluation method

We estimated possible business volumes for the next five years based on the number of loans with real estate collateral and average interest rates over the past five years, then calculated the amount of real estate collateral associated with high climate sensitivity risks due to heavy rainfall and flooding under all scenarios and timepoints to estimate the potential impacts on interest incomeNote when loan ratios were reduced by at least -5.0% or loan applications were rejected based on opinions from internal experts.

Analysis results

The total financing amounts and proportions of overall investment and financing amounts from investees and borrowers with factories located in high climate sensitivity risks under all scenarios and timepoints are shown below; expected losses amounted to NT\$5 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Heavy Rainfall and Flooding			Base date: 2024/12/31		Unit: Million TWD	
Scenario	Reduction of loan-to-value ratio based on opinions of internal experts	Average interest rate	2030		2050	
			Loan amounts associated with high climate sensitivity risks	Impacts on interest income	Loan amounts associated with high climate sensitivity risks	Impacts on interest income
SSP1-2.6	-5.0%	Average interest rates for past five years for each loan type	9,839	12	13,329	16
	Rejected loan applications			248		312
SSP2-4.5	-5.0%		9,847	12	13,329	16
	Rejected loan applications			248		312
SSP5-8.5	-5.0%		9,847	12	13,915	16
	Rejected loan applications			248		329

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

Downstream investees and borrowers

Investment and financing amounts, and expected losses of investments/loans from investees and borrowers with factories located in areas associated with high climate sensitivity risks.

Evaluation method

Expected losses^{Note} from investees and borrowers with factories located in areas with high climate sensitivity risks under all scenarios and timepoints.

Analysis results

Potential financial impacts from interest income ranged from NT\$12-329 million under all scenarios and timepoints, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Heavy Rainfall and Flooding				Base date: 2024/12/31		Unit: Million TWD	
Scenario	2030			2050			
	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses	
SSP1-2.6	17,049	1.08%	5	17,542	1.08%	5	
SSP2-4.5	17,049	1.08%	5	17,542	1.08%	5	
SSP5-8.5	17,049	1.08%	5	17,562	1.11%	5	

Note Expected losses = Probability of default x Change in loss given default x Financing amount (targets determined to be high-risk on internal credit ratings).

Note Expected losses = Probability of default x Change in loss given default x Financing amount (targets determined to be high-risk on internal credit ratings).

3.1.2 Droughts

Locations of upstream supplier operations

Procurement amounts and expected losses from suppliers located in areas with high climate sensitivity risks; increased procurement amounts transferred back to SinoPac were estimated based on expected losses.

Evaluation method

Procurement amounts and expected losses^{Note} from suppliers located in areas with high climate sensitivity risks under all scenarios and timepoints.

Analysis results

Procurement amounts associated with high climate sensitivity risks due to drought based on supplier locations under all scenarios and timepoints amounted to NT\$89 million, around 4.59% of total procurement at Bank SinoPac, and expected losses ranged from NT\$0.02-0.05 million.

Acute Physical Risk: Droughts				Base date: 2024/12/31		Unit: Million TWD	
Scenario	2030			2050			
	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses	
SSP1-2.6	89	4.59%	0.02	89	4.59%	0.05	
SSP2-4.5	89	4.59%	0.02	89	4.59%	0.05	
SSP5-8.5	89	4.59%	0.02	89	4.59%	0.05	

^{Note} Expected losses = Procurement amount x Expected revenue loss ratios under AR6 physical climate change risks from drought

Locations of own operations


Revenues and expected losses associated with high climate sensitivity risks from locations of own operations.

Evaluation method

Expected losses^{Note} from high climate sensitivity risks due to drought for own operations under all scenarios and timepoints.

Analysis results

Expected losses from high climate sensitivity risks associated with drought from own operations under all scenarios and timepoints ranged from NT\$0.8-0.88 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Droughts		Base date: 2024/12/31	Unit: Million TWD	
Scenario	2030	2050		
	Expected losses	Expected losses		
SSP1-2.6	0.8	0.88		
SSP2-4.5	0.8	0.88		
SSP5-8.5	0.8	0.88		

^{Note} Expected losses = Annual revenues from operational locations in 2023 x Expected revenue loss ratios under AR6 physical climate change risks from drought

Downstream investees and borrowers

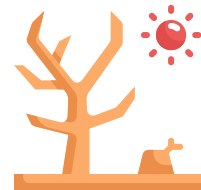
Investment and financing amounts, and expected losses of investments/loans from investees and borrowers with factories located in areas associated with high climate sensitivity risks.

Evaluation method

Expected losses^{Note} from investees and borrowers with factories located in areas with high climate sensitivity risks due to drought under all scenarios and timepoints.

Analysis results

Total investment and financing amounts and proportions of all investment and financing amounts at Bank SinoPac from investees and borrowers with factories located in high climate sensitivity risks associated with drought at all timepoints under all scenarios and timepoints are shown as follows. Expected losses amounted to NT\$38 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Droughts				Base date: 2024/12/31		Unit: Million TWD		
Scenario	2030			2050				
	Investment and financing amounts with high climate sensitivity risks associated with drought	Proportion of overall investment and financing amounts	Expected losses	Investment and financing amounts with high climate sensitivity risks associated with drought	Proportion of overall investment and financing amounts	Expected losses		
	SSP1-2.6	17,563	1.11%	38	17,563	1.11%	38	
	SSP2-4.5	17,563	1.11%	38	17,563	1.11%	38	
	SSP5-8.5	17,563	1.11%	38	17,563	1.11%	38	

^{Note} Probability of default x Change in loss given default x Financing amount (targets determined to be high-risk on internal credit ratings).

3.1.3 Slope Disasters

Locations of upstream supplier operations


Procurement amounts and expected losses from suppliers located in areas with high climate sensitivity risks; increased procurement amounts transferred back to SinoPac were estimated based on expected losses.

Evaluation method

Procurement amounts and expected losses^{Note} from suppliers located in areas with high climate sensitivity risks due to slope disasters under all scenarios and timepoints.

Analysis results

Procurement amounts associated with high climate sensitivity risks due to slope disasters based on supplier locations under all scenarios and timepoints amounted to NT\$78 million, around 4.02% of total procurement at Bank SinoPac, and expected losses ranged from NT\$1.3-1.4 million.

Acute Physical Risk: Slope Disasters				Base date: 2024/12/31		Unit: Million TWD			
Scenario	2030			2050					
	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses			
	SSP1-2.6	78	4.02%	1.3	78	4.02%	1.4		
	SSP2-4.5	78	4.02%	1.3	78	4.02%	1.4		
	SSP5-8.5	78	4.02%	1.3	78	4.02%	1.4		

^{Note} Expected losses = Total procurement amount x Possibility of 350 mm/24 hr rainfall volumes for all scenarios under AR6 physical climate change risks from slope disasters x Hazard index combining slope angles, historical collapses, and other factors x Ratio of repair costs for property damages for each slope disaster

Locations of own operations


Revenues and expected losses associated with high climate sensitivity risks from locations of own operations.

Evaluation method

Expected losses^{Note}, costs of property damage repairs, and costs offset by insurance settlements from suspensions of overall operations for suppliers located in areas with high climate sensitivity due to slope disasters under all scenarios and timepoints.

Analysis results

Expected losses associated with high climate sensitivity risks from own operations due to slope disasters under all scenarios and timelines ranged from NT\$95.58-95.8 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Slope Disasters		Base date: 2024/12/31	Unit: Million TWD	
Scenario	2030	2050		
	Expected losses	Expected losses		
SSP1-2.6	95.58	95.8		
SSP2-4.5	95.58	95.8		
SSP5-8.5	95.58	95.8		

Note Expected losses = (Losses from work stoppage + Costs of property damage repairs) - Insurance settlements. (1) "Losses from work stoppage" are calculated as annual revenues required to operate the business at said location in 2024; (2) "Costs of property damage repairs" are calculated as: Annual revenues for said operational location in 2024 x Possibility of 350 mm/24 hr rainfall volumes for all scenarios under AR6 physical climate change risks from slope disasters x Hazard index combining slope angles, historical collapses, and other factors x Ratio of repair costs for property damages for each slope disaster; (3) No settlements are paid for slope disaster incidents, and therefore "insurance settlements" were zero.

Real estate for self use


Book values and expected losses associated with high climate sensitivity risks from locations of real estate for self use.

Evaluation method

Book values and expected losses^{Note} from real estate for self use located in areas with high climate sensitivity risks due to slope disasters under all scenarios and timepoints.

Analysis results

The total book values of real estate for self use associated with high climate sensitivity risks due to slope disasters under all scenarios and timelines amounted to NT\$125 million, amounting to 0.046% of total Bank SinoPac asset values; expected losses ranged from NT\$11-12 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Slope Disasters				Base date: 2024/12/31	Unit: Million TWD		
Scenario	2030			2050			
	Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assetproperty	Expected losses	Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assetproperty	Expected losses	
SSP1-2.6	125	0.046%	11	125	0.046%	12	
SSP2-4.5	125	0.046%	11	125	0.046%	12	
SSP5-8.5	125	0.046%	11	125	0.046%	12	

Note Expected losses = Book value of real estate for self use x Possibility of 350 mm/24 hr rainfall volumes for all scenarios under AR6 physical climate change risks from slope disasters x Hazard index combining slope angles, historical collapses, and other factors x Median real estate value loss ratio for each slope disaster

Loan collateral

Possible potential impacts on interest income: Estimated potential impacts from interest income when loan ratios were reduced by at least -5.0% or loan applications were rejected based on opinions from internal experts.

Evaluation method

We estimated possible business volumes for the next five years based on the number of loans with real estate collateral and average interest rates over the past five years, then calculated the amount of real estate collateral associated with high climate sensitivity risks due to slope disasters under all scenarios and timepoints to estimate potential impacts on interest income^{Note} when loan ratios were reduced by at least -5.0% or loan applications were rejected based on opinions from internal experts.

Analysis results

Potential financial impacts from interest income ranged from NT\$20-420 million under all scenarios and timepoints, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Slope Disasters			Base date: 2024/12/31		Unit: Million TWD	
Scenario	Reduction of loan-to-value ratio based on opinions of internal experts	Average interest rate	2030		2050	
			Loan amounts associated with high climate sensitivity risks	Impacts on interest income	Loan amounts associated with high climate sensitivity risks	Impacts on interest income
SSP1-2.6	-5.0%	Average interest rates for past five years for each loan type	19,113	20	20,063	21
	Rejected loan applications			402		419
SSP2-4.5	-5.0%		19,127	20	20,077	21
	Rejected loan applications			402		420
SSP5-8.5	-5.0%		19,135	20	20,077	21
	Rejected loan applications			402		420

^{Note} Impacts on interest income = Assumed impact on loan ratio x Average interest rate x Loan amount.

Downstream investees and borrowers

Investment and financing amounts, and expected losses of investments/loans from investees and borrowers with factories located in areas associated with high climate sensitivity risks.

Evaluation method

Expected losses^{Note} from investees and borrowers with factories located in areas with high climate sensitivity risks under all scenarios and timepoints.

Analysis results

The total financing amounts and proportions of overall investment and financing amounts for investees and borrowers with factories located in high climate sensitivity risks under all scenarios and timepoints are shown below; expected losses amounted to NT\$0.1 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Acute Physical Risk: Slope Disasters				Base date: 2024/12/31		Unit: Million TWD	
Scenario	2030			2050			
	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses	
SSP1-2.6	404	0.03%	0.1	404	0.03%	0.1	
SSP2-4.5	404	0.03%	0.1	404	0.03%	0.1	
SSP5-8.5	404	0.03%	0.1	404	0.03%	0.1	

^{Note} Expected losses = Default rate x Ratio of loss given default x Investment and financing amount (targets determined to be high-risk on internal credit ratings).

3.1.4 Rising Sea Levels

Locations of upstream supplier operations


Procurement amounts and expected losses from suppliers located in areas with high climate sensitivity risks; increased procurement amounts transferred back to SinoPac were estimated based on expected losses.

Evaluation method

Procurement amounts and expected lossesNote from suppliers located in areas with high climate sensitivity risks under all scenarios and timepoints.

Analysis results

Procurement amounts associated with high climate sensitivity risks due to rising sea levels based on supplier locations under all scenarios and timepoints ranged from NT\$0-58 million, around 0-3% of total procurement at Bank SinoPac, and expected losses ranged from NT\$0.9-2.9 million.

Chronic Physical Risk: Rising Sea Levels				Base date: 2024/12/31		Unit: Million TWD		
Scenario	2050			2100				
	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses	Procurement amounts with high climate sensitivity risks	Proportion of total procurement	Expected losses		
RCP2.6	-	-	-	58	2.98%	2.9		
RCP4.5	-	-	-	58	2.98%	2.9		
RCP8.5	18	0.92%	0.9	58	3%	2.9		

Note Expected losses = Total procurement amounts × Annual frequency of flooding incidents (set at 5% in consideration of the fact that suppliers located in areas with high climate sensitivity risks 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 Analyses Documents for Domestic Banks," which calculated annual flooding frequency by assuming that flooding from heavy rain occurs once every 20 years.)

Locations of own operation

Revenues and expected losses associated with high climate sensitivity risks from locations of own operations.


Evaluation method

Referenced the "Climate Change Scenario Analyses Documents for Domestic Banks" issued by the Bankers Association of the Republic of China, using the revenue impact ratios of the highest physical risk level (Level 5) to assess expected losses^{Note}, costs of asset damage repairs, and costs offset by insurance settlements from shutdowns of overall operations at all timepoints under all RCP scenarios to calculate expected losses with high climate sensitivity risks.

Analysis results

Expected losses associated with high climate sensitivity risks from own operations at all timepoints under all RCP scenarios fell between NT\$0-91.81 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

ensitivity risks.

Chronic Physical Risk: Rising Sea Levels		Base date: 2024/12/31	Unit: Million TWD	
Scenario	2050	2100		
	Expected losses	Expected losses		
RCP2.6	-	29.96		
RCP4.5	-	29.96		
RCP8.5	-	91.81		

Note Expected losses = (Losses from work stoppage + Costs of asset damage repairs) - Insurance settlements. (1) "Losses from work stoppage" are calculated as annual revenues required to operate the business at said location in 2024; (2) "Costs of property damage repairs" are calculated as: Annual revenue for said operational location in 2024 x Revenue impact ratios; (3) "Insurance settlements" are calculated as 90% of costs of property damage repairs.

Real estate for self use


Book values and expected losses associated with high climate sensitivity risks from locations of real estate for self use.

Evaluation method

Referenced the "Climate Change Scenario Analyses Documents for Domestic Banks" issued by the Bankers Association of the Republic of China, using the real estate loss ratios of the highest physical risk level (Level 5) to assess expected losses^{Note} of real estate for self use under all scenarios and timepoints.

Analysis results

The total book values of real estate for self use associated with high climate sensitivity risks due to rising sea levels under all scenarios and timelines ranged from NT\$0-143 million, amounting to 0-0.053% of total Bank SinoPac property values; expected losses ranged from NT\$0-3 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Chronic Physical Risk: Rising Sea Levels				Base date: 2024/12/31		Unit: Million TWD		
Scenario	2050			2100				
	High climate sensitivity risks Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assets	Expected losses	High climate sensitivity risks Real estate for self use book value associated with high climate sensitivity risks	Proportion of total assets	Expected losses		
	RCP2.6	-	-	-	109	0.041%	2	
	RCP4.5	-	-	-	109	0.041%	2	
	RCP8.5	-	-	-	143	0.053%	3	

^{Note} Expected losses = Book value of real estate for self use x Real estate loss ratio x Probability of hazard occurrence.

Loan collateral

Loan amounts and incremental expected losses from real estate collateral associated with high climate sensitivity risks.

Evaluation method

Referenced the advanced methodology from the "Climate Risk Management Manual for Domestic Banks" to calculate internal ratings for loan clients based on probabilities of default and referenced the LGD estimation method from the "Climate Change Scenario Analyses Documents for Domestic Banks" to evaluate incremental expected losses^{Note} from real estate collateral associated with high climate sensitivity risks under all scenarios and timepoints.


Analysis results

Total amount of loans associated with high climate sensitivity risks from real estate collateral due to rising sea levels under all scenarios and timepoints and proportions of total loans are shown in the following table; incremental expected losses fell between NT\$4-162 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Chronic Physical Risk: Rising Sea Levels

Base date: 2024/12/31

Unit: Million TWD



Scenario	2050			2100		
	Loan amounts associated with high climate sensitivity risks	Proportion of overall loans	Incremental expected losses	Loan amounts associated with high climate sensitivity risks	Proportion of overall loans	Incremental expected losses
RCP2.6	3,287	0.22%	4	8,502	0.56%	9
RCP4.5	3,768	0.25%	5	9,550	0.63%	11
RCP8.5	3,891	0.26%	5	18,537	1.23%	162

^{Note} Incremental expected losses = Probability of default x Change in loss given default x Loan amount.

Loan collateral


potential impacts on interest income: Estimated potential impacts from interest income when loan ratios were reduced by at least -5.00% or loan applications were rejected based on opinions from internal experts.

Evaluation method

We estimated possible business volumes for the next five years based on the number of loans with real estate collateral and average interest rates over the past five years, then calculated the amount of real estate collateral associated with high climate sensitivity risks due to heavy rainfall and flooding under all scenarios and timepoints to estimate potential impacts on interest incomeNote when loan ratios were reduced by at least -5.0% or loan applications were rejected based on opinions from internal experts.

Analysis results

Potential financial impacts from interest income ranged from NT\$3-363 million under all scenarios and timepoints, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

Chronic Physical Risk: Rising Sea Levels				Base date: 2024/12/31		Unit: Million TWD			
Potential Financial Impacts from Interest Income	Climate sensitivity	Scenario	Reduction of loan-to-value ratio based on opinions of internal experts	Average interest rate	2050		2100		
	High risk	RCP2.6	-5.0%	Average interest rates for past five years for each loan type	Loan amounts associated with high climate sensitivity risks	Impacts on interest income	Loan amounts associated with high climate sensitivity risks	Impacts on interest income	
			Rejected loan applications		3,095	3	8,080	9	
		RCP4.5	-5.0%		3,524	3	9,096	10	
			Rejected loan applications			70		198	
		RCP8.5	-5.0%		3,627	4	17,317	18	
			Rejected loan applications			72		363	

Note Impacts on interest income = Assumed impact on loan ratio x Average interest rate x Loan amount.

Downstream investees and borrowers


Investment and financing amounts, and expected losses of investments/loans from investees and borrowers with factories located in areas associated with high climate sensitivity risks.

Evaluation method

Expected losses^{Note} from investees and borrowers with factories located in areas with high climate sensitivity risks under all scenarios and timepoints.

Analysis results

Total investment and financing amounts and proportions of all investment and financing amounts at Bank SinoPac from investees and borrowers with factories located in high climate sensitivity risks under all scenarios and timepoints are shown as follows; expected losses ranged from NT\$0.1-5 million, with low potential impacts on the capital adequacy ratio of Bank SinoPac.

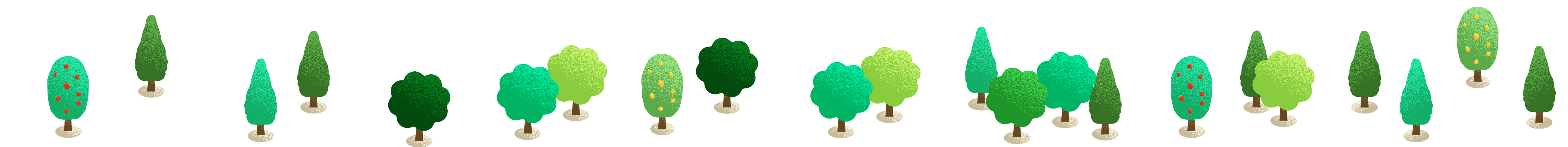
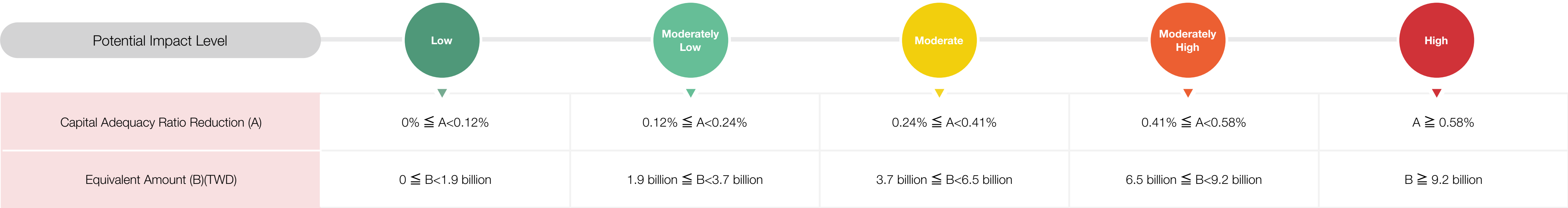
Chronic Physical Risk: Rising Sea Levels				Base date: 2024/12/31		Unit: Million TWD		
Scenario	2050			2100				
	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses	Investment and financing amounts associated with high climate sensitivity risks	Proportion of overall investment and financing amounts	Expected losses		
	RCP2.6	8,090	0.51%	0.1	12,593	0.8%	2	
	RCP4.5	9,060	0.57%	0.1	13,199	0.84%	5	
	RCP8.5	9,210	0.58%	0.1	26,485	1.68%	5	

Note Expected losses = Probability of default x Change in loss given default x Financing amount (targets determined to be high-risk on internal credit ratings).

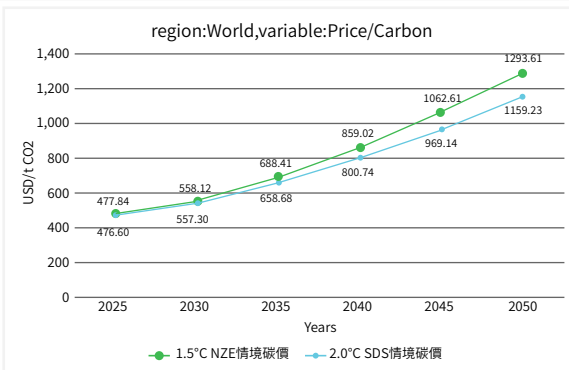
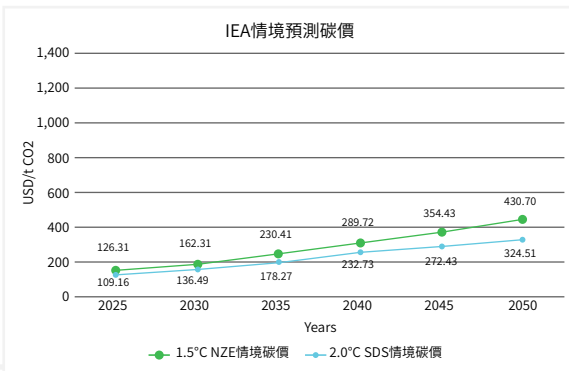
3.2 Transition Risks

In response to transition risks from global climate change, Bank SinoPac conducted respective analyses on different value chain sections (suppliers, own operations, and investment and financing businesses) to evaluate possible additional "carbon costs" (such as carbon rights, carbon taxes, and carbon fees); "energy transitions" from compulsory installed capacity quotas under government low-carbon transformation goals (Nationally Determined Contributions, NDCs); and potential financial impacts from the three risk incidents under the SinoPac Holdings 2030 operational net zero emissions commitment. Under different climate scenarios and time scales, this could cause potential financial impacts for Bank SinoPac.

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



Overview of Transition Risk and Scenario Analysis Results

Risk Factors	Carbon Cost Payments		Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"	Net Zero Emissions in Own Operations by 2030																					
Parameters	Carbon Costs		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 1} .	Equipment replacement costs, green electricity costs, renewable energy certificate costs ^{Note 3} , and costs for hiring external consultants.																					
Climate Scenarios	<ul style="list-style-type: none">• Network for Greening the Financial System (NGFS):<ul style="list-style-type: none">▶ Phase 5 model REMIND-MAgPIE 3.3-4.8 IntegratedPhysicalDamages (median) predicted carbon prices▶ Below 2° C (equivalent to the SBTi 2.5% annual linear reduction pathway).▶ Net Zero 2050/1.5° C (equivalent to the SBTi 4.2% annual linear reduction pathway).	<div><div>region:World,variable:Price/Carbon</div><table><tr><th>Year</th><th>1.5°C NZE (USD/t CO2)</th><th>2.0°C SDS (USD/t CO2)</th></tr><tr><td>2025</td><td>477.84</td><td>476.88</td></tr><tr><td>2030</td><td>558.14</td><td>557.30</td></tr><tr><td>2035</td><td>688.41</td><td>658.68</td></tr><tr><td>2040</td><td>859.02</td><td>800.74</td></tr><tr><td>2045</td><td>1,062.61</td><td>969.14</td></tr><tr><td>2050</td><td>1,285.61</td><td>1,159.23</td></tr></table></div>	Year	1.5°C NZE (USD/t CO2)	2.0°C SDS (USD/t CO2)	2025	477.84	476.88	2030	558.14	557.30	2035	688.41	658.68	2040	859.02	800.74	2045	1,062.61	969.14	2050	1,285.61	1,159.23	Nationally Determined Contributions (NDC)	Achieve operational net zero emissions by 2030
	Year	1.5°C NZE (USD/t CO2)	2.0°C SDS (USD/t CO2)																						
2025	477.84	476.88																							
2030	558.14	557.30																							
2035	688.41	658.68																							
2040	859.02	800.74																							
2045	1,062.61	969.14																							
2050	1,285.61	1,159.23																							
<ul style="list-style-type: none">• International Energy Agency (IEA):<ul style="list-style-type: none">▶ Predicted carbon prices under the scenarios disclosed by the "World Energy Outlook 2021" report: Sustainable Development Scenarios (SDS), equivalent to Below 2° C (equivalent to the SBTi 2.5% annual linear reduction pathway).▶ Predicted carbon prices under the scenarios disclosed by the "World Energy Outlook 2024" report: 2050 Net Zero Emissions (NZE) scenario, equivalent to Net Zero 2050/1.5° C (equivalent to the SBTi 4.2% annual linear reduction pathway).	<div><div>IEA情境預測碳價</div><table><tr><th>Year</th><th>1.5°C NZE (USD/t CO2)</th><th>2.0°C SDS (USD/t CO2)</th></tr><tr><td>2025</td><td>126.31</td><td>109.15</td></tr><tr><td>2030</td><td>162.31</td><td>136.49</td></tr><tr><td>2035</td><td>230.41</td><td>178.27</td></tr><tr><td>2040</td><td>289.72</td><td>232.73</td></tr><tr><td>2045</td><td>354.43</td><td>272.43</td></tr><tr><td>2050</td><td>430.70</td><td>324.51</td></tr></table></div>	Year	1.5°C NZE (USD/t CO2)	2.0°C SDS (USD/t CO2)	2025	126.31	109.15	2030	162.31	136.49	2035	230.41	178.27	2040	289.72	232.73	2045	354.43	272.43	2050	430.70	324.51			
Year	1.5°C NZE (USD/t CO2)	2.0°C SDS (USD/t CO2)																							
2025	126.31	109.15																							
2030	162.31	136.49																							
2035	230.41	178.27																							
2040	289.72	232.73																							
2045	354.43	272.43																							
2050	430.70	324.51																							
Timeline	2025-2050 (analysis conducted for every five-year period) [Expected average asset holding period is 1-7 years].		2024-2025 ^{Note 2} [Expected average asset holding period is 1-7 years].	Conducted analyses for each year from 2025-2030 based on the SinoPac Holdings target of achieving operational net zero emissions by 2030 ^{Note 4}																					

Note 1 "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 bulk purchase rate table" 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\$37,500/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 2 The "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" stipulates that specified targets are required to complete installations by 2025, and therefore we have used the years listed in these Regulations for analysis. Compulsory installed capacities for renewable energy were calculated as 10% of said user's average contract capacities for the previous year. If renewable energy equipment was installed prior to 2023, 20% of central competent authority notified compulsory installed capacities were deducted; for installations completed before 2024, 10% of central competent authority notified compulsory installed capacities were deducted.

Note 3 The National Renewable Energy Certification Center states that "renewable energy certificate costs" are determined by buyers and sellers through market mechanisms and we have therefore estimated market prices for 2030 to be NT\$4/kWh.

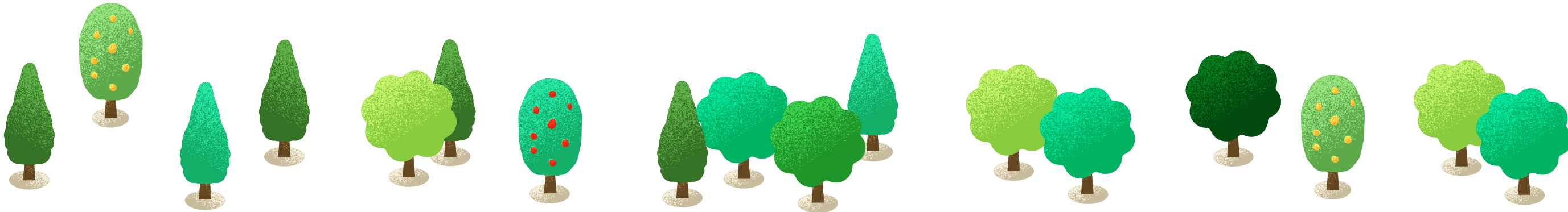
Note 4 Please refer to the [SinoPac Holdings official website](#) for more details on our net zero targets.

Risk Factors			Carbon Cost Payments		Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"	Net Zero Emissions in Own Operations by 2030
Scenario Analysis Methods			<ul style="list-style-type: none">As carbon costs affect supplier sale costs, potential financial impacts from suppliers passing on carbon costs were quantified.Nine high-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) were selected from industries with high climate risks on a heatmap^{Note 5} showing industrial climate risks and taken from a list of high-emission corporations monitored 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)Assessed possible additional "carbon costs" for financing targets and quantified potential financial impacts on Bank SinoPac at the end of 2024 from industries with loan concentration ratios exceeding 8% (the real estate industry and the electricity, gas & water industry).		Conducted scenario analyses on investees and borrowers based on a list of heavy electricity users provided by external consultants.	Calculated decreases in carbon costs resulting from expected reductions in carbon emissions based on potential financial impacts from transition risks under carbon reduction scenarios.
Value Chain Analysis	Own operations	Operational risks	-		-	Low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints.
	Upstream suppliers	Operational risks	<ul style="list-style-type: none">Low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.		Analysis results revealed that only 2 of our suppliers at year-end 2024 were heavy electricity users, with low impacts on Bank SinoPac.	-
	Downstream investees and borrowers	Credit risks and market risks	Credit risks and market risks hold low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.		Low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.	-
Analysis Results			<ul style="list-style-type: none">Assessments of expected carbon costs transferred from suppliers revealed low potential impacts on the capital adequacy ratio of Bank SinoPac under all scenarios and timepoints.Assessments of our investment and financing positions in "high-emission industries" and "high-emissions enterprises 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 Bank SinoPac under all scenarios and timepoints.Assessments of industries with loan exposure concentration ratios exceeding 8% at year-end 2024 (the real estate industry and the electricity, gas & water industry) revealed that combined incremental expected losses from credit risks hold low potential impacts on the capital adequacy ratio of Bank SinoPac under all scenarios and timepoints.		Assessments of our investment and financing positions in "high electricity users" revealed that combined expected losses from credit risks and market risks hold low potential impacts on the capital adequacy ratio of Bank SinoPac under all scenarios and timepoints.	Assessments of the carbon reduction costs required to achieve our net zero emissions target revealed low potential impacts on the capital adequacy ratio of Bank SinoPac under all scenarios and timepoints.

^{Note 5} The scope of assessment for our industrial climate risk heatmap encompassed domestic and foreign investment and financing positions of Bank SinoPac.

Transition Risks—Mitigation and Adaptation Measures

Risk Factors	Carbon Cost Payments		Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"	Net Zero Emissions in Own Operations by 2030
Analysis Target	<ul style="list-style-type: none">Costs transferred from suppliersInvestees and borrowers in high-emission industriesInvestees and borrowers listed as high-emission enterprises by the Ministry of EnvironmentIndustries with loan concentration ratios exceeding 8%		<ul style="list-style-type: none">Investees and borrowers who are heavy electricity users affected by these Regulations	<ul style="list-style-type: none">Own operations
Mitigation and Adaptation Measures	<ul style="list-style-type: none">Use the "Responsible Investment Management Guidelines" as a guideline for promoting and implementing responsible investment.Adhere to the "Responsible Investment Management Guidelines," "Corporate Banking Manual Equator Principles Section," and "Financial Markets Manual" for rigorous evaluation of the environmental, social, and corporate governance impacts of businesses operated by investees and borrowers when making investment and financing decisions.Formulated "Concentration and Risk Limitations for High-Risk Industries" in consideration of overall business developments, risk capacities, future industrial developments, and business cycles. Subcategories for some high-emission industries (such as non-ferrous metals, oil & gas exploration and wholesaling, marine transportation, and air transportation) have been included in the "Concentration and Risk Limitations for High-Risk Industries" and we monitor limits each month.Strengthen management of sustainable supply chains, optimize supplier grading systems, continue to survey high-emission suppliers, further expand green procurement items such that 90% 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%.SinoPac Holdings' pledge to achieve full-portfolio net zero emissions by 2050 was approved by its Board in March 2022. SinoPac Holdings joined SBTi in August 2022 and submitted Science Based Targets (SBTs) which were verified and approved in January 2024. We hope to initiate low-carbon transformations alongside stakeholders and "Achieve Net Zero Emissions in Taiwan Through Sustainable Finance."Bank SinoPac works with SinoPac Holdings to fulfill net zero commitments in accordance with decarbonization statements and expanded inventory scope for decarbonization assets.			<ul style="list-style-type: none">Achieve operational net zero emissions by 2030 in accordance with SinoPac Holdings SBT carbon reduction targets.Implement internal carbon pricing mechanisms: Review/adjust internal carbon pricing mechanisms for 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 our own buildings under ISO14001 and ISO50001 management systems.



3.2.1 Carbon Cost Payments

Carbon costs transferred from upstream suppliers

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

Evaluation 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.

Analysis results

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

Risk factor: Carbon cost payments				Base date: 2024/12/31						Unit: Million TWD					
Scenario	Data Source	Business Scope	Procurement Costs	Carbon Costs Transferred From Suppliers											
				2025	2030	2035	2040	2045	2050						
< 2° C	IEA	Procurement	1,945	16	20	26	34	40	48						
	NGFS	Procurement	1,945	70	82	97	118	142	170						
1.5° C	IEA	Procurement	1,945	19	24	34	43	52	63						
	NGFS	Procurement	1,945	70	82	101	126	156	190						

Note Expected carbon cost transfers = Procurement amounts from said suppliers x Estimated carbon emission intensity x Carbon prices under warming scenario. (1) "Estimated carbon emission intensity" was estimated using the 2023 fuel combustion carbon emission data and analysis results as well as GDP estimates 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 investees and borrowers

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

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

Market risks (stock investments): Calculated impacts on company net values using estimated carbon costs and analyzed relative stock prices and losses from price declines.

Evaluation 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) as well as estimated additional carbon costs^{Note 1} to analyze incremental changes in expected losses^{Note 2} from climate risks on loan, bill, and bond positions, and incremental losses from price declines^{Note 3} in stock investment positions from climate risks.

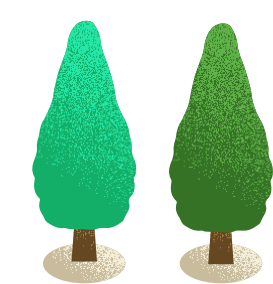
Analysis results

Our investment and financing positions in "high-emission industries" and "high-emission enterprises listed by the Ministry of Environment" are shown in the chart below and hold low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.

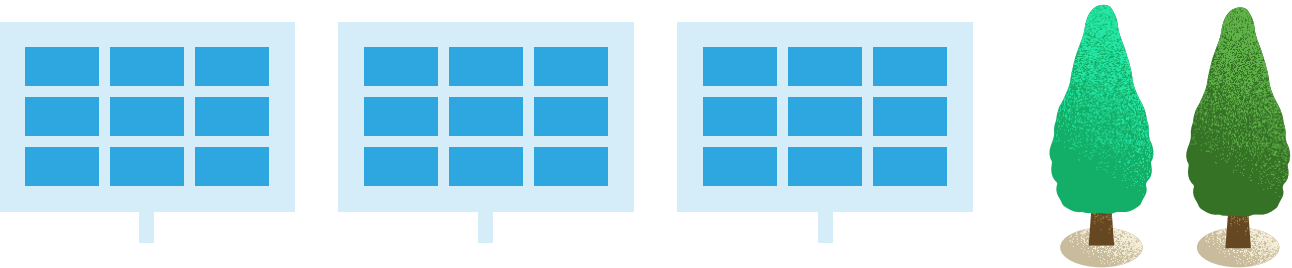
Note 1 Additional carbon costs = (BAU carbon emissions - Carbon emissions under warming scenario) x Carbon prices under warming scenario. (1) "BAU carbon emissions" were estimated using IEA predicted carbon emission growth rates under the "do nothing" scenario; (2) "Carbon emissions under warming scenario" were estimated using the SBT 2° C and 1.5° C carbon reduction pathways and respective carbon reduction targets of 2.5% and 4.2%; (3) "Carbon prices under warming scenario" were estimated using the NGFS or IEA 1.5° C and 2° C scenarios.

Note 2 Incremental changes in expected losses (ΔEL) = $\Delta PD \times LGD \times EAD$. ΔPD is based on financial impacts from additional carbon costs. Changes from original PD values were calculated after using existing models/assessment tools to calculate PD values under warming scenarios.

Note 3 Incremental losses from price declines = Investment amount x Loss ratio from price declines. (1) "Loss ratio from price decline" = Impact on net value/predicted net value; (2) Impact on net value = Additional carbon costs x (1 - Tax rate).



Risk factor: Carbon cost payments				Base date: 2024/12/31						Unit: Million TWD					
Scenario	Data Source	Business Scope	Investment and Financing Amounts	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)(A)	177,396	354	358	371	376	383	388						
		Market risks (stock investments)(B)	1,227	1	2	4	6	8	10						
		Overall investment and financing positions (=A+B)	178,622	355	360	375	383	392	398						
	NGFS	Credit risks (loans, bills, and bonds)(A)	177,396	358	380	392	410	425	437						
		Market risks (stock investments)(B)	1,227	3	10	16	22	29	36						
		Overall investment and financing positions (=A+B)	178,622	360	390	407	433	454	473						
1.5° C	IEA	Credit risks (loans, bills, and bonds)(A)	177,396	356	379	391	402	415	433						
		Market risks (stock investments)(B)	1,226	1	4	8	13	17	20						
		Overall investment and financing positions (=A+B)	178,622	357	383	400	415	432	453						
	NGFS	Credit risks (loans, bills, and bonds)(A)	177,396	365	391	424	446	461	487						
		Market risks (stock investments)(B)	1,266	4	14	25	38	52	59						
		Overall investment and financing positions (=A+B)	178,622	369	405	449	483	512	546						



Downstream investees and borrowers: Industries with high loan concentration ratios (real estate industry)

Industries with high loan concentration ratios (real estate industry)

- Credit risks (loans):** Calculated accentuating change ratios of financial factors in existing models/evaluation tables using estimated carbon costs to analyze credit risks, probabilities of default, internal ratings, and expected losses.

Evaluation 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) as well as estimated additional carbon costs^{Note 1} to analyze incremental changes in expected losses^{Note 2} from climate risks on loan, bill, and bond positions.

Analysis results

Loan amounts for industries with high loan concentration ratios (real estate industry) are shown in the chart below, with low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.

Risk factor: Carbon cost payments				Base date: 2024/12/31						Unit: Million TWD					
Scenario	Data Source	Business Scope	Loan Amounts	Credit risks: Incremental expected losses from climate risks											
				2025	2030	2035	2040	2045	2050						
< 2° C	IEA	Credit risks (loans)	178,263	59	59	59	59	59	59						
	NGFS		178,263	59	59	59	59	59	60						
1.5° C	IEA		178,263	59	59	59	59	59	59						
	NGFS		178,263	59	59	59	60	60	60						

Note1 Additional carbon costs = (BAU carbon emissions - Carbon emissions under warming scenario) x Carbon prices under warming scenario. (1) "BAU carbon emissions" were estimated using IEA predicted carbon emission growth rates under the "do nothing" scenario; (2) "Carbon emissions under warming scenario" were estimated using the SBT 2° C and 1.5° C carbon reduction pathways and respective carbon reduction targets of 2.5% and 4.2%; (3) "Carbon prices under warming scenario" were estimated using the NGFS or IEA 1.5° C and 2° C scenarios.

Note2 Incremental changes in expected losses (ΔEL) = ΔPD × LGD × EAD. ΔPD is based on financial impacts from additional carbon costs. Changes from original PD values were calculated after using existing models/assessment tools to calculate PD values under warming scenarios.

Downstream investees and borrowers: Industries with high loan concentration ratios (electricity, gas & water industry)

Industries with high loan concentration ratios (electricity, gas & water industry)

- Credit risks (loans):** Calculated accentuating change ratios of financial factors in existing models/evaluation tables using estimated carbon costs to analyze credit risks, probabilities of default, internal ratings, and expected losses.

Evaluation 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) as well as estimated additional carbon costs^{Note 1} to analyze incremental changes in expected losses^{Note 2} from climate risks on loan, bill, and bond positions.

Analysis results

Loan amounts for industries with high loan concentration ratios (electricity, gas & water industry) are shown in the chart below, with low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints under all scenarios.

Risk factor: Carbon cost payments				Base date: 2024/12/31						Unit: Million TWD					
Scenario	Data Source	Business Scope	Loan Amounts	Credit risks: Incremental expected losses from climate risks											
				2025	2030	2035	2040	2045	2050						
< 2° C	IEA	Credit risks (loans)	22,532	85	85	85	86	87	88						
	NGFS		22,532	85	87	87	88	90	91						
1.5° C	IEA		22,532	85	87	88	89	90	92						
	NGFS		22,532	87	89	91	92	95	95						

Note1 Additional carbon costs = (BAU carbon emissions - Carbon emissions under warming scenario) x Carbon prices under warming scenario. (1) "BAU carbon emissions" were estimated using IEA predicted carbon emission growth rates under the "do nothing" scenario; (2) "Carbon emissions under warming scenario" were estimated using the SBT 2° C and 1.5° C carbon reduction pathways and respective carbon reduction targets of 2.5% and 4.2%; (3) "Carbon prices under warming scenario" were estimated using the NGFS or IEA 1.5° C and 2° C scenarios.

Note2 Incremental changes in expected losses (ΔEL) = ΔPD × LGD × EAD. ΔPD is based on financial impacts from additional carbon costs. Changes from original PD values were calculated after using existing models/assessment tools to calculate PD values under warming scenarios.

3.2.2 Energy Transition

Upstream suppliers

Procurement amounts from suppliers that are heavy electricity users.

Evaluation method

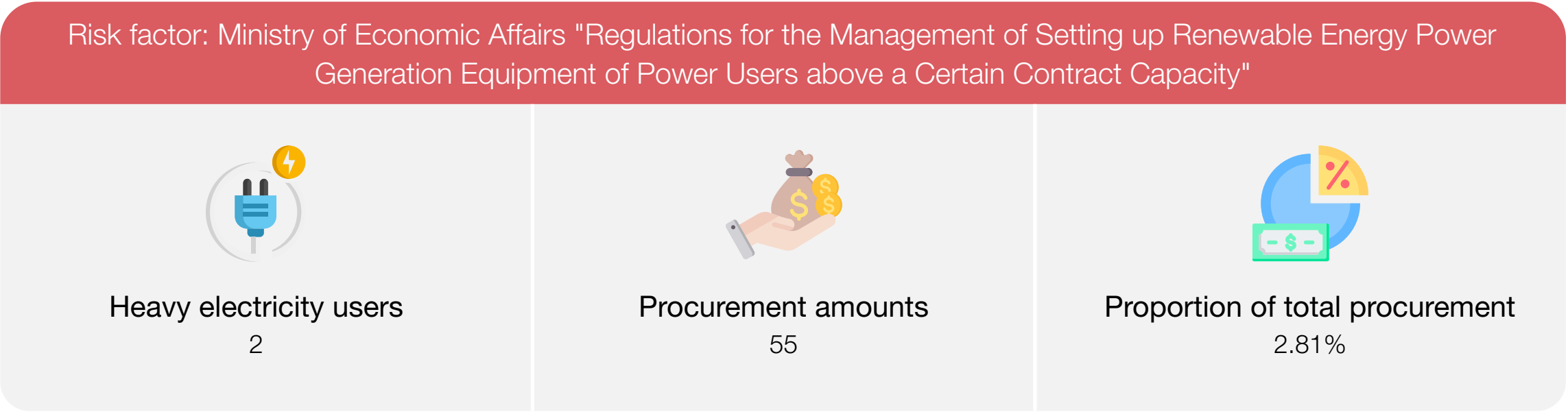
Compiled a list of suppliers for 2024 and identified the number of heavy electricity users and procurement amounts.

Analysis results

The number of suppliers which were heavy electricity users and procurement amounts are shown in the chart below, amounting for around 2.81% of total procurement at Bank SinoPac.

Base date: 2024/12/31

Unit: Million TWD



Downstream investees and borrowers

- **Credit risks (loans, bills, and bonds):** Calculated accentuating change ratios of financial factors in existing models/evaluation tables using estimated energy transition costs to analyze credit risks, probabilities of default, internal ratings, and incremental expected losses.
- **Market risks (stock investments):** Calculated impacts on company net values using estimated energy transformation costs and analyze relative stock prices and incremental losses from price declines.

Evaluation 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 investees and borrowers from our list of heavy electricity users to determine incremental changes in expected losses^{Note 2} on loan, bill, and bond positions from climate risks and incremental losses from price declines^{Note 3} in stock investment positions from climate risks.

Analysis results

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

Base date: 2024/12/31

Unit: Million TWD

Risk factor: Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"					
Business scope	Investment and Financing Amounts	Credit risks: Incremental expected losses from climate risks Market risks: Incremental losses from price declines from climate risks			
		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)(A)	43,154	7.37	7.37	7.38	7.39
Market risks (stock investments)(B)	3,388	0.13	0.14	0.38	0.75
Overall investment and financing positions (=A+B)	46,542	7.50	7.51	7.76	8.14

Note1 Additional costs from energy transformation were calculated as 10% of said user's average contract capacities for the previous year. (1) Additional costs to install solar power equipment = (Contract capacity x 10% x Deductions for advance installations x Solar equipment installation costs)/Average cost amortization over 20 years; (2) Additional costs for purchasing renewable energy electricity and certificates = Contract capacity x 10% x Annual amount of electricity sold per KW of solar photovoltaic energy x Price of solar photovoltaic certificates; (3) Additional costs for monetary substitutions = Contract capacity x 10% x kWh/KW for monetary substitution x Monetary substitution rate.

Note2 Incremental changes in expected losses (ΔEL) = ΔPD × LGD × EAD. ΔPD is based on financial impacts from additional energy transformation costs. Changes from original PD values were calculated after using existing models/assessment tools to calculate PD values under warming scenarios.

Note3 Incremental losses from price declines = Investment amount x Loss ratio from price declines. (1) "Loss ratio from price decline" = Impact on net value/ predicted net value; (2) Impact on net value = Additional energy transformation costs x (1 - Tax rate).

3.2.3 Net Zero Emissions in Own Operations

Own operations

Estimated potential financial impacts on own operations from low-carbon transformation risks based on the SinoPac Holdings target of operational net zero emissions by 2030.

Evaluation method

Referenced the "Climate Risk Management Manual for Domestic Banks" to assess advanced practices for climate resilience, evaluating potential financial impacts to Bank SinoPac from increased equipment replacement costs, green electricity procurement costs, renewable energy certificate costs, and external consulting costs for carbon reduction in accordance with the SinoPac Holdings goal to achieve operational net zero emissions by 2030.

Analysis results

Low potential impacts on the capital adequacy ratio of Bank SinoPac at all timepoints.

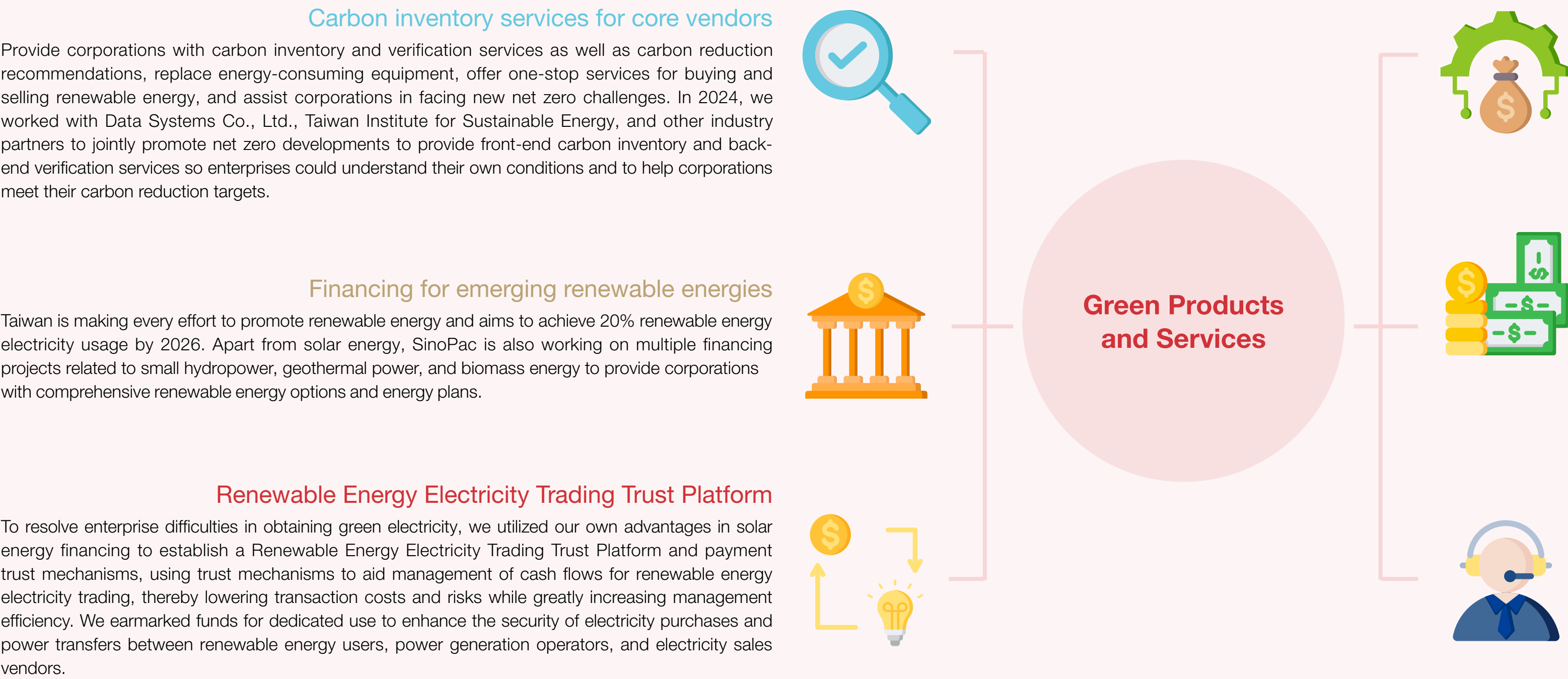
Risk factor: Operational net zero		Base date: 2024/12/31						Unit: Million TWD	
Business scope	Transition Risk Scenario	Potential Financial Impacts							
		2025	2026	2027	2028	2029	2030		
Own operations	Achieve operational net zero emissions by 2030.	67	83	99	115	150	175		



3.3 Scenario Analyses for Climate Opportunities

The net zero trend has spread from industries in general to the financial industry. The Financial Supervisory Commission released sustainable development roadmap for exchange-listed and OTC-listed companies which stipulates that, starting in 2023, all exchange-listed and OTC-listed companies should disclose greenhouse gas inventory data in stages and complete verifications by 2029. The financial industry launched the Green Finance Action Plan 3.0 to guide financial institutes in handling sustainable investment and financing, signing international sustainable principles or initiatives, and conducting sustainable finance evaluations; encourage corporations to focus on and implement ESG aspects; and build sustainable financial ecosystems. Bank SinoPac cooperates with SinoPac Holdings in actively promoting net zero actions and assisting collaborating vendors in establishing carbon reduction strategies, launching the "Four Steps of Sustainable Finance," and providing one-stop green transformation financial services which encompass the four aspects of carbon inventories and verifications, energy management, carbon reduction, and sustainability. Our multifaceted developments include the following items:

We exert our financial strength and use practical actions to make contributions to environmental sustainability. Please refer to our [official website](#) for more information on our green products and services.



Global climate change risk management and net zero trends continue to accelerate. Taiwan issued "Taiwan's Pathway to Net-Zero Emissions in 2050" in March 2022, and the "Climate Change Response Act" was passed by the Legislative Yuan in January 2023 after three readings. The Act contains important stipulations including official incorporation of 2050 net zero targets in laws and levying of carbon fees on heavy carbon emitters with annual carbon emissions of more than 25,000 metric tons starting in 2024. Apart from domestic carbon cost risks, corporations will also be faced with carbon taxes and carbon inventory requirements under the Carbon Border Adjustment Mechanism (CBAM) for exported goods. Bank SinoPac follows SinoPac Holdings in conducting simulations and estimations of the additional costs required to adapt to climate change risks as well as potential financial impacts on Bank SinoPac for investment and financing enterprises in the 9 high-emission industries identified as hotspots in the industry climate risk heatmap and for high-emission enterprises listed by the Ministry of Environment. Furthermore, additional climate transition burdens on clients are seen as potential funding needs and business opportunities for Bank SinoPac. We also actively respond to transformations in industry structures by developing green financial products and services.

Aim of analysis

Additional costs for climate transformations by investees and borrowers belonging to high-emission industries and high-emissions enterprises listed by the Ministry of Environment, as well as continued development of financing services for green electricity and renewable energy, which are considered to be potential capital requirement scenarios for Bank SinoPac. Our analysis enables us to determine the capital costs required for loans to realize climate opportunities.

Analysis method

Referenced the indicators listed in Financial Statistics Monthly on the Central Bank of the Republic of China (Taiwan)'s website. We use historical average quarterly deposit interest rates in recent periods as an indicator of future funding cost estimations for our credit-related businesses.

Analysis results

In recent years, issues such as wars, inflation, interest rate hikes, and rapid changes in US policies have made global environments and markets more volatile. During the recent period, net interest margins (Fx Swap) for average quarterly deposit interest rates have exhibited mild fluctuations without a fixed trend.

Base date: 2024/12/31



3.4 Regulatory Climate Change Scenario Analysis

Bank SinoPac adhered to the "Operational Plans for Climate Change Scenario Analyses by Domestic Banks" to establish current climate stress scenarios, taking into account the domestic transition process and the degree of climate change. Both ong-term and short-term stress scenarios were set based on different time horizons. The long-term scenario timelines were set at 2030 and 2050, while the short-term scenario assesses climate events that may occur within the next year. The long-term scenarios are categorized into three types:"Orderly Net-Zero,""Disorderly Transition," and "Passive Transition."The short-term scenarios are divided into "Physical Risk" and "Transition Risk,"as described below:

Scenario Type		Description
Long-term Scenarios	Orderly Net-Zero Scenario	The global pathway that gradually achieves net-zero emissions by 2050.
	Disorderly Transition Scenario	A delayed transition that still aims to limit global warming to below 2°C by the end of the century.
	Passive Transition Scenario	A delayed and insufficient transition, failing to meet carbon reduction targets, resulting in more severe warming.
Short-term Scenarios	Physical Risk Scenario	Assumes a strengthened Typhoon Morakot event occurs within the next year under a 2°C warming scenario.
	Transition Risk Scenario	Based on current sectoral emission intensities and the projected carbon fee levels to be implemented in Taiwan.

Results of Long-Term Climate Change Scenario Analysis

Base date: 2024/12/31

Stress Scenario Configuration	Long-term Scenarios					
	Orderly scenario		Disorderly scenario		Passive Transition Scenario	
	2030	2050	2030	2050	2030	2050
Proportion of expected losses to pre-tax profits	40.02%	50.11%	49.41%	57.51%	46.93%	73.54%
Proportion of expected losses to net values	4.59%	5.74%	5.66%	6.59%	5.38%	8.43%

Note1 The estimated expected losses under each scenario are subject to uncertainty and do not represent actual future impacts. Caution should be exercised when interpreting and using the analysis results due to their inherent limitations.

Note2 Due to methodological differences between long-term and short-term scenarios, the analysis results should not be directly compared.

Results of Short-Term Climate Change Scenario Analysis

Base date: 2024/12/31

Stress Scenario Configuration	Short-term Scenarios		
	Physical Risk Intensity-Adjusted Scenario	Transition Risk Scenario	Integrated Loss Scenario
Proportion of expected losses to pre-tax profits	51.56%	28.74%	51.62%
Proportion of expected losses to net values	5.91%	3.29%	5.92%

Note 1 The estimated expected losses under each scenario are subject to uncertainty and do not represent actual future impacts. Caution should be exercised when interpreting and using the analysis results due to their inherent limitations.

Note 2 Due to methodological differences between long-term and short-term scenarios, the analysis results should not be directly compared.



Risk Management

- 4.1 Risk Policy Framework
- 4.2 Management of Investment and Financing Risks
 - 4.2.1 Responsible Investment
 - 4.2.2 Responsible Lending
- 4.3 Management of Operational Risks

R I S K M A N A G E M E N T

Bank SinoPac adheres to the "Guidelines for Domestic Banks' Climate Risks Financial Disclosures" released by the Financial Supervisory Commission and the SinoPac Holdings "Guidelines for the Management of Climate-Related Risks and Opportunities."We have established the "Standards for the Management of Climate-Related Risks and Opportunities"to evaluate current and future impacts from climate risks and opportunities, and have also adopted related mitigation and adaptation actions.

4.1 Risk Policy Framework

The Chairman of Bank SinoPac oversees the Risk Management Committee, which is responsible for implementing major Board decisions and matters related to climate risk management policies. We have included "climate risks" in our "risk management policies" and formulated the "Standards for the Management of Climate-Related Risks and Opportunities," which encompass related regulations associated with Governance, Strategy, Risk Management, and Metrics and Targets, to enhance our management of climate risks and opportunities. Our Risk Management Division regularly discloses climate change risks (including all metrics for physical risks and transition risks) in risk management reports which are submitted to the Risk Management Committee and the Board.

We assign climate risk management responsibilities and management mechanisms for each line of defense based on these three lines of defense for internal control:



First line of defense

Investment, financing, and related operational execution units

- ▶ Climate risks are assessed when handling related business activities, and climate-related risks are incorporated into business considerations. Appropriate identification and management processes are adopted to ensure that risks can be properly controlled at an early stage.
- ▶ Differentiated risk management measures are adopted for businesses or transactions with high climate risks depending on the climate risks identified or assessed, and the rankings of said risks; relevant records are stored for future reference.

Second line of defense

Investment, financing, related operational management units, product management units, compliance units, and risk management units

- ▶ Effectively monitors climate risk management implementations under the first line of defense.
- ▶ Remains attentive to the sustainability commitments set by SinoPac Holdings and international sustainability trends, as well as potential impacts and materiality from clients with high climate risks, client willingness and capability to improve their own climate risks, alternative methods to offset our own risks, and corresponding measures. When formulating management measures for clients with high climate risks, we require clients who fail to effectively manage their own climate risks to gradually adopt corresponding measures.
- ▶ When formulating management measures for assets with high climate risks, we consider climate risk materiality, management capabilities for said assets, and alternative methods to offset our risk exposures. We may gradually adopt response measures for asset portfolios that fail to effectively manage climate risks.
- ▶ Related units track regulatory changes to ensure that all operations and management rules adhere to and are updated according to climate-related regulations released by competent authorities.
- ▶ We conduct scenario analyses and stress tests on physical and transition risks to gradually select reasonable scenarios for Bank SinoPac and to show how climate risks are transmitted and affect our financial risks. In consideration of the uncertainties and long-term outlooks of climate change, we gradually include prospective information in selected scenarios to avoid relying solely on historical data and underestimating potential future risks.
- ▶ During regular reviews of climate risk management policies and practices, we reference the results of scenario analyses and stress tests, and store documents containing key assumptions and parameters for scenario analyses and stress tests for at least five years.

Third line of defense

- ▶ Assess effectiveness of the first and second lines of defense in monitoring climate risks, and provide suggestions for improvement as appropriate.

We assign climate risk management responsibilities and management mechanisms for each line of defense based on these three lines of defense for internal control. The management process for climate and nature-related risks and opportunities is divided into four steps: identification, assessment and measurement, response and proposing mitigation or adaptation measures/strategies, and reporting. This process assesses how climate and nature-related risks and opportunities impact our businesses, strategies, and finances in the short, medium, and long term. (Please refer to [2 Strategy](#)).

We conducted scenario analyses of physical and transition risks under different climate scenarios and time scales for different parts of our overall value chain (suppliers, own operations, investment and financing business). Physical risks include: "acute risk: heavy rainfall and flooding," "acute risk: drought," "acute risk: slope disasters," and "chronic risk: rising sea levels." Transition risks include "carbon cost payments," the Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity," and "operational net zero emissions by 2030." We conducted scenario analysis and quantification of financial impacts using these risk factors to assess potential financial effects on Bank SinoPac, following which responsible units formulated corresponding business, strategic, and financial climate resilience mitigation and adaptation measures to enhance climate resilience. (Please refer to [3 Scenario Analyses for Physical and Transition Risks](#)).

Bank SinoPac follows the pragmatic approach of parent company SinoPac Holdings in the face of challenges brought on by climate-related risks and opportunities. We work to reduce our carbon emissions, and follow our parent company in tracking achievement of SBT targets, gradually increasing the proportion of renewable energy usage, expanding financing for alternative energies, and issuing Green Bonds. We are gradually adjusting our investment and financing business strategies (for example by monitoring and tracking financing for high carbon-emission industries, supporting clean energy and new technologies, and assisting clients in reducing carbon emissions and transitioning to low-carbon operations) to expand our coverage scope as we explore climate-related opportunities and promote low-carbon transformation across the value chain. Climate governance, strategy, risk management for physical and transition risks, and metrics and targets have been incorporated into short, medium, and long-term key tasks, with regular tracking and reporting of progress to the Board of Directors, the Audit Committee, and the Risk Management Committee, and we make rolling adjustments as needed based on actual development trends.



4.2 Management of Investment and Financing Risks

SinoPac Holdings formulated a group-level sustainable finance statement in 2022, incorporating environmental, social, and corporate governance (ESG) factors into corporate banking, retail banking, asset management, wealth management, private banking, and investment banking businesses, as well as establishing related management procedures. Bank SinoPac's "Responsible Lending Management Guidelines" incorporate environmental pollution and corporate governance regulations into Client Customer Due Diligence (CDD) and Know Your Customer (KYC) processes, and we continue to reference ESG risk issues during evaluations. Bank SinoPac's "Stewardship Policy," "Responsible Investment Management Guidelines," and other regulations also establish criteria for excluding and screening investees, determining risk levels for targets, and reviewing whether investees have violated environmental sustainability rules or incurred material ESG disputes. We do not invest in targets that have incurred violations and pledge to continue engaging with our investees on possible ESG issues to help them realize their responsibilities related to environmental protection and social sustainability.

In 2023, Bank SinoPac incorporated assessments of biodiversity loss issues highly related to climate change (including species conservation, habitat maintenance, and environmental sustainability) in loan granting and review processes. Starting on July 1, we began imposing different financing restrictions on domestic and overseas corporations involved in commercial thermal coal mining and power generation activities.



Bank SinoPac Principles for Responsible Investment and Responsible Lending

List of prohibited controversial industries/enterprises/economic activities	<ul style="list-style-type: none">• Pornography: Involving pornographic content or services• Controversial arms and weaponry: Involving manufacturing of weaponry, nuclear bombs, radioactive weapons, or other controversial weapons (excluding technologies and applications for national defense)• Thermal coal^{Note 1} and unconventional oil and gas^{Note 2} associated project financing^{Note 3}• Power supply industry (excluding renewable energies): Where funds are utilized for thermal coal mining, power generation, or commercial activities related to natural gas^{Note 3}
List of sensitive industries/enterprises/economic activities that require careful assessment	Industries involved in oil & gas exploration and wholesaling, tobacco manufacturing, tropical rainforest logging, gillnet manufacturing/fishing, gambling, food safety concerns, leather/fur manufacturing, toxic chemicals, radioactive substances/non-medical or hazardous genetic engineering research
Business restrictions aligned with decarbonization statement	Ceased providing financing for projects related to thermal coal and unconventional oil and gas starting on July 1, 2022, and prohibited renewal of financing for existing projects upon maturity. We expanded our decarbonization scope to investment and financing for thermal coal mining and power generation starting on July 1, 2023.
Guidelines for industries with high carbon emissions	<ul style="list-style-type: none">• Incorporated ESG performance and carbon emission information into investment and financing processes for industries with high carbon emissions (such as the oil & gas industry and the thermal power industry).• Actively engage with related companies and carefully consider whether to continue financing if clients fail to establish transformation plans after repeated communication.
Biodiversity evaluation	<ul style="list-style-type: none">• Project financing: Added climate change and biodiversity risks as required evaluation items in accordance with Equator Principles 4.0 and the eight Performance Standards (PS1-8) proposed by the International Finance Corporation (IFC).• Sustainability-linked loans: Added "compliance with major or significant life below water or life on land actions aligned with the United Nations SDGs" into "environmental evaluation indicators" to encourage customers to fulfill their corporate social responsibilities and increase emphasis on ESG and sustainability issues.• Bank book stock ESG risk evaluations: Added "risk incidents related to involvement in biodiversity (including species conservation and habitat maintenance) issues" into ESG risk evaluation items.
Voting policy	<ul style="list-style-type: none">• Oppose in principle proposals that violate major climate-related issues.• Oppose in principle or abstain from voting on proposals where the issuing company damaged shareholder rights and interests due to unsound operations, or was penalized by related competent authorities due to major violations of environmental, social, corporate governance, or other sustainable management issues.
Management policies for sales institutes	<ul style="list-style-type: none">• Collaborating domestic securities investment institutes are required to sign a statement of compliance with the "Stewardship Principles for Institutional Investors." Collaborating overseas fund asset management institutes are required to comply with the Principles for Responsible Investment.

Engagement with other companies and shareholder activism	<ul style="list-style-type: none">• Deliver annual questionnaires to investee companies to understand their awareness of ESG-related initiatives, as well as their management processes and goals for sustainability issues.• Engage with investee companies on ESG-related issues.
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Note1 Including thermal coal mining, power generation, processing, trading, transportation and logistics, equipment manufacturing, and infrastructure.

Note2 Unconventional oil and gas is a blanket term encompassing all unconventional oil and gas products and processes, including oil sands, shale oil, coalbed methane, heavy crude oil, polar oil and gas, ultra-deepwater oil mined at depths exceeding 5,000 feet, processed oil (including liquid natural gas extracted from the aforementioned sources), exploration and expansion plans, and infrastructure supporting the aforementioned activities.

Note3 Please refer to the following table for more information.

Project financing			
Thermal coal, unconventional oil and gas		Cease providing financing for new projects and do not renew financing for existing projects following maturity.	
Investment and financing			
Thermal coal	Mining and power generation	Overseas companies*	Cease providing financing to new clients (excepting funds clearly stated to be used for renewable energy or carbon reduction transformations).
		Domestic companies*	No additional investment/financing provided to domestic new clients (excepting funds clearly stated to be used for renewable energy or carbon reduction transitions), and financing for existing clients only granted after clients pledge that they will not expand thermal coal power generation equipment or after clients (or controlling parent companies or corporate groups) commit to establishing science based targets (SBTs).
Unconventional oil and gas	Mining, processing, and manufacturing Exploration and expansion plans	Overseas companies	No new projects.
Natural gas	Power generation	Overseas companies	No new financing for overseas natural gas power generation projects in principle.

*Domestic companies refer to companies registered in Taiwan, including overseas companies whose ultimate parent companies are registered in Taiwan. Companies that do not fall within the aforementioned definition are considered to be overseas companies.

4.2.1 Responsible Investment

Bank SinoPac actively complied with the six principles of the United Nations Principles for Responsible Investment (PRI) in 2019 and established the "Responsible Investment Management Guidelines" to guide our investment, asset management, and wealth management businesses, incorporating ESG issues and related risks into the decision-making processes of related businesses. We listed controversial industries prohibited from investment and sensitive industries/enterprises/ economic activities that require careful evaluation. We also signed the "Stewardship Principles for Institutional Investors" and established a "Stewardship Policy" in 2020, formulating items of concern for investee companies, including related news coverage, financial performance, industry conditions, medium and long-term corporate strategies, major environmental protection actions, social responsibilities, labor rights, and corporate governance issues. We incorporated ESG factors into investment evaluation processes, assessing and adopting the following indicators, and also incorporated climate change-related issues into investment policies.

- ① Incorporate ESG issues into investment analysis and decision-making processes.
- ② Prohibit investment in controversial industries (such as pornography, controversial arms and weaponry), carefully evaluate investments in sensitive industries (such as corporations involved in gambling, food safety concerns, hazardous radioactive substances, non-medical and hazardous genetic engineering, non-adhesive asbestos sheets, and polychlorinated biphenyl manufacturing).
- ③ Remain attentive of and periodically review whether investee companies have appropriately disclosed or provided information on ESG issues.



Incorporated ESG Factors into Wealth Management Product Review Processes

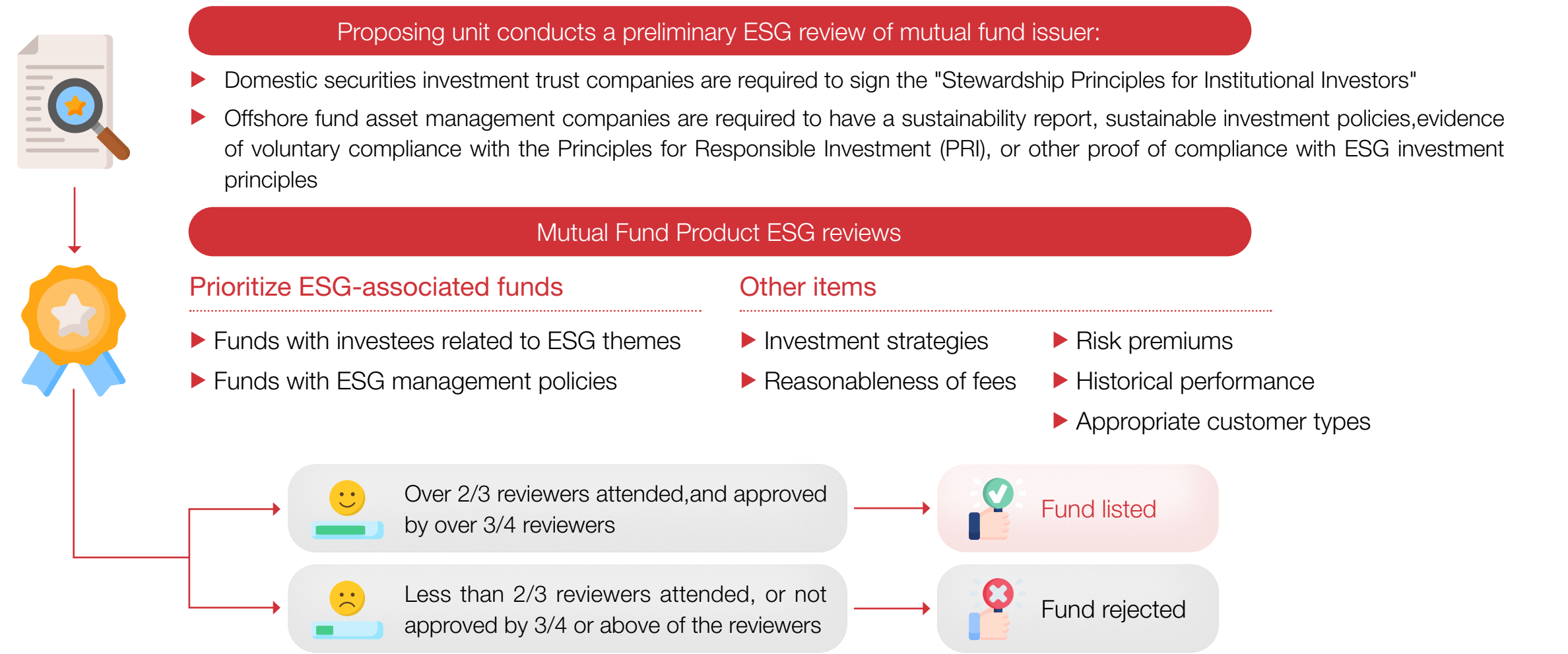
Our review processes for wealth management products incorporated ESG compliance principles into evaluations for mutual fund issuers. ESG factors were also incorporated into product review processes for mutual funds. Following comprehensive assessments of other factors, we selected mutual fund products with ESG investment concepts or relatively positive concepts for evaluation to fully implement responsible investment and stewardship principles, and we also promote and sell ESG funds on the Bank SinoPac marketing website.

When evaluating other overseas securities (including bonds, stocks, and ETFs), we prioritize investment targets from industries or industries that are not controversial or environmentally sensitive (such as tobacco, alcohol, arms and weaponry, gambling, oil, and natural gas).



Bank SinoPac wealth management website sustainable investment section

Wealth Management Product Review Process



In 2024, all 35 domestic securities investment companies that offered funds through Bank SinoPac signed statements of compliance with the "Stewardship Principles for Institutional Investors." All 33 offshore fund asset management institutions that offered funds through Bank SinoPac adhered to the Principles for Responsible Investment (PRI).

Post-Investment Management

- ①

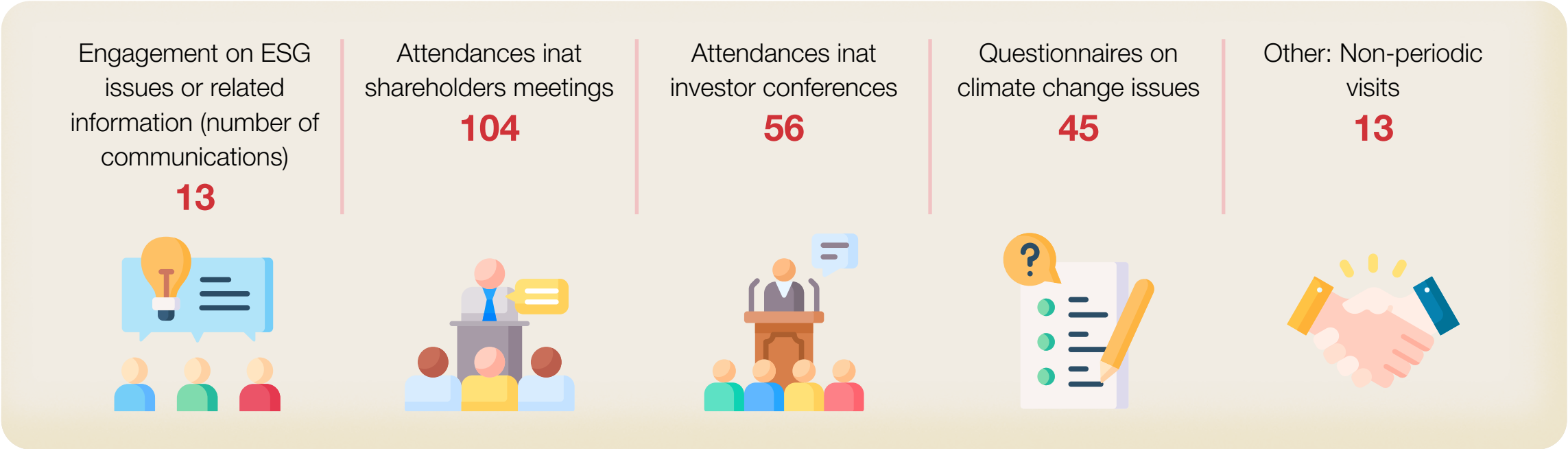
We review ESG information on our investees each quarter. If any investees are involved in negative news related to ESG matters, these will be covered in our review reports. If annual credit limit reviews uncover potential ESG risks in our issuers (or guarantors), we actively work to understand and record related risks in reports submitted to investment business management units.
- ②

Bank SinoPac monitors investee operations by attending shareholders meetings, exercising voting rights, and engaging with senior executives. Stewardship Reports are disclosed on an annual basis, and we continue to engage with investee companies on ESG issues and monitor ESG-related opportunities and risks of investee companies through e-mail, telephone interviews, questionnaires, and on-site visits. If investee companies are fined for violating ESG-related regulations and fail to make effective improvements, we will gradually reduce investments in said companies or impose penalties.

Engagement with Investment Targets

To exert our climate influence on value chains and enhance our reputation, we actively participate in engagement actions, deliver questionnaires on sustainability issues to investees, visit and email our financing targets to explain our ESG concepts, and strengthen awareness of climate and ESG issues in our investees and borrowers. We hope our investees and borrowers can achieve environmental sustainability and low-carbon transformations while pursuing profitability growth. We also hope to set an example and encourage others to make contributions to environmental sustainability.

In 2024, Bank SinoPac delivered questionnaires covering environmental, social, corporate governance (ESG) and other sustainable issues to investee companies. Surveys relating to sustainable issues were delivered to a total of 45 companies.



Note Bank Sinopac conducts thematic engagement with investees where questionnaire themes for each year are related to themes for the following year. Our engagement themes for 2024 focused on two aspects: (1) After setting SBTs, did your company formulate a plan for carbon reduction? (2) Did you calculate and disclose the revenue, operating expense, and capital expenditure proportions for sustainable economic activities? The engagement themes for 2025 include (E) carbon fee levies, SBTs, (S) handling and internal process for major industrial safety incidents, and (G) board independence and tenure, encompassing a wide range of ESG issues.

4.2.2 Responsible Lending

In order to exert influence on corporate social responsibilities in the banking industry, Bank SinoPac established the "Responsible Lending Management Guidelines" to guide capital toward social responsibilities. We referenced letters from competent authorities and the guidelines of three global lending associations: The Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA). We established the "Responsible Lending Management Guidelines" and "Guidelines for Loans Linked to Sustainable Development" to incorporate ESG considerations into loan granting processes, and to serve as a positive guide for funds associated with green lending, social responsibility lending, sustainability-linked loans, and other sustainable products.



Corporate Finance Loans

Bank SinoPac fully implemented KYC and CDD mechanisms in corporate lending projects and also conducts ESG risk assessments and reviews on clients. Frontline corporate financing personnel explain SinoPac ESG principles to clients and obtain consensus and adherence with the environmental protection, social responsibility, and climate change items on our "Lending and Transaction Application Form." For cases submitted to the Board Credit Committee and Credit and Investment Committee (cases exceeding a specific amount), we disclose client ESG risk information and improvement action plans to provide a basis for approval or rejection. We have formulated a list of controversial industries prohibited from financing (including pornography, controversial arms and weaponry). We strengthened ESG risk analyses on sensitive industries/enterprises/economic activities (involving tobacco, tropical rainforest logging, gillnet manufacturing/fishing, gambling, food safety concerns, hazardous radioactive substances, non-medical and hazardous genetic engineering, non-adhesive asbestos sheets, and polychlorinated biphenyl manufacturing) and have incorporated ESG factors in the "Credit Risk Information Disclosure and Review Items" checklist under our credit review system. Factors related to environmental, social, governance, and climate change risks include the following:

- ① Environmental risks: Air, soil, and water pollution; waste management; biodiversity and ecological protection; energy management; and compliance with environmental laws.

② Social risks: Occupational health and safety, human rights issues, supplier management, and community relations.

③ Corporate risks: Corporate governance, ethical management, legal compliance, and risk management.

④ Climate change risks: Asset losses, suspended operations, and other physical risks caused by short-term climate variability and extreme climate events or long-term changes in climate patterns, and transition risks arising from responses to policies, laws, technologies, and market changes associated with low-carbon economic trends.

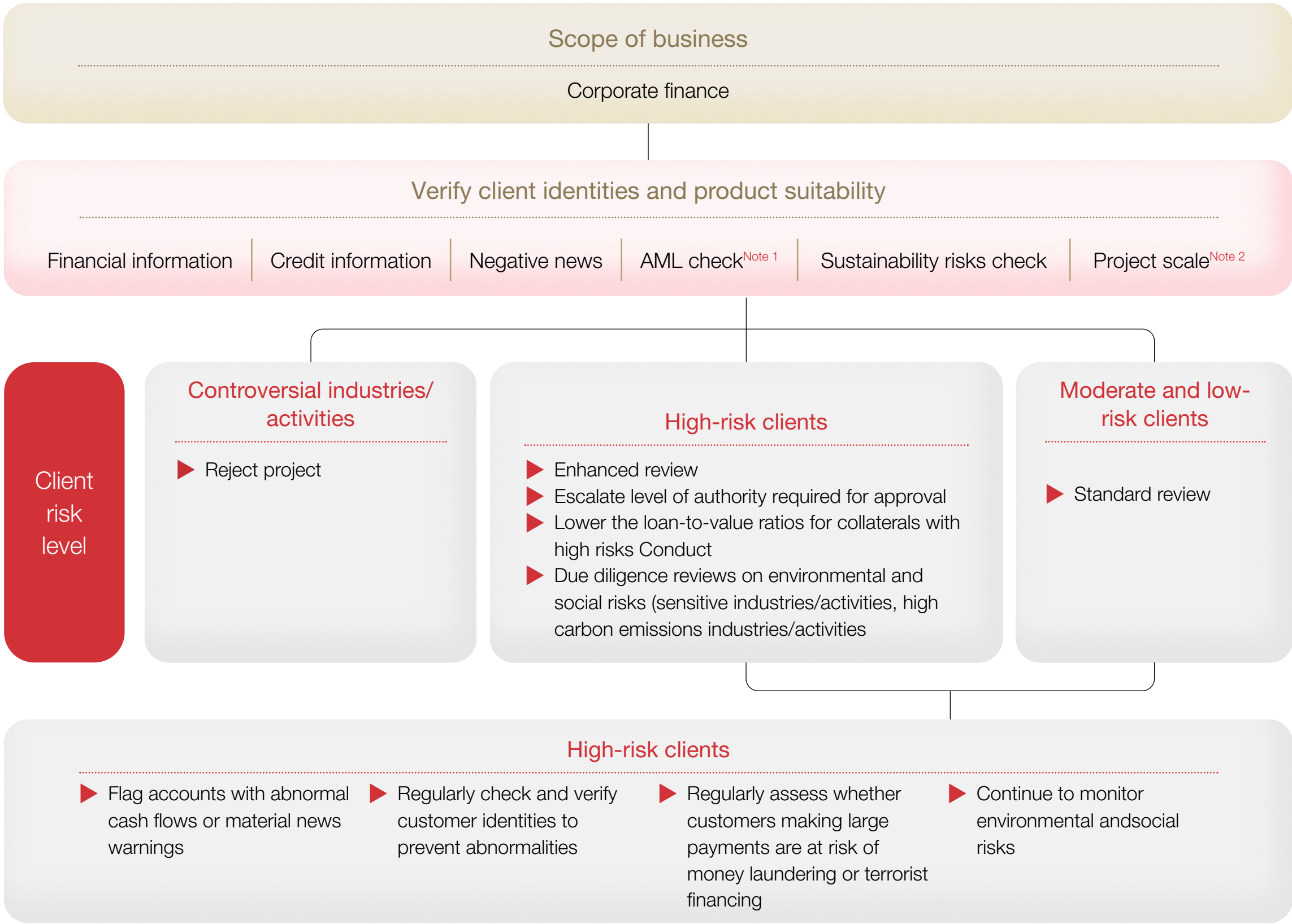
If ESG risks are noted on the "Credit Risk Information Disclosure and Review Items" in credit reports during ESG review processes, Bank SinoPac will perform ESG engagements to gain a better understanding, assist clients in making improvements, and assess mitigation and compensatory measures and responses. We carefully consider whether to continue business dealings with clients that have severe issues or issues that cannot be improved over the long term.

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

Conditionally approved after engagement (including projects approved with reductions and restrictive conditions)	Number of cases 0	Balance as of December 31, 2024 0
Rejected	Number of cases 6	Total amount of loans TWD\$3.962 billion

CDD and KYC Processes for Corporate Finance Loans

Bank SinoPac incorporates ESG factors into Know Your Customer (KYC) and Customer Client Due Diligence (CDD) procedures, and implements classified management of corporate banking customers; different reviews and management operations are carried out for each risk level. We also strengthen ESG risk reviews for large project financing and continue to monitor environmental and social risks after approval.



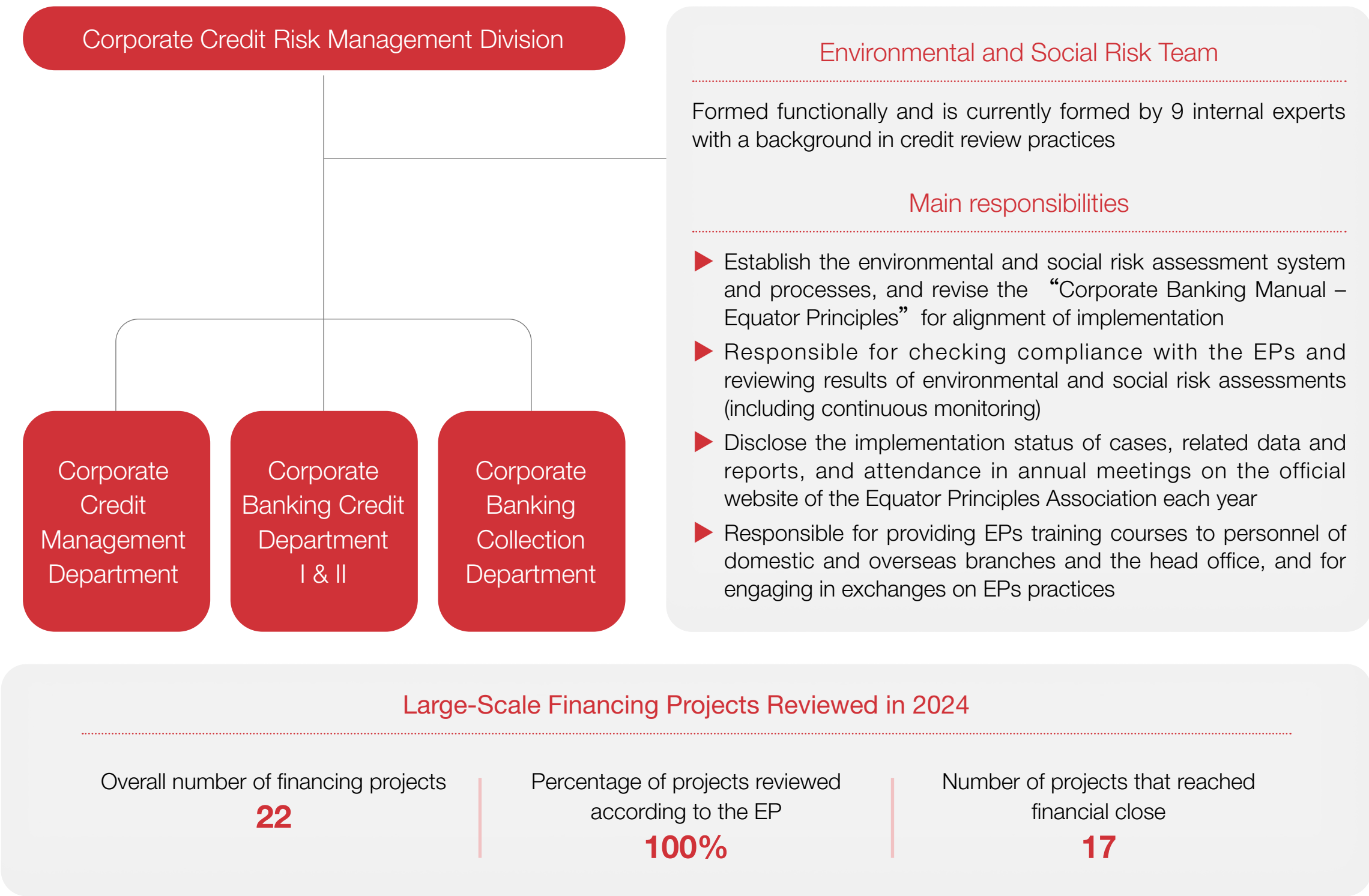
Note1 Please refer to "[SinoPac Holdings 2024 Sustainability Report](#)" 2.2.34 Client Due Diligence and 3.1.3. Corporate Finance Credit for more information.

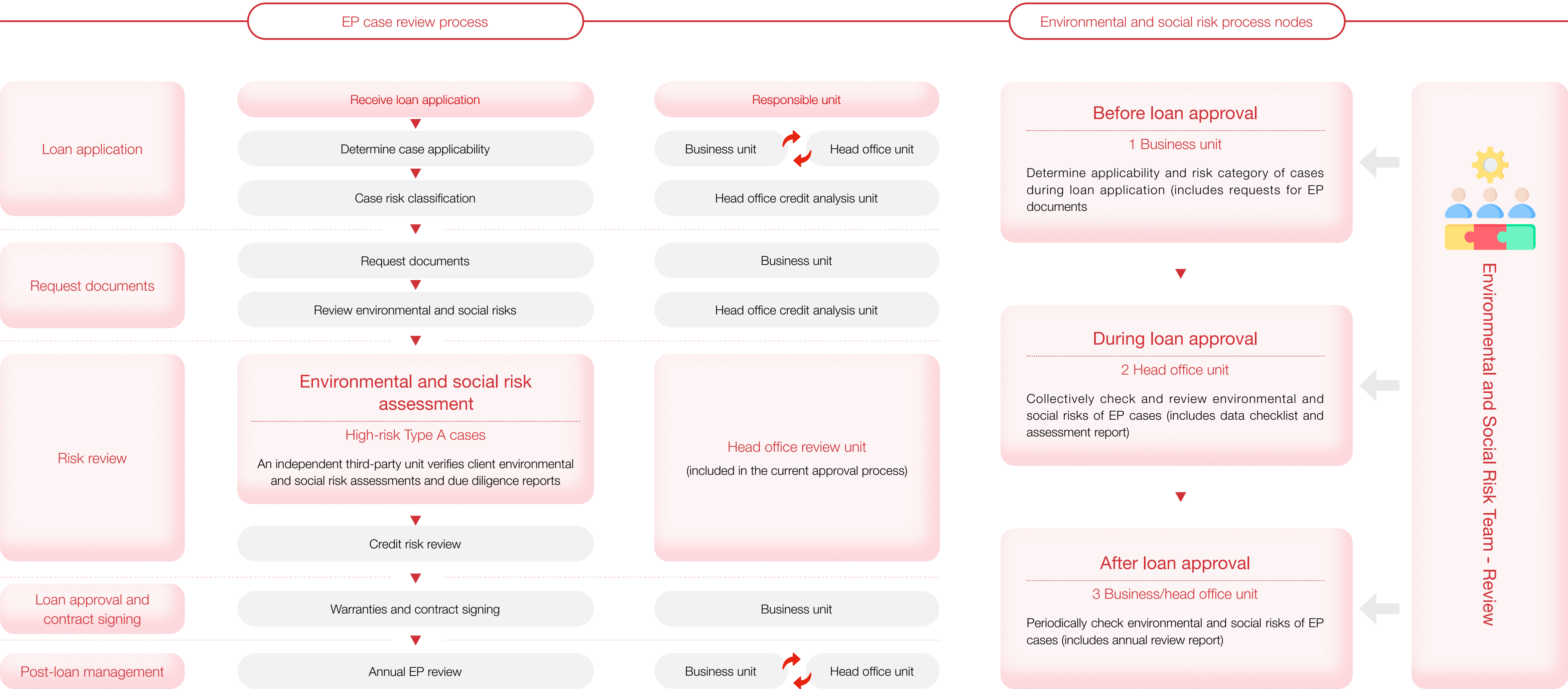
Note2 Projects that require financing of US\$10 million or more require risk classifications based on the Equator Principles. Please refer to "[SinoPac Holdings 2024 Sustainability Report](#)" 3.1.3.1 Corporate Finance Credit for more information.

Financing for Large Corporate Projects

Bank SinoPac adheres to EP 4.0 and the International Finance Corporation (IFC) eight Performance Standards (PS1-8) and has listed climate change, biodiversity, and other risks as required evaluation factors. The Environmental and Social Risk Team consists of members who have completed EP 4 training course and have expertise in credit management and practical experience with reviewing Equator Principles cases. EPs cases were incorporated into our periodic self-inspection items starting from December 2022 for inspection by a third party from our head office. In 2024, a total of 22 project financing cases were reviewed in accordance with the EPs, of which 17 have reached financial close, and the remainders are still ongoing.

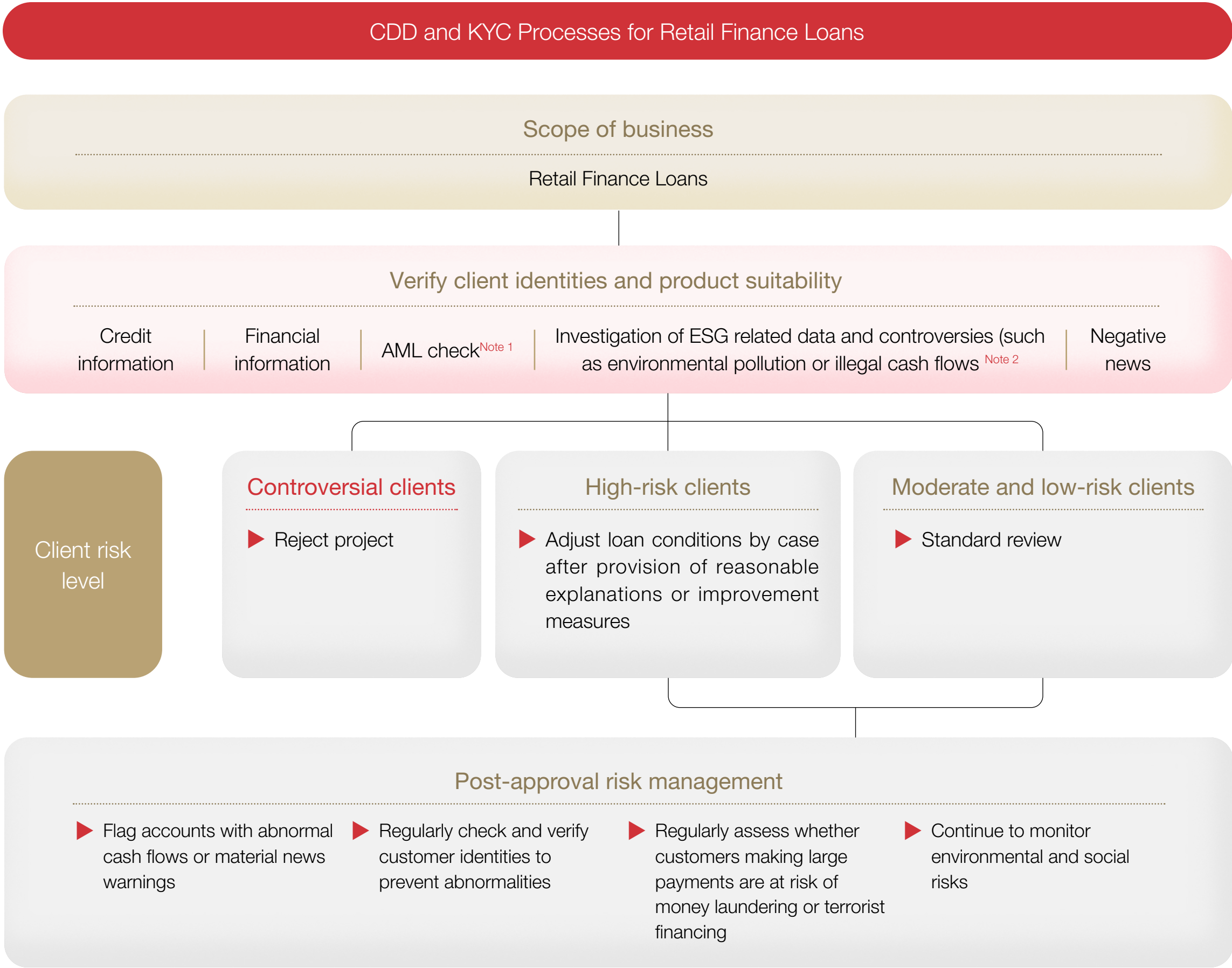
永豐銀行赤道原則環境與社會風險小組組織與權責







Retail Finance Loans



Note1 Please refer to "[SinoPac Holdings 2024 Sustainability Report](#)" 2.2.2.3 Client Due Diligence for more information.

Note2 Environmental and social factors incorporated into relevant ESG data investigations include whether collateral for loans are located in legally restricted areas or areas prone to flooding, and whether clients are involved in environmental pollution penalties, money laundering, terrorism, sanctions, or illegal money schemes.

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 an area prone to flooding, debris flow, or as areas prone to flooding, mudslides, and soil liquefaction (areas with high physical climate risks), the application should be rejected during the appraisal review if the collateral is not the subject case. If the case is to be accepted due to special considerations, the loan-to-value should be lowered and the level of case approval should be enhanced.
- 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 imposed due to severe pollution cases. If the client 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.



4.3 Management of Operational Risks

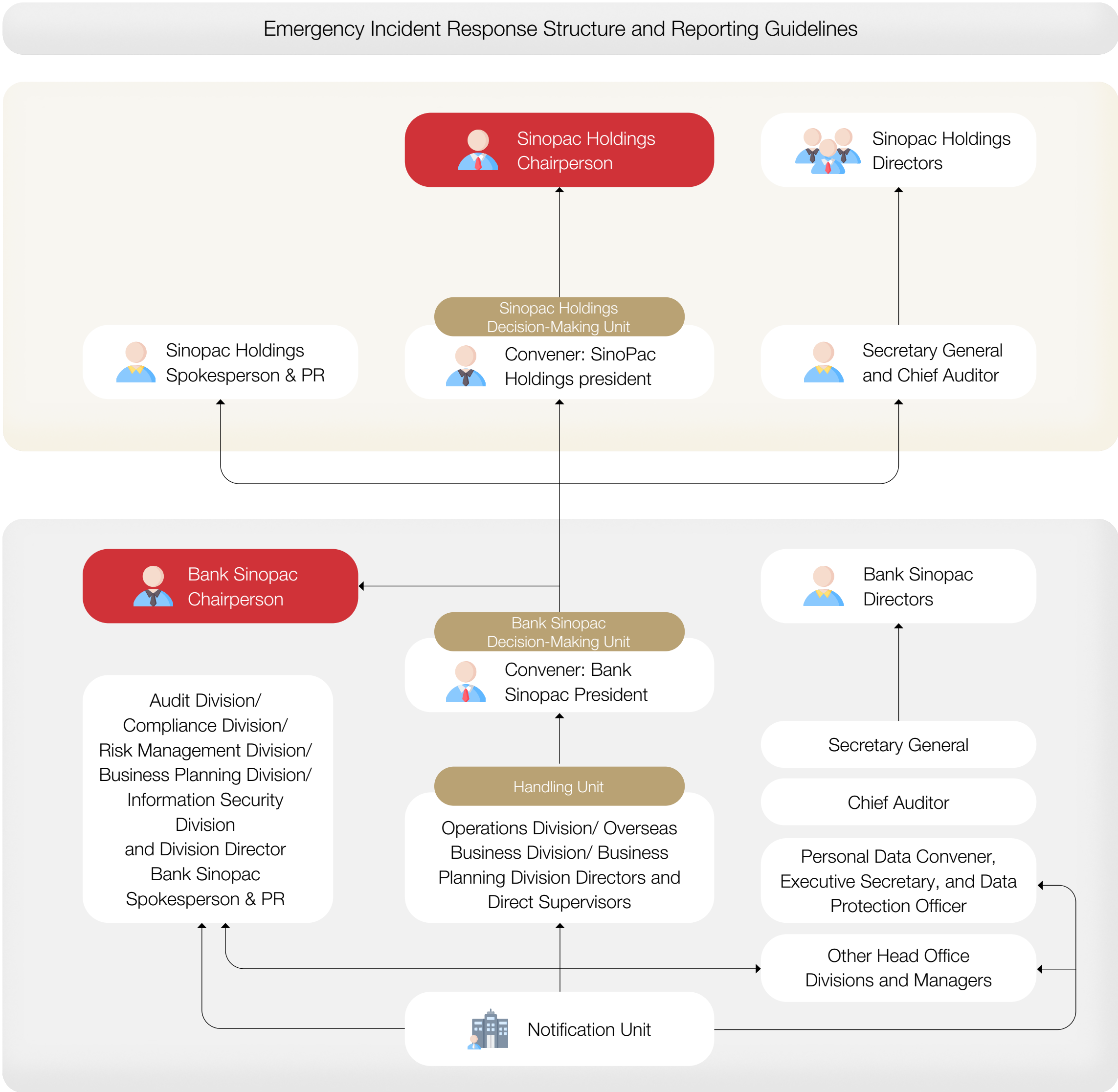
Apart from the physical and transition risks faced by investment and financing businesses, Bank SinoPac also reviews potential physical risks in own operations and adopts related mitigation and response actions to reduce possible losses in own operations from physical risks.

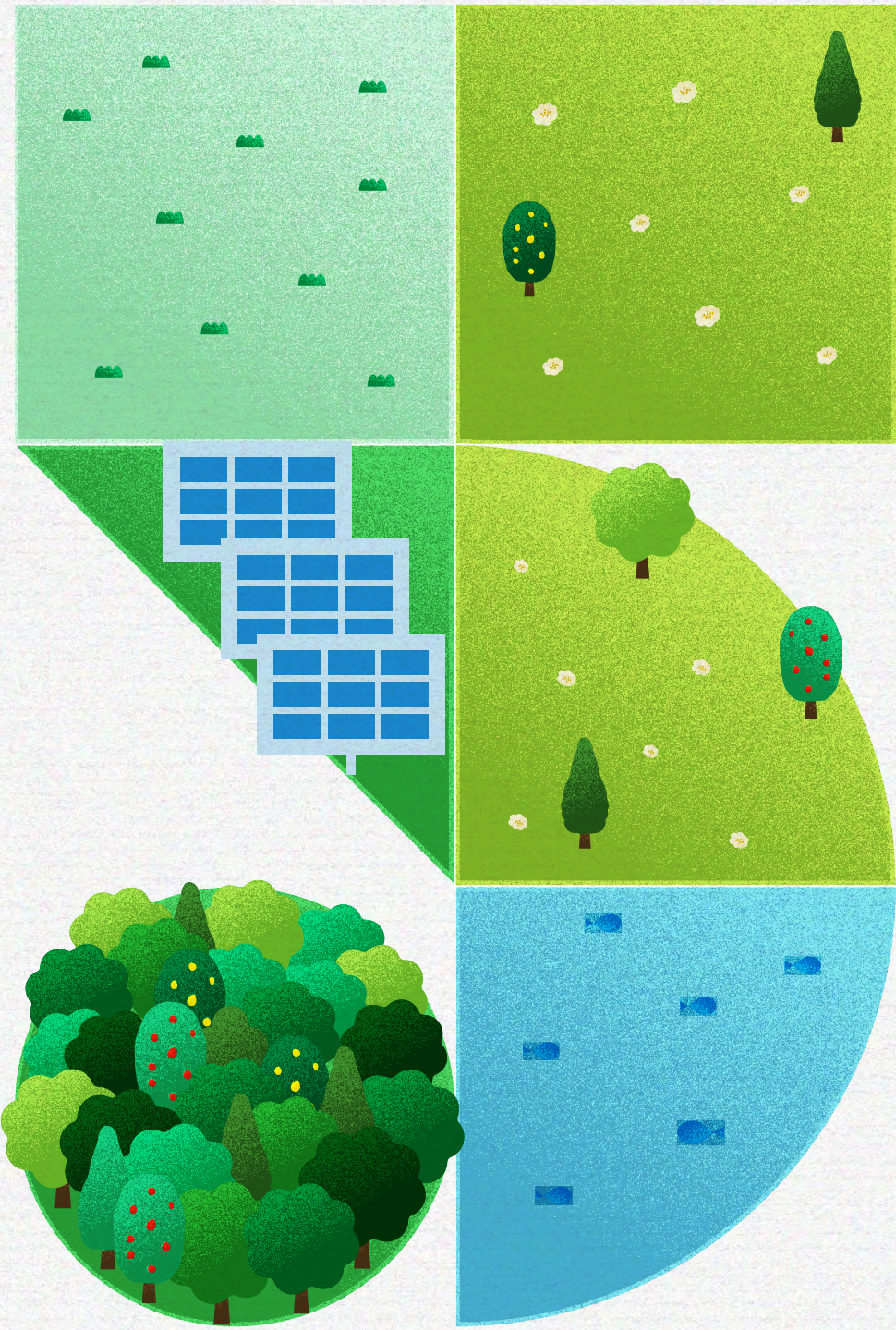
Management of physical risks in own operations for Bank SinoPac	
Indicator	Implementations
Business locations and real estate for self use	1. We obtained "commercial fire insurance" and "comprehensive electronics insurance" (including typhoon and flood insurance) to transfer losses. 2. We identified offices in high-risk areas. In addition to strengthening dredging pipes, we also inventoried waterproofing and electrical facilities (including wicket gates, 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.
Locations of upstream supplier operations	The procurement amount from suppliers whose operational locations are classified as 'high risk' in terms of climate sensitivity is limited, these suppliers were deemed to be highly substitutable, and therefore low risk.

Bank SinoPac Management of Physical Risks
Business Continuity Plan, BCP



Potential risks to corporate operations at Bank SinoPac 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, we established the "Business Crisis Response Measures" in accordance with Article 6 of the Financial Supervisory Commission "Key Attributes for Handling Operational Crises at Financial Institutes." We have also established "Emergency Incident Response Guidelines" in accordance with the SinoPac Holdings "Natural Disaster Emergency Response Guidelines," which sets out the responsibilities, emergency notification procedures, and response and handling guidelines for deploying various personnel, materials, and resources at key moments for emergency major incidents that may cause business crises. We adopt active and effective response and rescue actions to prevent the scope of damages from expanding, eliminate disaster crises, and speed return to normal operations.





Metrics and Targets

- 5.1 Targets Achieved in 2024
- 5.2 Metrics and Targets
- 5.3 Performance and Remuneration Systems
- 5.4 Greenhouse Gas Emissions
- 5.5 Exposure to Industries with High Climate Risks
- 5.6 Financed/Facilitated Emissions
 - 5.6.1 Financed Emissions from Investment and Financing Portfolio
 - 5.6.2 Facilitated Emissions for Capital Markets
- 5.7 Internal Carbon Pricing
- 5.8 Water Consumption and Waste Management

M E T R I C S A N D T A R G E T S

We at Bank SinoPac are aware of our responsibilities to local and global environments: We not only actively promote sustainable strategies and related targets, regularly review progress, and make rolling adjustments according to external environmental trends, but also implement climate change mitigation and adaptation processes as well as maintain normal and stable operations by setting climate-related metrics and targets. We further strengthened links between incentives and climate performance to encourage contributions to climate commitments by our senior managers.

5.1 Targets Achieved in 2024

Climate-Related Indicators		2024	Achievement Status
Climate Governance	Establishment of remuneration linkage mechanisms	Establish links between carbon reduction targets and performance indicators for the President and senior executives.	✓ Achieved
	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.	✓ Achieved
Climate Opportunities	Balance of renewable energy financing loans	NT\$128 billion	✓ Achieved
	Installed capacity of green energy trading trust platform	Cumulative capacity of 40 MW	✓ Achieved
	Develop financing services for renewable energy	<ul style="list-style-type: none">Adhere to the government's energy transformation policies and continue to develop financing services for solar photovoltaic energy, including solar power plants for rooftop installations, ground installations, covered court installations, and fishery and electricity symbiosis projects.Continue to track on-site energy storage policy developments and adjust project financing guidelines on a rolling basis.Formulate guidelines and expand business scope into financing for small hydropower stations and emerging renewable energy sources.	✓ Achieved

Climate-Related Indicators		2024	Achievement Status
Green Operations		<ul style="list-style-type: none">Continue to maintain 100% greenhouse gas inventory and verification coverage rate at domestic and overseas locations.Expand ISO14001 and ISO50001 inventory scope and certification rate of six self-owned buildings to 85%.Increase renewable energy usage proportions to 17.5%.Using 2021 as the base year, reduce annual Scope 1+Scope 2 emissions by 4.2% to achieve combined carbon reductions of 16.8% by 2024 in adherence to the SinoPac Holdings SBT carbon reduction pathway.Decrease Scope 3 fuel and energy related activities by 15% compared to the base year of 2021.Complete verification of 9 Scope 3 inventory items and one selected new inventory item.	✓ Achieved
Capital Allocation	Issue Green, Social and Sustainability (GSS) Bonds	Continue to issue GSS Bonds aiming to increase issuance by NT\$1 billion each year.	✓ Achieved
Risk Management	Track and control decarbonization progress	Continue to refine decarbonization policy: Expand divestment of investees and borrowers which are stranded assets or companies with no transformation actions.	✓ Achieved
	Introduce and continue to strengthen management of climate/nature risks	Continue to refine and publicly disclose TCFD governance, strategy, risk management, and metrics and targets aspects in our reports.	✓ Achieved
Physical Risks	Real estate collateral	Add information on physical risks into valuation processes for real estate collateral in conjunction with the climate risks database being developed by SinoPac Holdings to estimate future location-based heavy rainfall, flooding, slope disasters, and other potential disaster factors for collateral on a case-by-case basis for reference during credit investigations as appropriate or for risk classifications.	✓ Achieved

Climate-Related Indicators		2024	Achievement Status
Physical Risks	Locations of investee and borrower operations	<ul style="list-style-type: none">Plan to disclose potential climate disaster factors (physical risks) for locations of borrower operations and factories in conjunction with the climate risk database being developed by SinoPac Holdings, and use said information as a reference for credit investigation.Add geographic locations for client headquarters in ESG evaluation forms to determine whether they are located in areas with high physical risks (such as risks of flooding).	✓ Achieved
	Operation locations and real estate for self use	Install wicket gates for 75% of self-owned offices in high-risk areas	✓ Achieved
Transition Risks	High-emission industries and high-emission enterprises listed by the Ministry of Environment	<ul style="list-style-type: none">Positively list sensitive industries in "Responsible Lending Management Guidelines" based on TCFD enhancement project plans proposed by EY consultants and the definitions of "high-emission" industries released by SinoPac Holdings to achieve our net zero targets for corporate finance loan assets.Equity: Add identified industry categories in ESG risk evaluation forms to determine whether there are any climate risks.	✓ Achieved
	Costs transferred from suppliers	<ul style="list-style-type: none">Expand green procurement items such that 90% of procured items are government-certified green procurement and finance items.Increase usage ratios of green building materials for renovation and decoration to more than 70%.	✓ Achieved
Climate Engagement-Internal Engagement	Cultivation of climate talents	<ul style="list-style-type: none">Include ESG/net zero/climate change courses in new employee orientation training and achieve training coverage rate of 50%Include ESG/net zero/climate change courses in manager training	✓ Achieved

Climate-Related Indicators		2024	Achievement Status
Climate Engagement-Internal Engagement	Enhance climate awareness in all employees	<ul style="list-style-type: none">Promote the "I DO commitment" activity to encourage all employees to commit to energy conservation in offices and achieve a 100% employee signature rateContinue to promote net zero awareness testsLaunch at least 2 micro-courses and establish awareness of climate/net zero/nature-related knowledge/trendsPromote net zero related activities (idea contests, public welfare activities, gamified experiences)Focus on promotion and advocacy of climate, ecosystem, and environmental activities, and improve stakeholder (employee/client/public) participation in activities to achieve a total of 8,000 employee participants.	✓ Achieved
	Establish carbon reduction incentive mechanisms	Integrate energy-saving initiatives, streamline processes, and continue to implement carbon reduction incentives to enhance employee awareness and participation in energy conservation	✓ Achieved
Climate Engagement-Client Engagement	Establish green financing standards and credit rating models	<ul style="list-style-type: none">Continue to promote green loans and guide corporations through transformation using funds, products, services, and engagement.Refer to loan guidelines released by the Financial Supervisory Commission and Bankers Association of the Republic of China as well as the "Taiwan Sustainable Taxonomy" and assess incorporation into investment and financing processes.Continue to strengthen utilization of client ESG information to serve as a reference when granting loans.Strengthen responsible investment (review pilot results for risk management mechanisms and make adjustments, make strategic investments associated with sustainability, and incorporate important issues such as biodiversity).Strengthen stewardship (strengthen voting and engagement policies).	✓ Achieved

Climate-Related Indicators		2024	Achievement Status
Climate Engagement-Client Engagement	Number of ESG lectures/forums	<ul style="list-style-type: none">Host at least 2 eventsFocus on promotion and advocacy of climate, ecosystem, and environmental activities, and improve stakeholder (employee/client/public) participation in activities to achieve 32,000 client participants and reach 120,000 members of the public.	✓ Achieved
	Enhance ESG knowledge of retail customers	<ul style="list-style-type: none">Develop sustainable and green products for retail customers such as carbon calculators, low-carbon credit cards, and green deposits, as well as engagement and marketing activities.Utilize diverse online and offline channels, and continue to communicate with customers on ESG/green investment issues.	✓ Achieved
	Supplier management	<ul style="list-style-type: none">Continue to communicate with and strengthen ESG awareness and capabilities in suppliers, trial guidance and use of ESG management documents for one supplier, and host 1-2 supplier training eventsConduct on-site audits for suppliers with high ESG risks (high emissions and human rights)	✓ Achieved
Greenhouse Gas Emissions and Energy Usage	Incorporate greenhouse gas inventories and verification scope into overseas locations	Continue to maintain 100% greenhouse gas inventory and verification coverage rate at domestic and overseas locations.	✓ Achieved

Achievements on Science Based Targets (SBTs) in 2024

The Board of Directors at Bank SinoPac parent company SinoPac Holdings approved the "2030 Operational Net Zero Emissions and 2050 Portfolio Net Zero Emissions" targets on March 15, 2022. SinoPac Holdings joined the SBTi in August 2022 and its science based reduction targets were verified in January 2024. Bank SinoPac follows the sustainability vision and development blueprint of SinoPac Holdings, and continuously assesses progress on the science based reduction targets. For more information on our SBT target achievements in 2024, please refer to the [SinoPac Holdings Climate and Nature-Related Financial Disclosures Report](#).

5.2 Metrics and Targets

Faced with challenges from climate-related risks and opportunities, we adopted a pragmatic approach which began with lowering our own carbon emissions, gradually increasing use of green electricity, expanding financing for alternative energies, and issuing Green Bonds while slowly adjusting our investment and financing business strategies (for example, by focusing on and tracking financing for industries with high carbon emissions, supporting clean energies and innovative technologies, and assisting clients in reducing carbon emissions and facilitating low-carbon transformations) to expand coverage, discover climate-related opportunities, promote low-carbon transformations throughout our entire value chain, and achieve our "2030 Operational Net Zero Emissions and 2050 Portfolio Net Zero Emissions" target.

Climate-Related Indicators		Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Governance	Establishment of remuneration linkage mechanisms	Establish links between carbon reduction targets and performance for division managerial personnel.	Establish links between carbon reduction targets and performance for division managerial personnel.	Establish links between carbon reduction targets and performance for subsidiary division managerial personnel.
	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.
Capital Allocation	Issue Green, Social, and Sustainability (GSS) Bonds	Increase issuance by NT\$1 billion each year.	Increase issuance by NT\$1 billion each year.	Become a leading GSS Bond issuer in the financial industry.
Climate Opportunities	Balance of renewable energy financing loans	NT\$162 billion	Increase of NT\$15 billion each year	
	Installed capacity of green energy trading trust platform	Cumulative capacity of 400 MW	Cumulative capacity of 600 MW	Cumulative capacity of 800 MW

Climate-Related Indicators		Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Opportunities	Develop financing services for renewable energy	<ul style="list-style-type: none">Continue to develop financing services for solar photovoltaic energy, including solar power plants for rooftop installations, ground installations, covered court installations, and fishery and electricity symbiosis projects.Adhere to the government's promotion policies for emerging renewable energies, expand financing for small hydropower, geothermal power, and other emerging renewable energies, and formulate financing guidelines.Continue to track on-site energy storage policy developments and market developments in behind-the-meter energy storage, and accumulate experience in relevant projects.Promote renewable energy trading.	<ul style="list-style-type: none">Strengthen industry, government, and academic communication channels, and collect market information on agricultural/fishery and electricity symbiosis, emerging renewable energies, on-site energy storage, behind-the-meter energy storage, and other new renewable energy financing models to improve financing processes.Organize industrial education and training related to current renewable energy businesses as well as hydrogen power, marine energy, and other potential renewable energy industries, and invite external experts to give lectures that enhance employee professionalism related to business planning and risk management.Continue to promote renewable energy trading trust businesses.	<ul style="list-style-type: none">Maintain expertise in solar photovoltaic financing; continue to promote financing for small hydropower, geothermal power, biomass power, and other emerging renewable energies; and extend financing to hydrogen power, marine energy, and other power generation equipment to build diversified developments in renewable energy.Build professional knowledge in carbon reduction issues, discuss carbon reduction business opportunities with branch offices, guide vendors in conducting carbon reduction inventories, and formulate project schedules.Prioritize communications with high-emission industries to jointly develop carbon reduction plans and fulfill capital needs.Continue to promote renewable energy trading trust businesses.
		<ul style="list-style-type: none">Expand green procurement items such that 95% of procured items are government-certified green procurement and finance items.Increase usage ratios of green building materials for renovation and decoration to more than 70%.	<ul style="list-style-type: none">Expand green procurement items such that 100% of procured items are government-certified green procurement and finance items.Increase usage ratios of green building materials for renovation and decoration to more than 75%.	<ul style="list-style-type: none">Expand green procurement items such that 100% of procured items are government-certified green procurement and finance items.Increase usage ratios of green building materials for renovation and decoration to more than 80%.

Climate-Related Indicators			Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Green Operations	Carbon reduction target		<ul style="list-style-type: none">Using 2021 as the base year, reduce annual Scope 1+Scope 2 emissions by 4.2% to achieve combined carbon reductions of 21% by 2025 in adherence to the SinoPac Holdings SBT carbon reduction pathway.Decrease Scope 3 fuel and energy related activities by 20% compared to the base year of 2021.	<ul style="list-style-type: none">Using 2021 as the base year, reduce annual Scope 1+Scope 2 emissions to achieve combined carbon reductions of 25.2% by 2026.Decrease Scope 3 fuel and energy related activities by 40% compared to the base year of 2021.	<ul style="list-style-type: none">Using 2021 as the base year, reduce annual Scope 1+Scope 2 emissions to achieve combined carbon reductions of 29.4% by 2027.Decrease Scope 3 fuel and energy related activities by 60% compared to the base year of 2021.
	Number of Scope 3 inventory items verified by a third party		Complete verification of 10 Scope 3 inventory items, and complete integrity and materiality evaluations for Scope 3 items.	Ensure consistency between inventory boundaries and the boundaries of consolidated financial reports based on Scope 3 integrity and materiality evaluation results.	Keep the scope 3 inventory boundary in line with the boundary for consolidated financial reporting.
Climate Risk Management	Introduce and continue to strengthen management of climate/nature risks		Continue to refine and publicly disclose TCFD governance, strategy, risk management, and metrics and targets aspects in our reports.	<ul style="list-style-type: none">Explore the possibility of adding a framework for "Identifying nature-related risks and opportunities"opportunities."Work with SinoPac Holdings to establish an integrated climate risk management dashboard which can be used for management and monitoring of metrics and targets.Set short, medium, and long-term targets for climate risk investment and financing portfolios based on risk appetites to strengthen the three lines of defense for risk management.	<ul style="list-style-type: none">Add a framework for "Identifying nature-related risks and opportunities"opportunities."Continue to assist in establishing an integrated climate risk management dashboard for management and monitoring of metrics and targets.
	Enhance decarbonization policies		Expand divestment of investees and borrowers which are stranded assets or companies with no transformation actions in accordance with plans formulated by SinoPac Holdings.	Expand divestment of investees and borrowers which are stranded assets or companies with no transformation actions in accordance with plans formulated by SinoPac Holdings.	Expand divestment of investees and borrowers which are stranded assets or companies with no transformation actions in accordance with plans formulated by SinoPac Holdings.
Climate Risk Management	Physical Risks	Operation locations and real estate for self use	Proportion of self-owned offices in high-risk areas with wicket gates: 100%	Proportion of self-owned offices in high-risk areas with wicket gates: 100%	Continue to refine methods for identifying high-risk offices, track risk transmission processes, and complete installation of wicket gates for offices in high-risk areas

Climate-Related Indicators			Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Risk Management	Physical Risks	Real estate collateral	In alignment with the completion of the physical risk database developed by SinoPac Holdings, we have planned to incorporate relevant physical risk information into the credit real estate appraisal include the disclosure of physical process for credit assessments. This initiative includes disclosing analyses of physical risk impacts associated with the locations of collateral properties pledged by borrowers. The objective is to enhance credit evaluation and strengthen the management of physical risks related to collateral assets.	<ul style="list-style-type: none">Corporate finance: Leveraging the climate risk database developed by the financial holding company, we plan to evaluate the integration of physical risk classification results (Levels 1 to 5) for the locations of collateral real estate assets pledged by borrowers. This initiative aims to strengthen the credit assessment process by enhancing the explanation of risk outcomes and formulating concrete response measures.Retail : We plan to incorporate collateral-related risk information and corresponding risk ratings into the credit assessment process, serving as a reference for loan approval and credit terms. Additionally, we are evaluating the development of a collateral physical risk information dashboard to monitor the distribution of physical risks across pledged assets.	<ul style="list-style-type: none">Corporate finance: In collaboration with the risk management unit and relevant public or private sector entities, we aim to enhance the climate risk database by advancing the quantitative impact analysis of physical risk hazards, vulnerabilities, and exposures. We are also exploring, together with the risk management unit, the feasibility of establishing climate resilience indicators and physical risk limits for the our credit portfolio.Retail : We conduct regular monitoring of the distribution of physical risks associated with collateral assets. In response to evolving climate conditions and the Bank's risk appetite, we are evaluating the implementation of physical risk limit controls.
		Locations of investee and borrower operations	In alignment with the completion of the physical risk database developed by SinoPac Holdings, we plan to incorporate relevant risk information into the credit limit application process to support risk assessment.	<ul style="list-style-type: none">Based on the climate risk database developed by the financial holding company, we are evaluating the integration of physical risk classification results (Levels 1 to 5) for the locations of borrowers' operations and factory sites. This initiative aims to enhance the credit assessment process by strengthening the explanation implementing concrete response measures.Determine risk levels of factories located in Taiwan for listed investee companies in our banking book portfolio based on potential disaster risk information, and formulate ratios and limits for high-risk investments.	<ul style="list-style-type: none">Credit: With support from the risk management unit and relevant public or private sector entities, we aim to enhance the climate risk database by advancing the quantitative impact analysis of physical risk hazards, vulnerabilities, and exposures. In collaboration with the risk management unit, we are also evaluating the feasibility of establishing climate resilience indicators and physical risk limits aligned with the Bank's credit risk appetite.investments: given that physical risks have minimal impact on short-term investment Starting from the 2024 baseline, we plan to gradually reduce the proportion of investment positions exposed to physical risks on an annual basis.

Climate-Related Indicators			Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Risk Management	Transition Risks	High-emission industries and high-emission enterprises listed by the Ministry of Environment	<ul style="list-style-type: none">We continue to promote the Financial Supervisory Commission's "Taiwan Sustainable Taxonomy" and offer green credit products and services to high carbon-emitting (watch-listed) industries to support their transition. In addition, we are implementing decarbonization credit policies for specific sectors as part of our concrete actions toward achieving net-zero and advancing transition finance.We continuously monitor the balance of investments in high carbon-emitting industries and Green Bonds to track changes in the Bank's exposure to green finance and high-carbon investments.	<ul style="list-style-type: none">In line with the data oriented measures outlined in the Financial Supervisory Commission's "Green and Transition Finance Action Plan" we continue to support the financial holding company in development of its climate risk database by providing corporate enhancing its climate risk database by incorporating corporate carbon emissions data. For high carbon-emitting (watch-listed) industries, we disclose clients' carbon emissions and carbon intensity, as well as whether they have signed up to the Science Targets initiative (SBTi) or have established low-carbon transition strategies, to be considered in credit assessments.If an investment target has committed to the Science Based Targets initiative (SBTi) or has set a net-zero goal, it will be prioritized in our investment selection process.	<ul style="list-style-type: none">We will continue to monitor the transition risk response measures and low-carbon transition strategies of clients in high carbon-emitting (watch-listed) industries, and strengthen engagement on decarbonization actions, including with small and medium-sized enterprises (SMEs). In collaboration with the risk management unit, we are also evaluating the feasibility of establishing climate resilience indicators and transition risk limits aligned with the Bank's risk appetite for credit clients.We will engage with companies in high carbon-emitting industries through dialogue and other stewardship approaches to encourage their transition toward low-carbon operations.
Climate Engagement	Enhancing Climate Awareness (Staff)				
	Promote the "I DO commitment" activity		Promote the "I DO commitment" activity to encourage all employees to commit to energy conservation in offices and achieve a 100% employee signature rate		
	Obtain sustainable-related finance certificates		Obtain a cumulative total of 400 sustainable finance certificates.	Obtain a cumulative total of 700 sustainable finance certificates.	Obtain a cumulative total of 1000 sustainable finance certificates.
	ESG courses and courses themed around climate/net zero targets		Include ESG/net zero/climate change courses in new employee orientation training and manager training.		
	Establish carbon reduction incentive mechanisms		Integrate energy-saving initiatives, streamline processes, and continue to implement carbon reduction incentives to enhance employee awareness and participation in energy conservation	Integrate energy-saving initiatives, streamline processes, and expand implementation of carbon reduction incentives to enhance employee awareness and participation in energy conservation	
	Enhancing Climate Awareness (Clients)				
	Engage and communicate with investees on carbon reduction		Host 12 events a year	Continue to engage with investees and host 14 events a year (including 4 joint engagement events)	Continue to engage with investees and host 16 events a year (including 6 joint engagement events)

Climate-Related Indicators		Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Engagement	Host briefing sessions/ activities related to net zero transformation trends or sustainability issues for investees and potential clients	Host 2-4 events a year and aim to reach 200-300 companies.		
	Promote sustainable finance service plans to enhance client climate awareness and market reputation	Work with third parties (such as carbon reduction consultants, energy management companies, and renewable energy sellers) to promote sustainable finance service plans (4-6 press releases).	Expand and deepen net zero businesses by hosting net zero transformation briefing sessions or supplier conferences, and continue to promote sustainable finance service plans and other business matchmaking services. Encourage borrowers to formulate carbon reduction plans.	
	Communicate through push marketing via sustainable finance product page on official website	Reach at least 5 million people through EDMs and Line communications.	Reach at least 5 million people a year through client communications on official website sustainable finance product page and other channels.	
	Number of sustainability/ climate-related lectures/ forums	Host at least 2 events a year		
	Promote green loans	Promote green loans and use capital, services, and engagement activities to support corporate transformation.	Expand the scope of green loans, trial transformation finance businesses, and use capital, services, and engagement activities to support corporate transformation and exert financial influence.	Align with domestic and overseas trends and regulations by continuing to improve green/ transformation finance loan services.
	Promote "Carbon footprint calculator"	<ul style="list-style-type: none">Launch Green card.Achieve 80,000 debit card users, 65,000 SPORT card users, and 5,000 Green card users.	<ul style="list-style-type: none">Expand functions to Mastercard and other designated credit cards.Achieve annual cumulative total of 210,000 users for designated credit cards and debit cards.	Achieve annual cumulative total of 230,000 users for designated credit cards and debit cards.
	Issue (or renew) credit cards with "eco-friendly label certification"	80,000 cards.	100,000 cards a year.	150,000 cards a year.
	Enhance ESG knowledge of retail customers	Strengthen promotion of sustainable/green products (such as carbon footprint calculator, green deposits, Green Mortgage) and marketing activities to retail clients.	Promote sustainability/green financial knowledge to retail customers	Strengthen sustainability/green financial knowledge of retail customers

Climate-Related Indicators		Short-Term Targets (2025)	Mid-Term Goals (2026-2027)	Long-Term Goals (2027-2029)
Climate Engagement	Number of attendees at wealth management lectures related to climate awareness investments	331 attendees.	Achieve annual growth of 5%	
Greenhouse Gas Emissions	Incorporate greenhouse gas inventories and verification scope into domestic and overseas locations	Complete consolidated greenhouse gas inventories of Amret sites to maintain 100% coverage of domestic and overseas sites.	Continue to maintain 100% greenhouse gas inventory and verification coverage rate at domestic and overseas locations.	Continue to maintain 100% greenhouse gas inventory and verification coverage rate at domestic and overseas locations.
	Establish and improve PCAF carbon inventory, monitoring, and disclosure mechanisms for Scope 3 investment and financing portfolios	Continue to complete PCAF Scope 3 investment and financing portfolio carbon inventories, monitor SBTs (SDA and SBT methodologies) and carbon emissions/targets to enhance the quality of inventory data and public disclosures in sustainability reports or TCFD reports.	<ul style="list-style-type: none">Continue to complete PCAF Scope 3 investment and financing portfolio carbon inventories, monitor SBTs (SDA and SBT methodologies) and carbon emissions/targets to enhance the quality of inventory data and public disclosures in sustainability reports or TCFD reports.Establish automated processes for risk monitoring mechanisms.Establish integrated climate risk management dashboard to manage and monitor metrics and targets.	<ul style="list-style-type: none">Continue to complete PCAF Scope 3 investment and financing portfolio carbon inventories, monitor SBTs (SDA and SBT methodologies) and carbon emissions/targets to enhance the quality of inventory data and public disclosures in sustainability reports or TCFD reports.Establish integrated climate risk management dashboard to manage and monitor metrics and targets.
Energy Usage		Increase renewable energy usage proportions to 25% based on total (including Amret) energy consumption.	Continue to increase renewable energy usage proportions to 45%.	Continue to increase renewable energy usage proportions to 75%.

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. Bank SinoPac has incorporated implementation and strengthening of climate risks into performance-linked indicators and long-term remuneration systems for executive managers. These measures not only motivate managers to actively respond to climate change, but also enhance awareness and response capabilities to climate risks.

Bank SinoPac 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, Bank SinoPac has implemented practical sustainability strategies; set specific short, medium, and long-term targets; and reviews and tracks the implementations of various indicators and targets each quarter, working to ensure constant progress toward our sustainable development targets through continuous iteration.

We implement various climate change mitigation and adaptation measures by including climate-related performance indicators in the Key Performance Index (KPI) of executives with corresponding responsibilities. These performance indicators were linked to annual rewards, and were tracked and managed after obtaining approval from the Bank SinoPac President. Climate-related indicators that were not included in executive KPIs are regularly tracked and reported by relevant working groups.

Proportions for management departments and the indicator of climate/sustainability

Executives	Climate and sustainability management indicator	Weight ratio ^{Note}
President	Establishment of strategies for net zero economics and achievement ratios of green energy financing	10%
Corporate finance business manager	Target achievement rate for green energy project financing balance	5%
Corporate finance managers from domestic channels		5%
Overseas business division managers	Target achievement rate on ESG-related investment and financing businesses and financial services	5%
Risk management division manager	Progress on sustainability and climate risk management projects	6%
Administration division manager	Increases in renewable energy usage and target achievement rate on green procurement	10%

Note Ratio of climate and sustainability related indicators to total KPI score

5.4 Greenhouse Gas Emissions

Our parent company SinoPac Holdings has committed to lower environmental impacts from own operations. Bank SinoPac adheres to this commitment and strives to promote various carbon reduction actions while also working with other stakeholders in our value chain to initiate low-carbon transformations and achieve net zero targets. In March 2022, our parent company SinoPac Holdings officially committed to science based targets (SBTs) that stipulated net zero emissions in own operations by 2030 and net zero emissions across entire asset portfolio by 2050; these SBTs were approved by the Science Based Targets initiative (SBTi) in January 2024. In operational terms, Bank SinoPac has pledged to protect the environment, enhance employee and supplier environmental awareness, incorporate environmental management systems, and reduce carbon emissions and waste. Bank SinoPac's Sustainable Development Taskforce tracks the short, medium, and long-term targets set by the environmental sustainability team and reports on achievements at least once every quarter.

For our base year of 2021, Scope 1 emissions amounted to 835.51 tCO₂e and Scope 2 emissions amounted to 13,196.85 tCO₂e. Total emissions amounted to 14,032.36 tCO₂e. Scope 1 carbon intensity was 0.03 tCO₂e/per million of revenue and Scope 2 carbon intensity was 0.43 tCO₂e/per million of revenue.

Carbon reduction achievements in 2024: Scope 1 emissions amounted to 924.56 tCO₂e and Scope 2 emissions amounted to 9,874.49 tCO₂e. Total emissions amounted to 10,799.05 tCO₂e. Scope 1 carbon intensity was 0.020 tCO₂e/per million of revenue and Scope 2 carbon intensity was 0.215 tCO₂e/per million of revenue. Our greenhouse gas emissions were reduced by 3,233.30 tCO₂e (23.04%) compared to the base year of 2021.

Category		2022		2023		2024	
		Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Greenhouse gas emissions (tCO ₂ e)	Location-based	826.43	12,858.74	918.20	12,179.05	924.56	12,415.33
	Market-based	826.43	12,739.34	918.20	10,791.96	924.56	9,874.49
Intensity (tCO ₂ e/per million TWD of revenue)		0.022	0.346	0.023	0.267	0.020	0.215
Notes		<ul style="list-style-type: none">The coverage scope includes Scope 1 and Scope 2 emissions from all domestic and overseas operational sites (consistent with the boundaries of our consolidated financial reports), and 100% of our coverage has been externally verified.Intensities were calculated using the market-based approach.		<ul style="list-style-type: none">The coverage scope includes Scope 1 and Scope 2 emissions from all domestic and overseas operational sites (consistent with the boundaries of our consolidated financial reports), and 100% of our coverage has been externally verified.Intensities were calculated using the market-based approach.		<ul style="list-style-type: none">The coverage scope includes Scope 1 and Scope 2 emissions from all domestic and overseas operational sites (consistent with the boundaries of our consolidated financial reports), and 100% of our coverage has been externally verified.Intensities were calculated using the market-based approach.	

Scope 3 / Self Operation site or branches (Category 3~6) GHG Emissions in 2024

ISO 14064-1:2018	GHG Protocol Scope3 Category	Subcategory	Unit	Volume	GHG Emissions Metric tons of (tCO ₂ e)
Category 3: Indirect GHG emissions from transportation	4. Upstream Transportation and Distribution ^{Note1}	Upstream transport and distribution of goods (photocopy paper)	ton-kilometers	2,397.98	1.41
		Upstream transport and distribution of goods (credit card)	ton-kilometers	116.85	0.07
		Upstream transport and distribution of goods (PC)	ton-kilometers	327.39	0.19
		Upstream transportation and distribution of goods (credit card to customers)	gram	11,687,456.70	2,395.93
	6. Business Travel	Business travel—airplane ^{Note2}	kilometer	3,954,384	262.88
		Business travel—High-speed rail ^{Note3}	passenger-kilometer	909,079.38	29.09
	7. Employee Commuting ^{Note 4}	Employee commuting (Motorcycle, car Taxi, Hybrid (gasoline and electric))	kiloliter	593.53	1,468
		Employee commuting (Electric motorcycle,Electric car)	MWh	42.66	
		Employee Commuting (Metro, Railways. High-speed rail)	Passenger-kilometer	16,344,603.69	
	9. Downstream Transportation and Distribution ^{Note5}	Downstream transportation and distribution		N/A	

ISO 14064-1:2018	GHG Protocol Scope3 Category	Subcategory	Unit	volume	GHG Emissions Metric tons of (tCO ₂ e)
Category 4 Indirect from products an organization uses	1. Purchased Goods and Services	Purchased products (tap water)	cubic meter	128,577.09	21.39
		Purchased Goods and Services (Credit card)	cards	841,000	219.66
		Purchased Goods and Services (A4 photocopy paper)	(500 sheets/package)	66,718	226.84
		Purchased Goods and Services (A3 photocopy paper)	(500 sheets/package)	1,947	13.63
	2. Capital Goods	Purchased products (PC)	sets	450	354.27
		Capital Goods (NB)	sets	134	
		Capital Goods (LCD)	sets	691	
	3. Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	Fuel- and Energy-Related Activities (Electricity)	MWh	25,022.99	1,926.39
		Fuel- and Energy-Related Activities (Gasoline and diesel / LPG)	kiloliter	77.29	56.01
		Fuel- and Energy-Related Activities (natural gas)	thousand cubic meter	0.16	0.08
	5. Waste Generated in Operations ^{Note6}	Treatment of solid and liquid waste	tons	268.52	96.67

ISO 14064-1:2018	GHG Protocol Scope3 Category	Subcategory	Unit	volume	GHG Emissions Metric tons of tCO ₂ e
Category 4 Indirect from products an organization uses	8. Upstream Leased Assets	Upstream leased assets (electricity consumption of IDC computer rooms)	MWh	1,959.67	1,217.39
	10. Processing of sold products ^{Note5}	Processing of Sold Products		N/A	
Category 5: Indirect GHG emissions (use of products from the organization)	11. Use of sold products	Use stage of the product (credit card)	cards	841,000	377.64
	12. End-of-Life Treatment of Sold Products	End-of-life of the product (credit card)	cards	841,000	60.96

ISO 14064-1:2018	GHG Protocol Scope3 Category	Subcategory	Unit	Amounts	GHG Emissions Metric tons of tCO ₂ e
Category 5: Indirect GHG emissions (use of products from the organization)	13.Downstream Leased Assets ^{Note7}	Downstream Leased Assets		N/S	
Category 6: Indirect emissions (other sources)	14. Franchises ^{Note5}			N/A	
Total ^{Note8}					8,728.49

^{Note1} For the transportation emissions from product procurement, emissions are calculated based on the distance from the manufacturer to the actual delivery locations and the weight of goods.

^{Note2} GHG emissions from overseas business travel per flight were calculated based on the Carbon Emissions Calculator developed by the International Civil Aviation Organization (ICAO).

^{Note3} GHG emissions from domestic business travel by High-Speed Rail per trip = Travel data retrieved from the corporate member system of Taiwan High Speed Rail Corporation x Carbon footprint of passenger transport between stations provided by Taiwan High-Speed Rail Corporation.

^{Note4} The domestic employee commuting survey was conducted in the form of a questionnaire, and the energy consumption was converted based on the energy consumed by the transportation used by the employees. For example, the energy consumption of gasoline vehicles was calculated based on the average energy consumption of each energy consumption form published on the vehicle energy consumption survey website of the Energy administration of the Ministry of Economic Affairs, and the corresponding energy emission coefficient was calculated, and then the emissions were calculated based on the estimated round-trip distance. SinoPac Holding collected a total of 2,146 valid questionnaires in this survey, and used the number of people on December 31 as the basis for expanding the emissions.

^{Note5} The inventory standard is based on ISO 14064-1. The quantification scope and method of categories 3 to 6 (Scope 3) in 2024 are synchronized with the specifications of the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" to complete the inventory completeness and materiality identification; the number N/A means that the item is a non-existent business activity of the Bank.

^{Note6} In 2019, we started to weigh the total waste produced from each operating location, and calculate the GHG emissions from incineration of general industrial waste. The calculation method is to multiply the amount of general business waste generated by each site by the currently publicly available and verified incineration plant treatment emission coefficient in the country. This coefficient is disclosed on the Ministry of Environment's carbon footprint calculation service platform, so the emissions are calculated using the coefficient established by the Gangshan Refuse Incineration Plant for the treatment of domestic waste in the latest announcement.

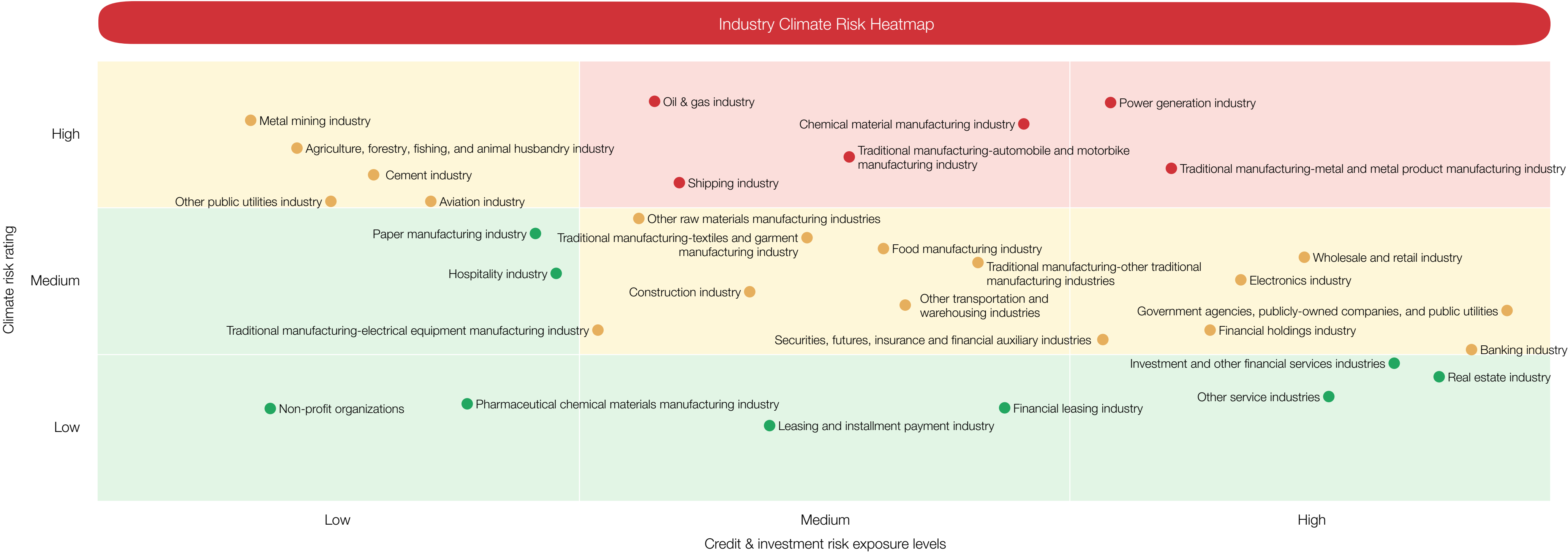
^{Note7} The volume N/S means that the category is not included in the inventory scope this year or is a category with insignificant emissions.

^{Note8} Scope 3 GHG emissions are calculated based on the nature of the activity, using verified emissions and coefficient data provided by the product or service providers. If there is no emission data or emission factor, it adopted an emission factor from Ministry of Environment on the Carbon Footprint Calculation Platform, related international industrial standards, or carbon footprint calculation platforms.

5.5 Exposure to Industries with High Climate Risks

Bank SinoPac followed the climate risk heatmap methodology of the SinoPac Holdings TCFD scenario simulation project to inventory credit and investment businesses of subsidiaries and assess the balance of risk exposures for industries with high climate risks. We compiled individual climate risk assessment reports released by Moody's and SASB, and referenced TCFD and government regulations to evaluate the impacts of transition and physical risks on individual industries, classify industrial climate risk levels, and determine overall industrial investment and financing exposures (not including securities financing/green energy loans/Green Bonds/Sustainability Bonds/Social Bonds/power supply industries where all generated power comes from renewable energy) to establish a climate risk heatmap (as shown in the following figure).

The industrial climate risk heatmap established by SinoPac Holdings includes 11 industries with high climate risks, 9 of which were high-emission industries (oil & gas, power generation, metal mining, chemical material manufacturing, industrial manufacturing-motor vehicle manufacturing, industrial manufacturing-manufacturing 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 utility services). Additionally, we also analyzed the balance of industrial exposures for high-emission enterprises listed by the Ministry of Environment. Exposures for heatmap industries and high-emission enterprises listed by the Ministry of Environment are disclosed as follows.

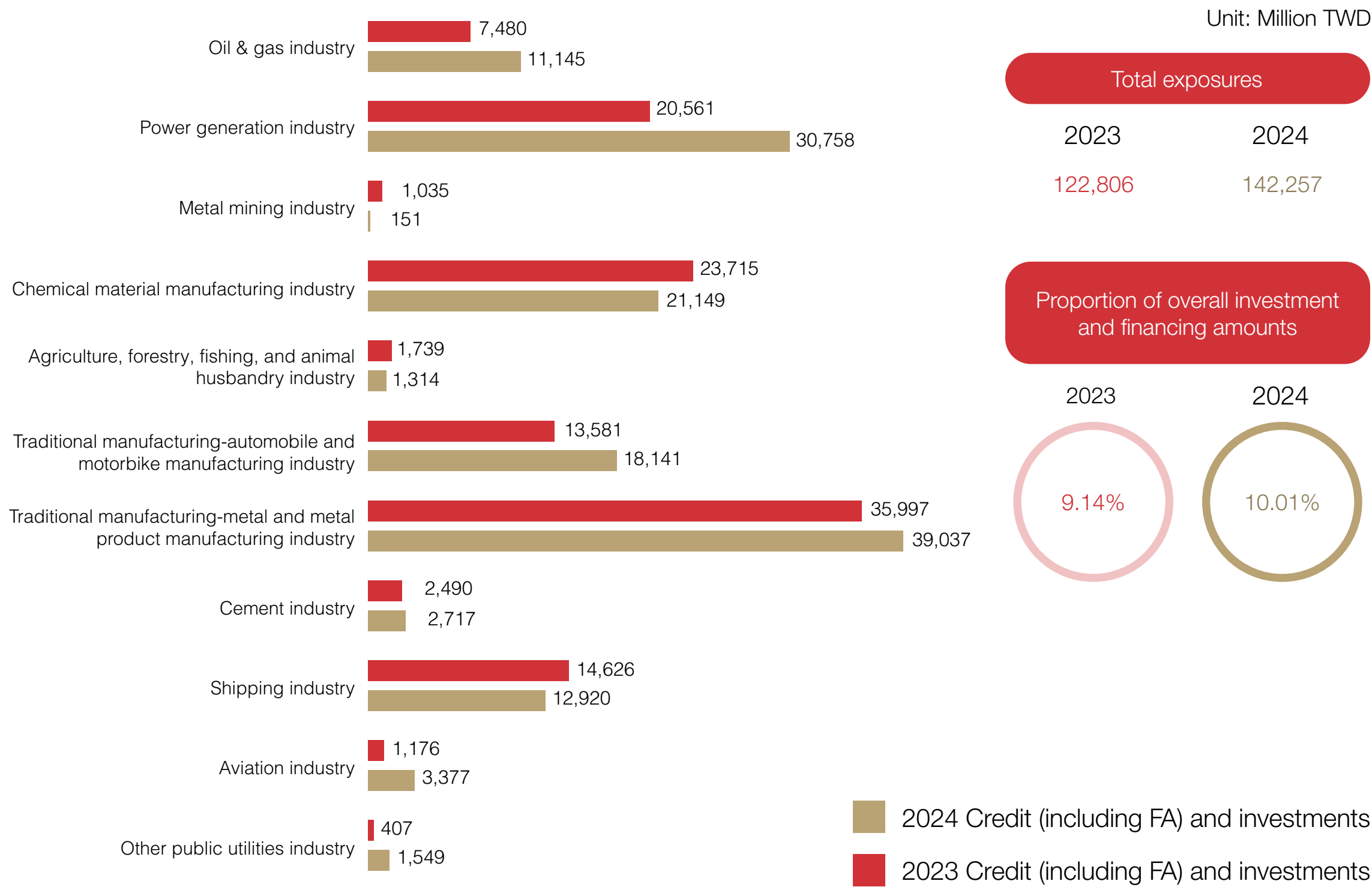


Exposures for loans and investments associated with heatmap industries and high-emission enterprises listed by the Ministry of Environment were inventoried as follows. Exposures and ratios for each industry are shown in the table below.

Heatmap Industries with High Climate Risks

According to the industrial climate risk heatmap formulated by SinoPac Holdings, overall investment and financing amounts in the 11 industries with high climate risks at year-end 2024 was NT\$142,257 million, around 10.01% of overall investment and financing amounts at Bank SinoPac (not including green energy loans/Green Bonds/Sustainability Bonds/Social Bonds/power supply industries where all generated power comes from renewable energy).

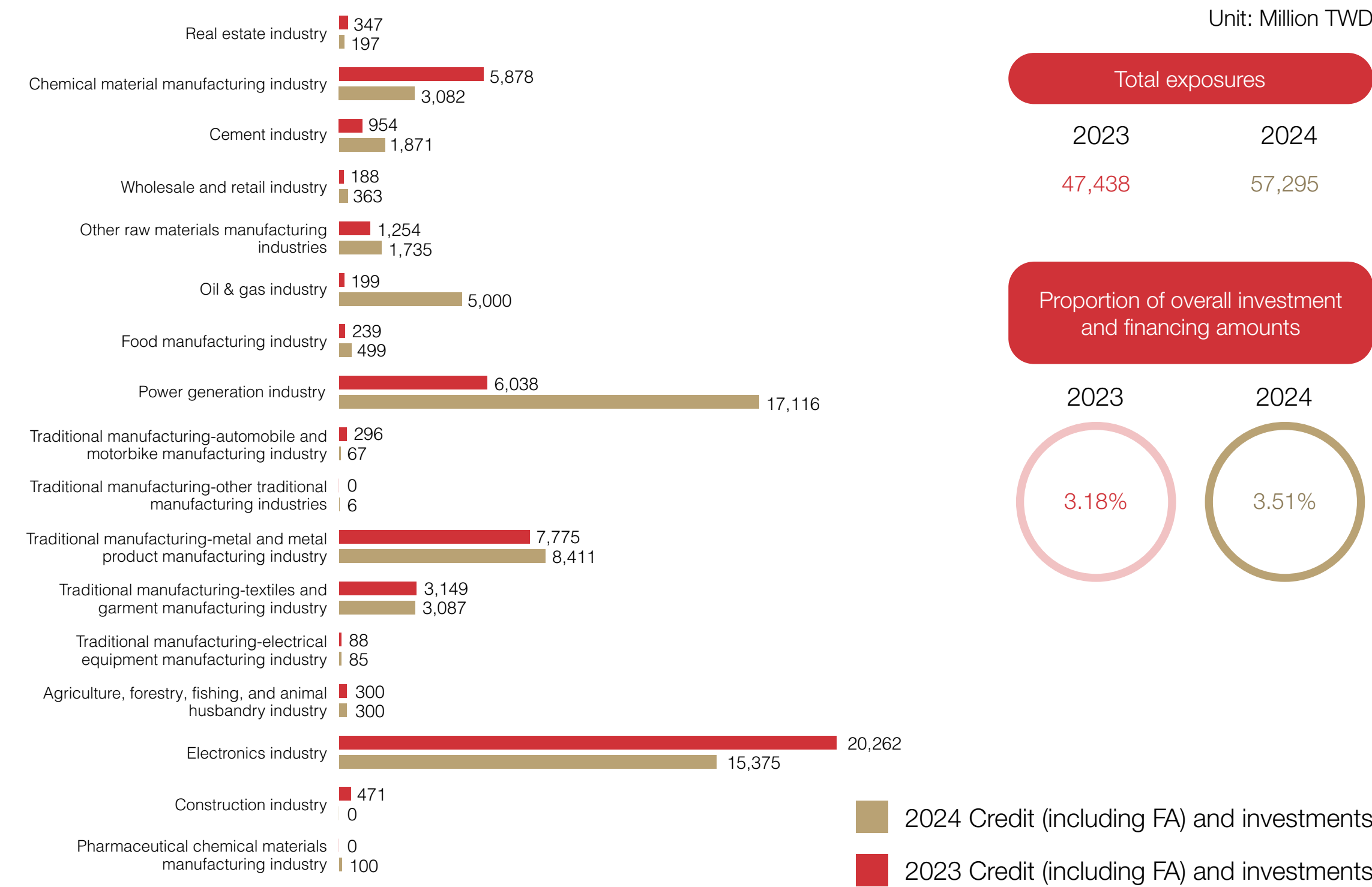
In 2024, our overall exposure to industries with high climate risks was increased by NT\$19,000 million compared to 2023 and the proportion of total investment and financing at Bank SinoPac also increased, with the most increases in exposures coming from the oil & gas, power generation, and industrial manufacturing-motor vehicle manufacturing industries.



High-Emission Enterprises Listed by the Ministry of Environment

Overall investment and financing amounts in the high-emission enterprises listed by the Ministry of Environment at year-end 2024 was NT\$57,295 million, around 3.51% of overall investment and financing amounts at Bank SinoPac.

In 2024, our overall exposure to high-risk industries listed by the Ministry of Environment increased by NT\$9,800 million compared to 2023 and the proportion of total investment and financing at Bank SinoPac also increased slightly. According to corporation inventory information data for 2023 released by the Ministry of Environment in November 2024, the number of heavy carbon emitters have increased to 301 companies from 292 companies. The main differences in exposures for 2024 were due to increases in exposures to the power generation and oil & gas industries.



5.6 Financed/Facilitated Emissions

Bank SinoPac follows the "Financed Emissions: The Global GHG Accounting and Reporting Standard Part A", released by the "Partnership for Carbon Accounting Financials" (PCAF) on December 30, 2022; the "Financed Emissions: The Global GHG Accounting and Reporting Standard Part A" and "Facilitated Emissions: The Global GHG Accounting and Reporting Standard Part B" released on December 1, 2023; and the "Practical Handbook on Financial Carbon Emissions (Scope 3) for Investment and Financing Portfolios of Domestic Banks" released by the Bankers Association in October 2023. Based on these guidelines, we conducted a carbon inventory of investment and finance positions on December 31, 2024 and capital market facilitated amounts for 2024 which passed ISO 14064 greenhouse gas emissions inventory verificationNote. The inventory scope encompassed a number of asset categories including mortgages, business loans, corporate bond investments, sovereign debt, project financing, commercial real estate financing, investments in listed/unlisted equities, and motor vehicle loans.



Mortgages



Business loans



Corporate bonds



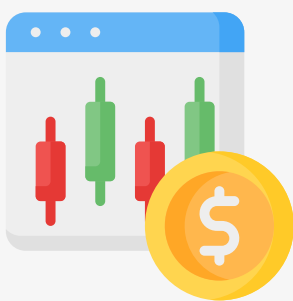
Sovereign debt



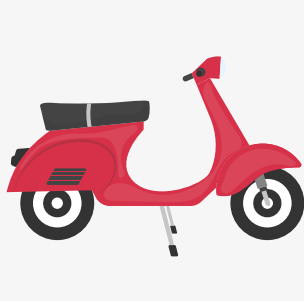
Project investment
and financing



Commercial real
estate



Investments in listed/
unlisted equities

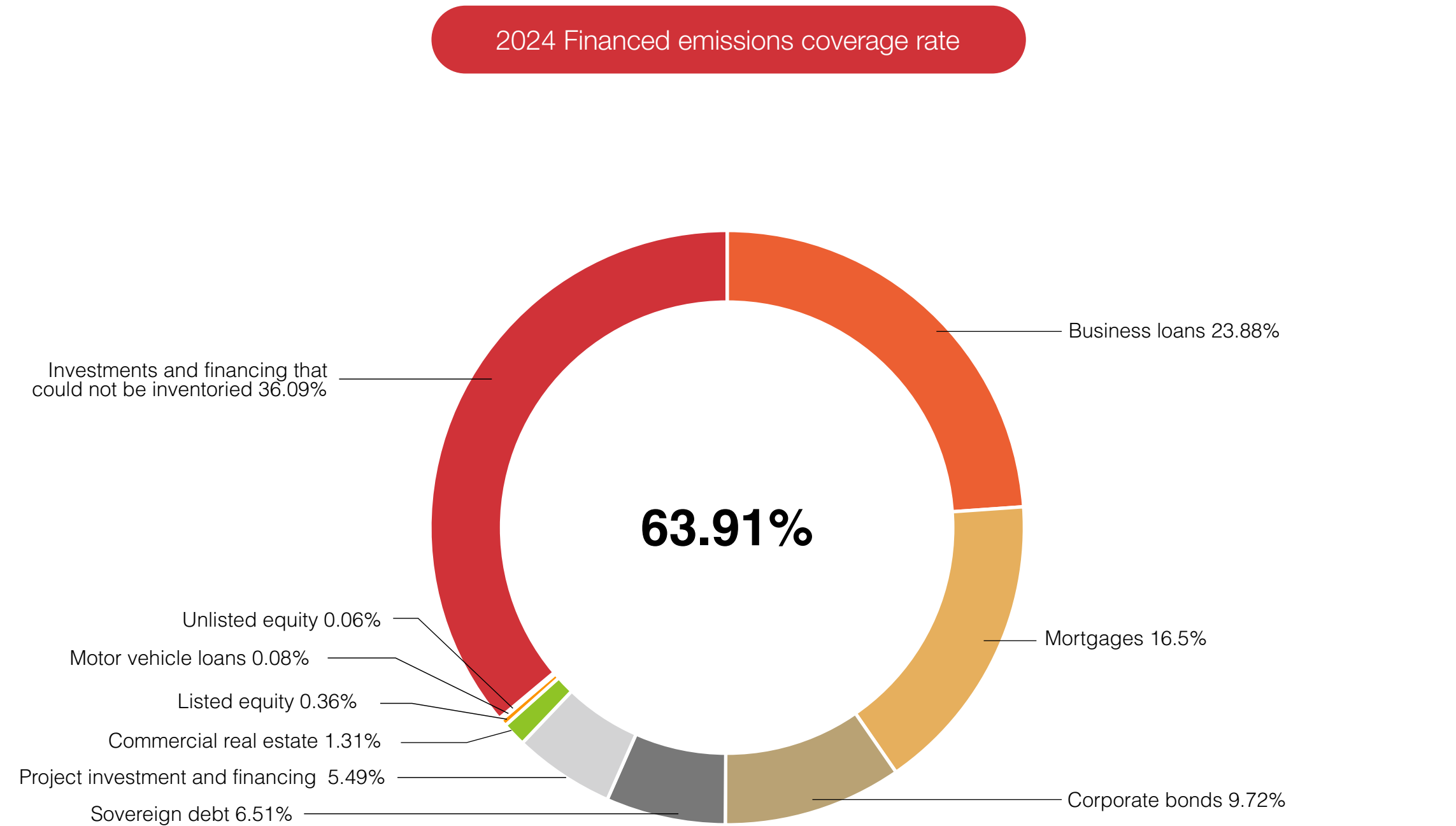


Motor vehicle
loans

Note Bank SinoPac's inventories of Scope 3 greenhouse gas emissions for investment and financing (including facilitated and financed emissions) were conducted in accordance with SinoPac Holdings plans and were verified in accordance with International Organization for Standardization (ISO) ISO 14064-1:2018 standards. Our verification agency BSI verified our greenhouse gas emissions using the ISO 14064-3:2019 standards and issued a verification report adhering to the standards in Chapter Six-Assurance (Verification) of "Practical Manual on Financed Emissions (Scope 3) for Investment and Financing Portfolios of Domestic Banks."

5.6.1 Financed Emissions from Investment and Financing Portfolio

The coverage rate for Bank SinoPac's financed emissions (ratio of inventoried amounts to overall investment and financing amounts) was 63.91%, and the coverage rate applicable under the PCAF methodology (ratio of inventoried amounts to the amounts applicable under the PCAF methodology) was 93.69%. Financed emissions amounted to 3.55 million tCO₂e and overall economic emission intensity was 2.3 tCO₂e/per million of investment and financing in TWD.



Scope 3 financed emissions coverage rate

Unit: Million TWD

Asset Class	Investment and financing amounts included in calculations	Proportion of overall investment and financing amounts	Coverage rate applicable under the PCAF methodology
Business loans	569,450	23.88%	85.06%
Mortgages	393,552	16.50%	100.00%
Corporate bonds	231,896	9.72%	98.87%
Sovereign debt (not including LULUCF) ^{Note 1}	155,235	6.51%	100.00%
Project investment and financing	130,874	5.49%	100.00%
Commercial real estate	31,227	1.31%	100.00%
Listed equity	8,555	0.36%	100.00%
Motor vehicle loans	1,855	0.08%	100.00%
Unlisted equity	1,467	0.06%	99.49%
Inventoried positions	1,524,112	63.91%	93.69%
Positions that could not be inventoried ^{Note 2}	860,731	36.09%	
Total	2,384,843	100.00%	

Note1 LULUCF refers to land use, land use change, and forestry activities such as from converting forest land into agricultural and pastoral land.

Note2 These positions could not be inventoried because PCAF has not released related technical documents (such as for green investment and financing, personal loans, derivatives, ETFs, and MBS); because the practical manual released by the Bankers Association of the Republic of China explicitly excluded calculations on certain asset scopes (such as for mortgages for repairs and construction, commercial bills, central bank negotiable certificates of deposit, and fixed rate commercial paper); or because a small amount of inventory information was missing.

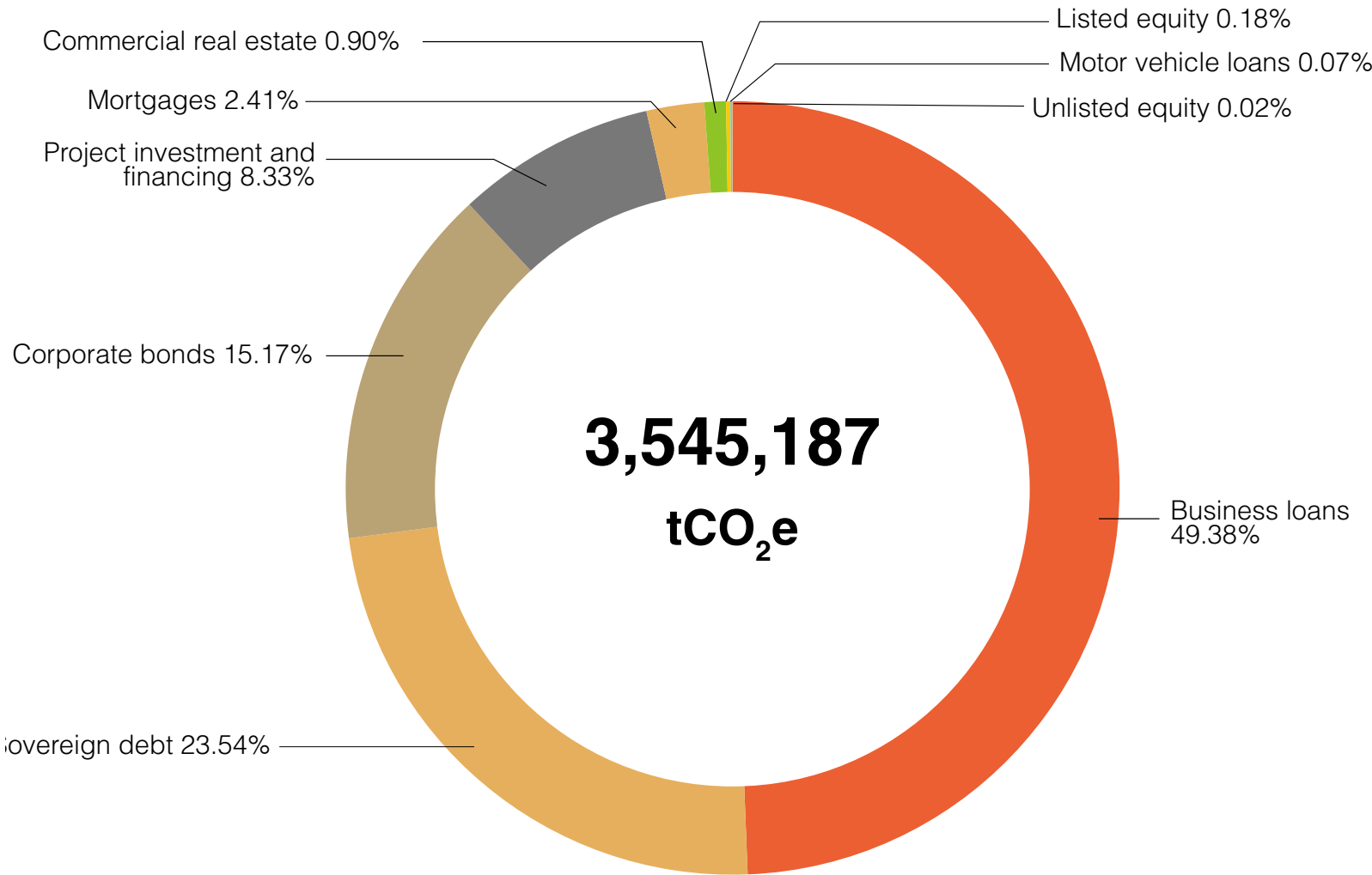
Scope 3 financed emissions from investment and financing

Unit: Investment and financing amounts (Million TWD); Financed emissions (tCO₂e); Economic emissions intensity (tCO₂e/per million of investment and financing in TWD); Data quality score (1: best, 5: worst)

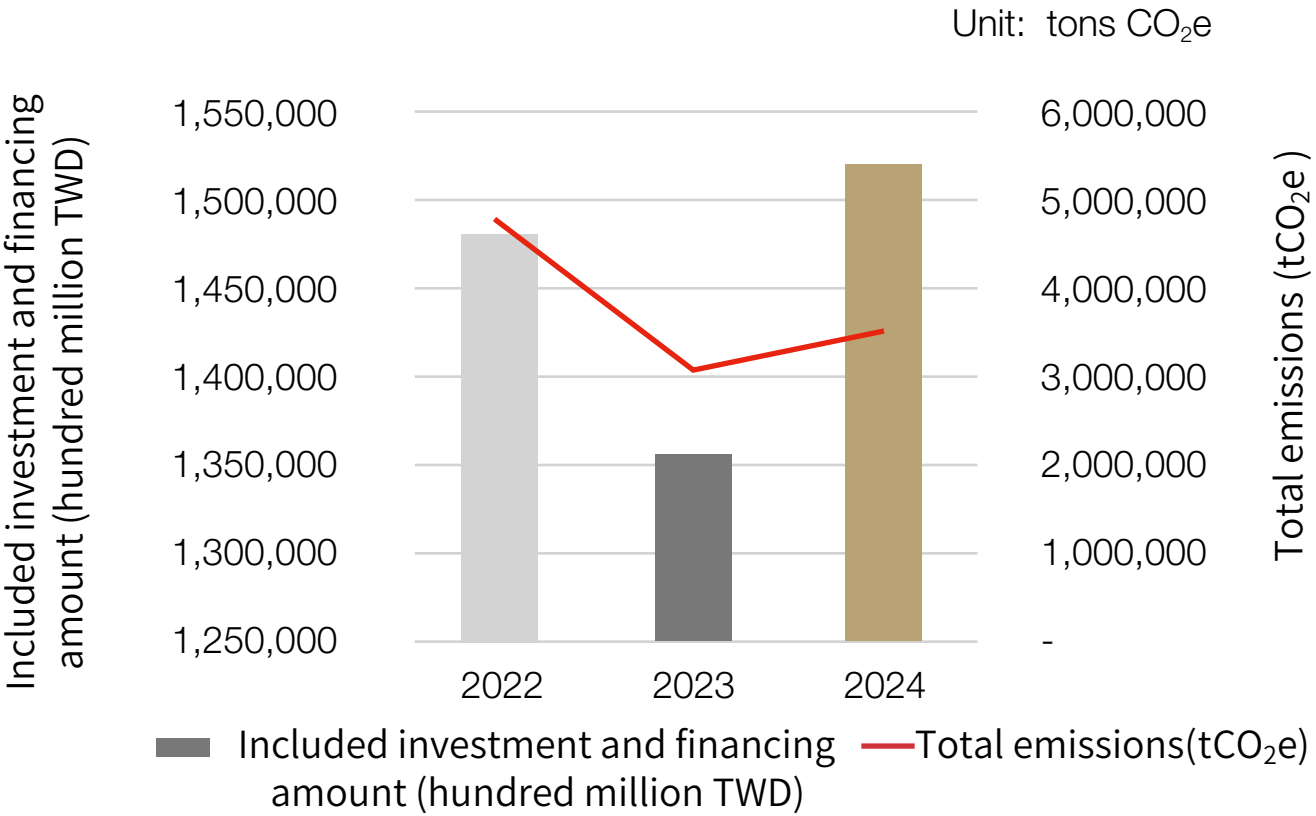
Asset class	2023					2024				
	Investment and financing amounts	Financed emissions	Proportion of financed emissions	Economic emissions intensity	Data quality score	Investment and financing amounts	Financed emissions	Proportion of financed emissions	Economic emissions intensity	Data quality score
Business loans	447,483	1,318,786	42.36%	2.9	3.2	569,450	1,750,530	49.38%	3.1	3.4
Sovereign debt (not including LULUCF) ^{Note}	143,104	844,562	27.13%	5.9	1.8	155,235	834,660	23.54%	5.4	2.0
Corporate bonds	221,401	611,086	19.63%	2.8	1.8	231,896	537,850	15.17%	2.3	2.1
Project investment and financing	107,694	185,451	5.96%	1.7	3.0	130,874	295,377	8.33%	2.3	3.0
Mortgages	381,135	85,435	2.74%	0.2	4.0	393,552	85,300	2.41%	0.2	4.0
Commercial real estate	33,550	34,381	1.10%	1.0	4.0	31,227	32,000	0.90%	1.0	4.0
Listed equity	16,919	27,027	0.87%	1.6	1.1	8,555	6,325	0.18%	0.7	1.1
Motor vehicle loans	3,981	5,907	0.19%	1.5	3.4	1,855	2,566	0.07%	1.4	3.3
Unlisted equity	1,103	460	0.01%	0.4	3.3	1,467	579	0.02%	0.4	1.6
Total	1,356,371	3,113,095	100.00%	2.3	3.0	1,524,112	3,545,187	100.00%	2.3	3.2

^{Note} Sovereign debt for 2023 excluding financed emissions for LULUCF amounted to 844,562 tCO₂e, while sovereign debt for 2023 including LULUCF amounted to 785,918 tCO₂e. Sovereign debt for 2024 excluding financed emissions for LULUCF amounted to 834,660 tCO₂e, while sovereign debt for 2024 including LULUCF amounted to 794,535 tCO₂e.

Financed emissions from investment and financing



Financial Carbon Emission Trends of Investment and Financing for 2022-2024



^{Note} Excluding the positions of Bank SinoPac (China) subsidiary in 2022.

Financed Emissions for Specific Assets (tCO₂e)

Categorized by industry (business loans, corporate bonds, listed equity, and unlisted equity)

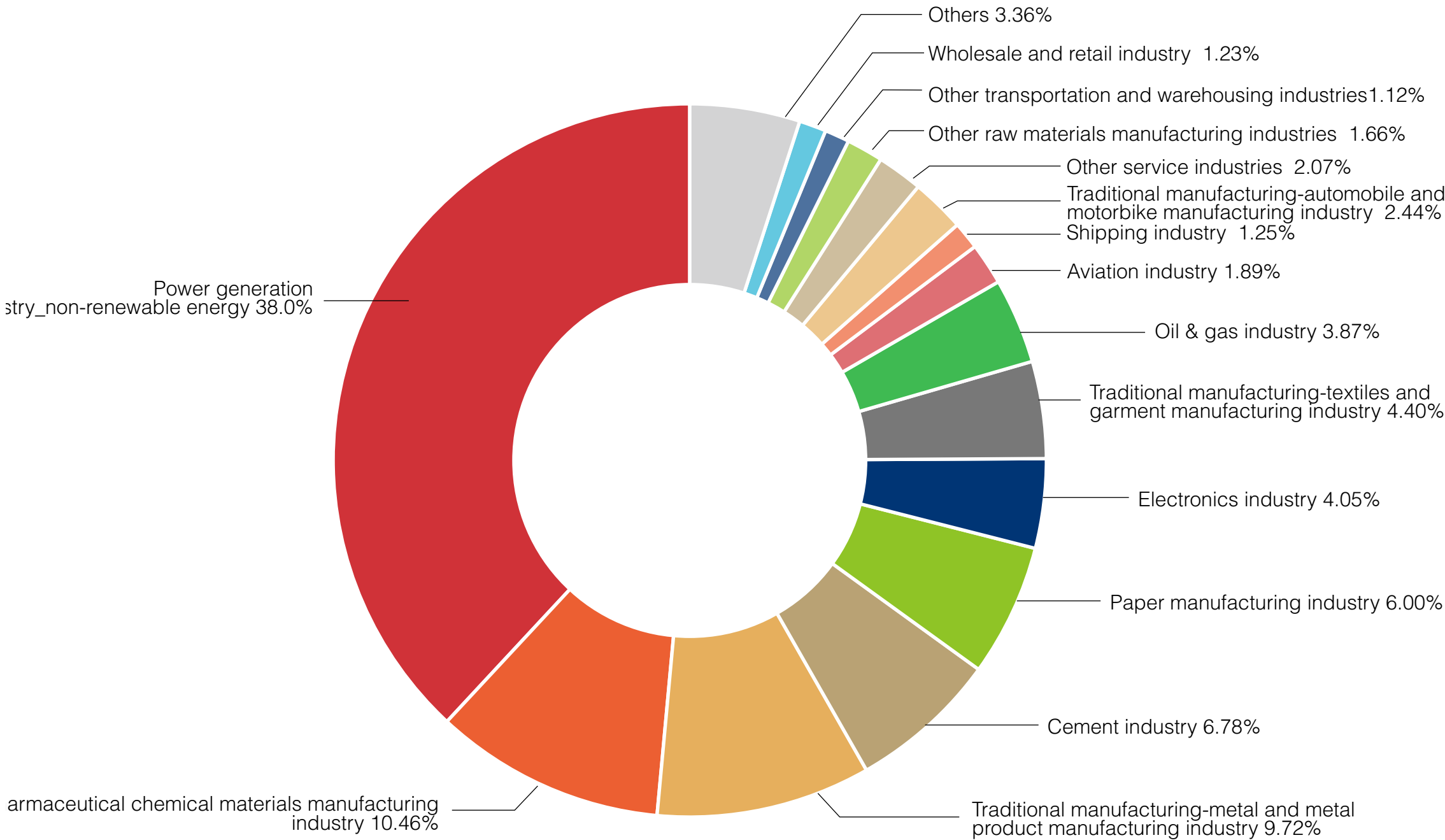
Industries with high climate risk as defined by SinoPac	Financed emissions (tCO ₂ e)	Proportion of financed emissions	Economic emissions intensity (tCO ₂ e/per million of investment and financing in TWD)
Power generation industry_non-renewable energy	874,090	38.08%	24.5
Chemical material manufacturing industry	240,157	10.46%	13.7
Traditional manufacturing-metal and metal product manufacturing industry	223,181	9.72%	6.4
Cement industry	155,519	6.78%	64.7
Paper manufacturing industry	137,712	6.00%	28.5
Electronics industry	92,989	4.05%	1.9
Traditional manufacturing-textiles and garment manufacturing industry	101,033	4.40%	6.7
Oil & gas industry	88,793	3.87%	8.8
Aviation industry	43,321	1.89%	12.9
Shipping industry	28,773	1.25%	6.9
Traditional manufacturing-automobile and motorbike manufacturing industry	56,045	2.44%	3.2
Other service industries	47,451	2.07%	0.6
Other raw materials manufacturing industries	38,128	1.66%	4.7
Other transportation and warehousing industries	25,628	1.12%	1.5
Wholesale and retail industry	28,190	1.23%	0.5
Food manufacturing industry	21,898	0.95%	1.2
Traditional manufacturing-other traditional manufacturing industries	15,506	0.68%	1.0

Industries with high climate risk as defined by SinoPac	Financed emissions (tCO ₂ e)	Proportion of financed emissions	Economic emissions intensity (tCO ₂ e/per million of investment and financing in TWD)
Real estate industry	15,562	0.68%	0.1
Investment and other financial services industries	12,740	0.56%	0.2
Traditional manufacturing-electrical equipment manufacturing industry	6,391	0.28%	1.2
Hospitality industry	5,349	0.23%	1.2
Power generation industry_renewable energy	6,112	0.27%	1.4
Other public utilities industry	5,427	0.24%	4.1
Agriculture, forestry, fishing, and animal husbandry industry	4,145	0.18%	3.3
Securities, futures, insurance and financial auxiliary industries	5,002	0.22%	0.3
Banking industry	4,709	0.21%	0.0
Leasing and installment payment industry	3,775	0.16%	0.4
Financial leasing industry	3,184	0.14%	0.2
Pharmaceutical chemical materials manufacturing industry	2,130	0.09%	0.7
Construction industry	960	0.04%	0.1
Metal mining industry	910	0.04%	6.0
Government agencies, publicly-owned companies, and public utilities	426	0.02%	0.9
Financial holdings industry	51	0.00%	0.0
Non-profit organizations	1	0.00%	0.0
Total	2,295,284	100.00%	2.8

Financed Emissions for Specific Assets(tCO₂e)

Categorized by industry (business loans, corporate bonds, listed equity, and unlisted equity) based on loan/investment type

<div></div> Power generation industry_non-renewable energy	<div></div> Real estate industry
<div></div> Chemical material manufacturing industry	<div></div> Investment and other financial services industries
<div></div> Traditional manufacturing-metal and metal product manufacturing industry	<div></div> Traditional manufacturing-electrical equipment manufacturing industry
<div></div> Cement industry	<div></div> Hospitality industry
<div></div> Paper manufacturing industry	<div></div> Power generation industry_renewable energy
<div></div> Electronics industry	<div></div> Other raw materials manufacturing industries
<div></div> Traditional manufacturing-textiles and garment manufacturing industry	<div></div> Other public utilities industry
<div></div> Oil & gas industry	<div></div> Securities, futures, insurance and financial auxiliary industries
<div></div> Aviation industry	<div></div> Banking industry
<div></div> Shipping industry	<div></div> Leasing and installment payment industry
<div></div> Agriculture, forestry, fishing, and animal husbandry industry	<div></div> Financial leasing industry
<div></div> Other service industries	<div></div> Pharmaceutical chemical materials manufacturing industry
<div></div> Metal mining industry	<div></div> Construction industry
<div></div> Other transportation and warehousing industries	<div></div> Metal mining industry
<div></div> Wholesale and retail industry	<div></div> Government agencies, publicly-owned companies, and public utilities
<div></div> Food manufacturing industry	<div></div> Financial holdings industry
<div></div> Traditional manufacturing-other traditional manufacturing industries	<div></div> Non-profit organizations



Economic Emission Intensities for Specific Assets (tCO₂e/per million of investment and financing in TWD)

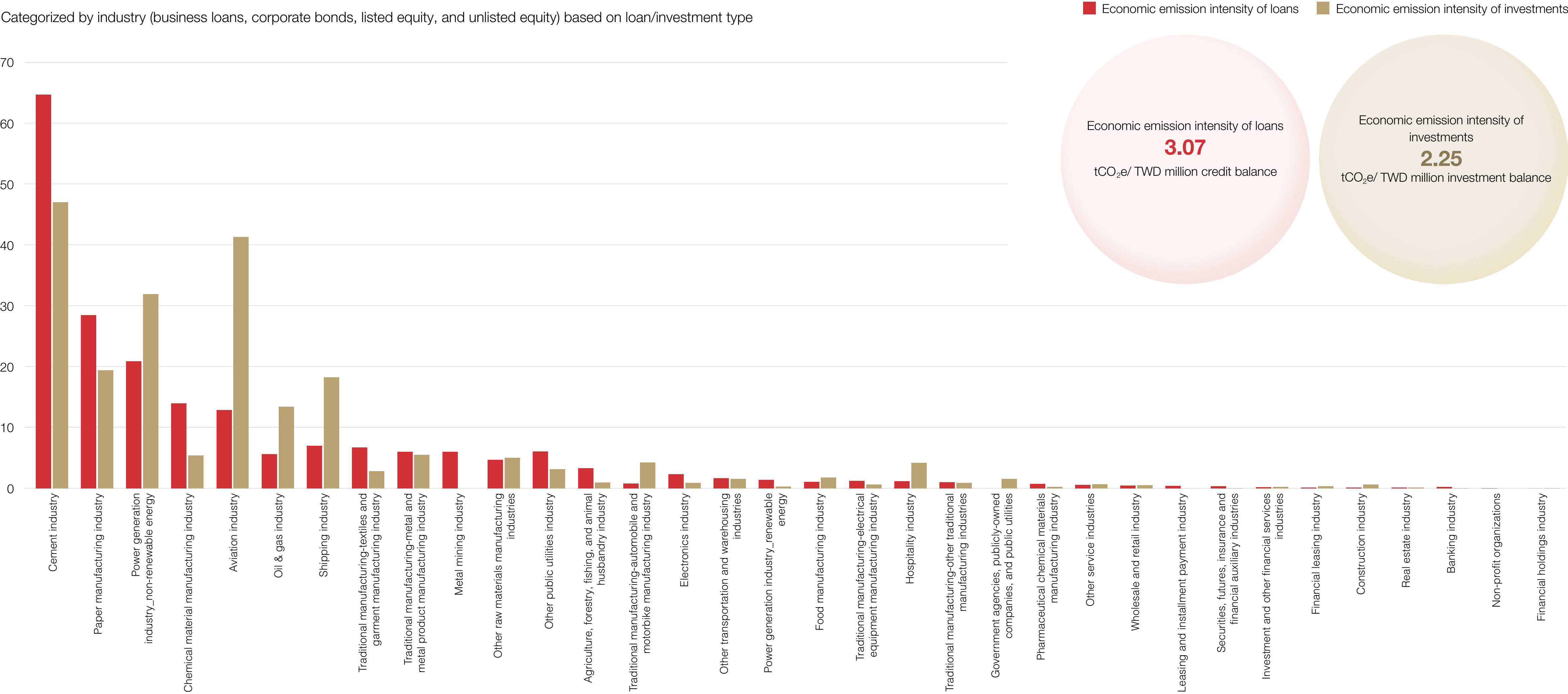
Categorized by industry (business loans, corporate bonds, listed equity, and unlisted equity) based on loan/investment type

Industries with high climate risk defined by SinoPac	Economic emission intensity of loans	Economic emission intensity of investments
Cement industry	64.75	47.07
Paper manufacturing industry	28.50	19.42
Power generation industry_non-renewable energy	20.91	31.92
Chemical material manufacturing industry	14.00	5.42
Aviation industry	12.88	41.35
Oil & gas industry	5.63	13.45
Shipping industry	6.98	18.29
Traditional manufacturing-textiles and garment manufacturing industry	6.72	2.83
Traditional manufacturing-metal and metal product manufacturing industry	6.03	5.50
Metal mining industry	6.03	-
Other raw materials manufacturing industries	4.67	5.04
Other public utilities industry	6.06	3.15
Agriculture, forestry, fishing, and animal husbandry industry	3.35	0.96
Traditional manufacturing-automobile and motorbike manufacturing industry	0.79	4.28
Electronics industry	2.36	0.88
Other transportation and warehousing industries	1.65	1.59
Power generation industry_renewable energy	1.42	0.29

Industries with high climate risk defined by SinoPac	Economic emission intensity of loans	Economic emission intensity of investments
Food manufacturing industry	1.08	1.76
Traditional manufacturing-electrical equipment manufacturing industry	1.23	0.62
Hospitality industry	1.16	4.20
Traditional manufacturing-other traditional manufacturing industries	0.99	0.91
Government agencies, publicly-owned companies, and public utilities	-	1.56
Pharmaceutical chemical materials manufacturing industry	0.76	0.24
Other service industries	0.59	0.71
Wholesale and retail industry	0.47	0.50
Leasing and installment payment industry	0.39	0.00
Securities, futures, insurance and financial auxiliary industries	0.37	0.03
Investment and other financial services industries	0.19	0.27
Financial leasing industry	0.13	0.38
Construction industry	0.14	0.63
Real estate industry	0.12	0.12
Banking industry	0.22	0.02
Non-profit organizations	0.01	-
Financial holdings industry	0.00	0.02
Total	3.07	2.25

Economic Emission Intensities for Specific Assets (tCO₂e/per million of investment and financing in TWD)

Categorized by industry (business loans, corporate bonds, listed equity, and unlisted equity) based on loan/investment type



Financed emissions for specific investment and lending assets (tCO₂e)

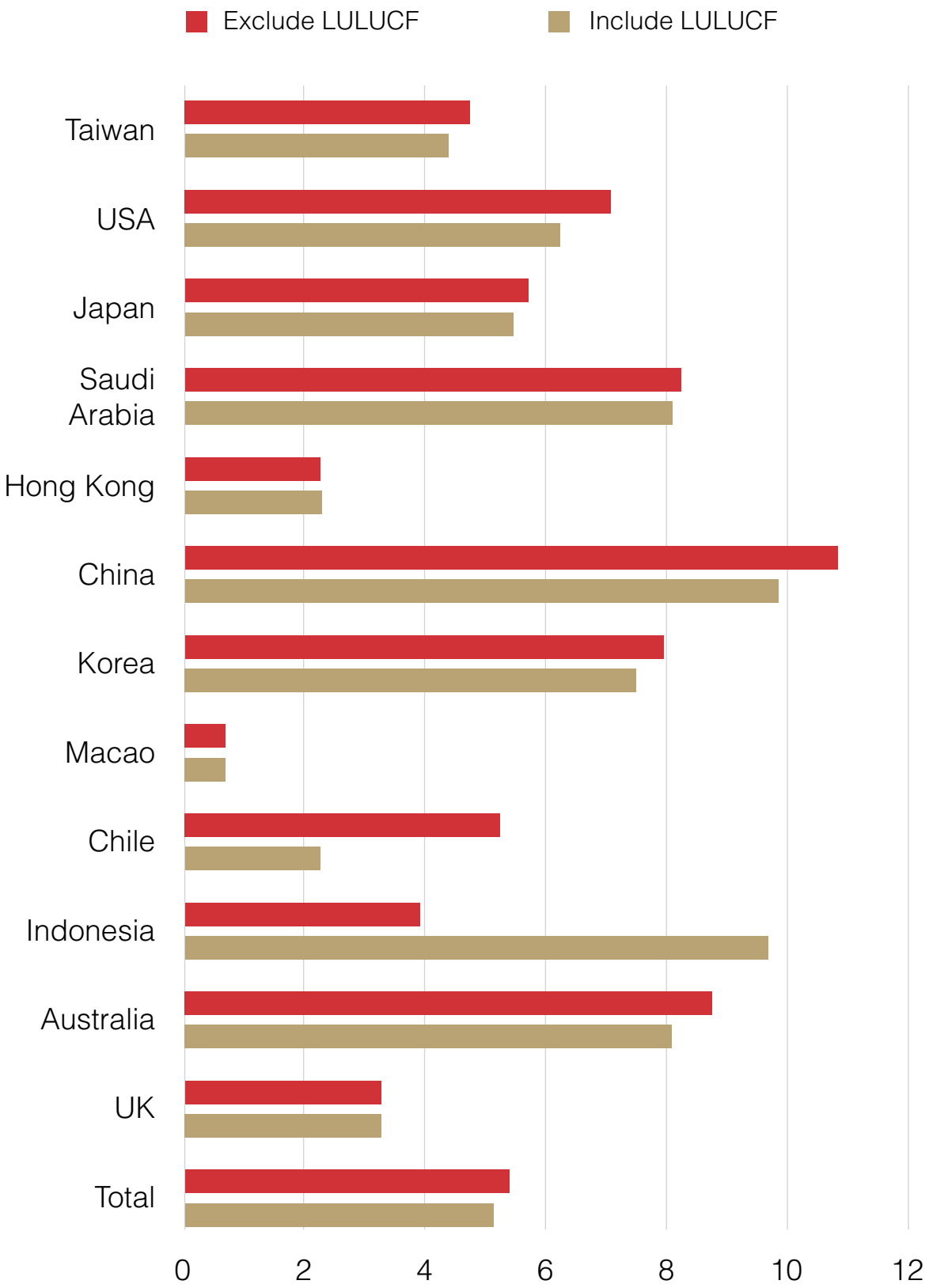
Categorized by country (sovereign debt)

Sovereign countries	Investment and financing amounts (Million TWD)	Financed emissions (excluding LULUCF) (tCO ₂ e)	Economic emission intensities (excluding LULUCF) (tCO ₂ e/per million of investment and financing in TWD)	Financed emissions (including LULUCF) (tCO ₂ e)	Economic emission intensities (including LULUCF) (tCO ₂ e/per million of investment and financing in TWD)
Taiwan	109,751.83	519,336.15	4.73	479,684.08	4.37
USA	10,636.86	75,168.73	7.07	66,226.76	6.23
Japan	7,542.46	42,978.64	5.70	41,076.60	5.45
Saudi Arabia	4,767.58	39,233.71	8.23	38,578.86	8.09
Hong Kong	4,309.86	9,667.86	2.24	9,781.03	2.27
China	2,705.29	29,292.20	10.83	26,637.40	9.85
Korea	2,514.22	19,966.99	7.94	18,834.07	7.49
Macao	2,372.19	1,584.89	0.67	1,584.89	0.67
Chile	1,277.64	6,679.23	5.23	2,862.84	2.24
Indonesia	432.30	1,686.60	3.90	4,185.33	9.68
Australia	97.47	852.68	8.75	787.86	8.08
UK	81.48	265.07	3.25	265.79	3.26
Total	155,235.25	834,659.53	5.38	794,534.89	5.12

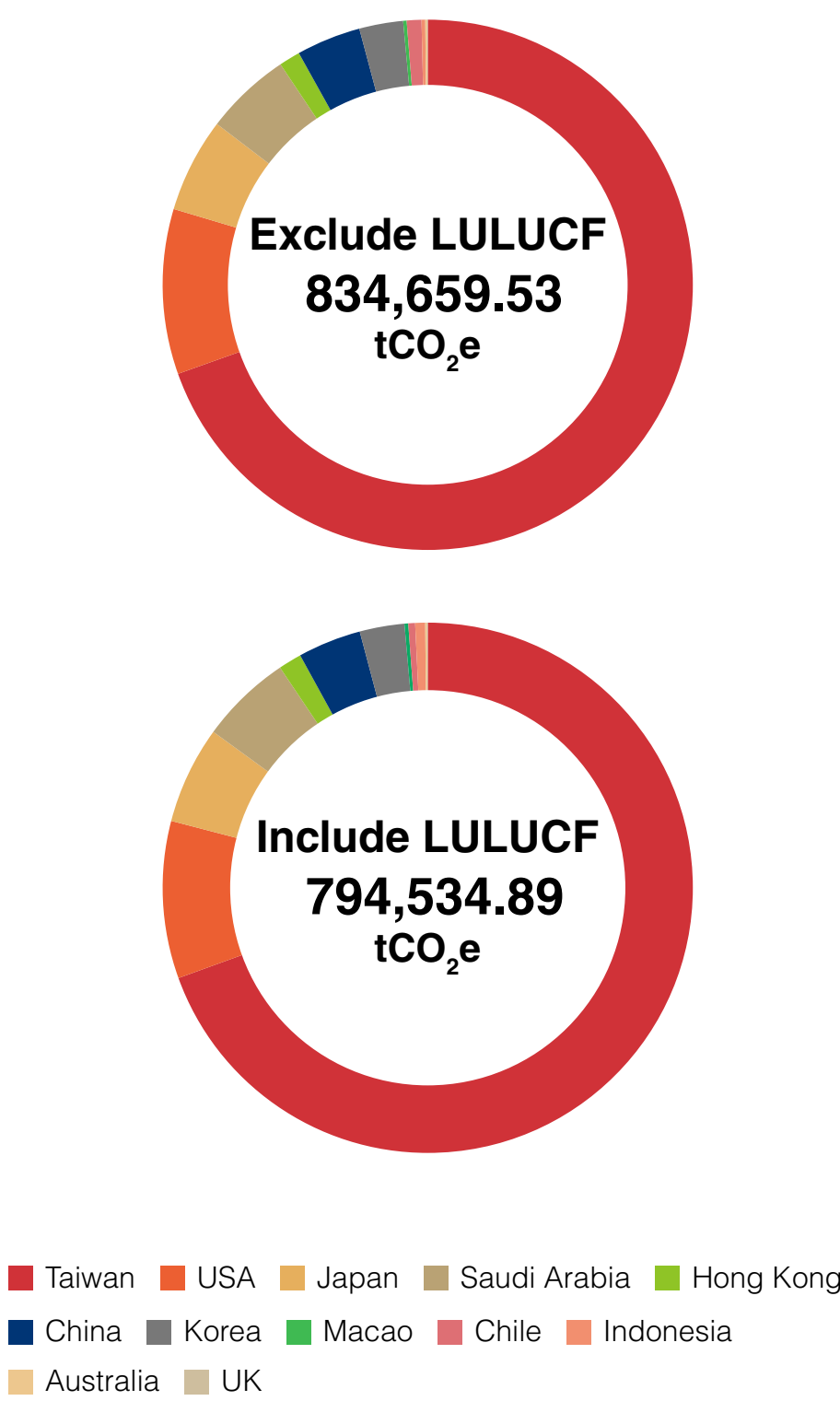
Avoided Emissions

Avoided emissions refer to reductions in emissions from projects associated with renewable energy, i.e., reductions in emissions with renewable energy projects compared to without said projects (base emissions). Calculations of avoided emissions from investment and financing in renewable energy projects assumed that power generated from renewable energy was used to replace a portion of the fossil fuels used by power plants during the reporting period. The power generated within the (estimated) project reporting period was compared with the national power mix, and the reduction in emissions was considered to be the avoided emissions from investment and financing in renewable energy projects. Avoided emissions from investment and financing in renewable energy projects amounted to **1.73 million tCO₂e**.

Economic emission intensity

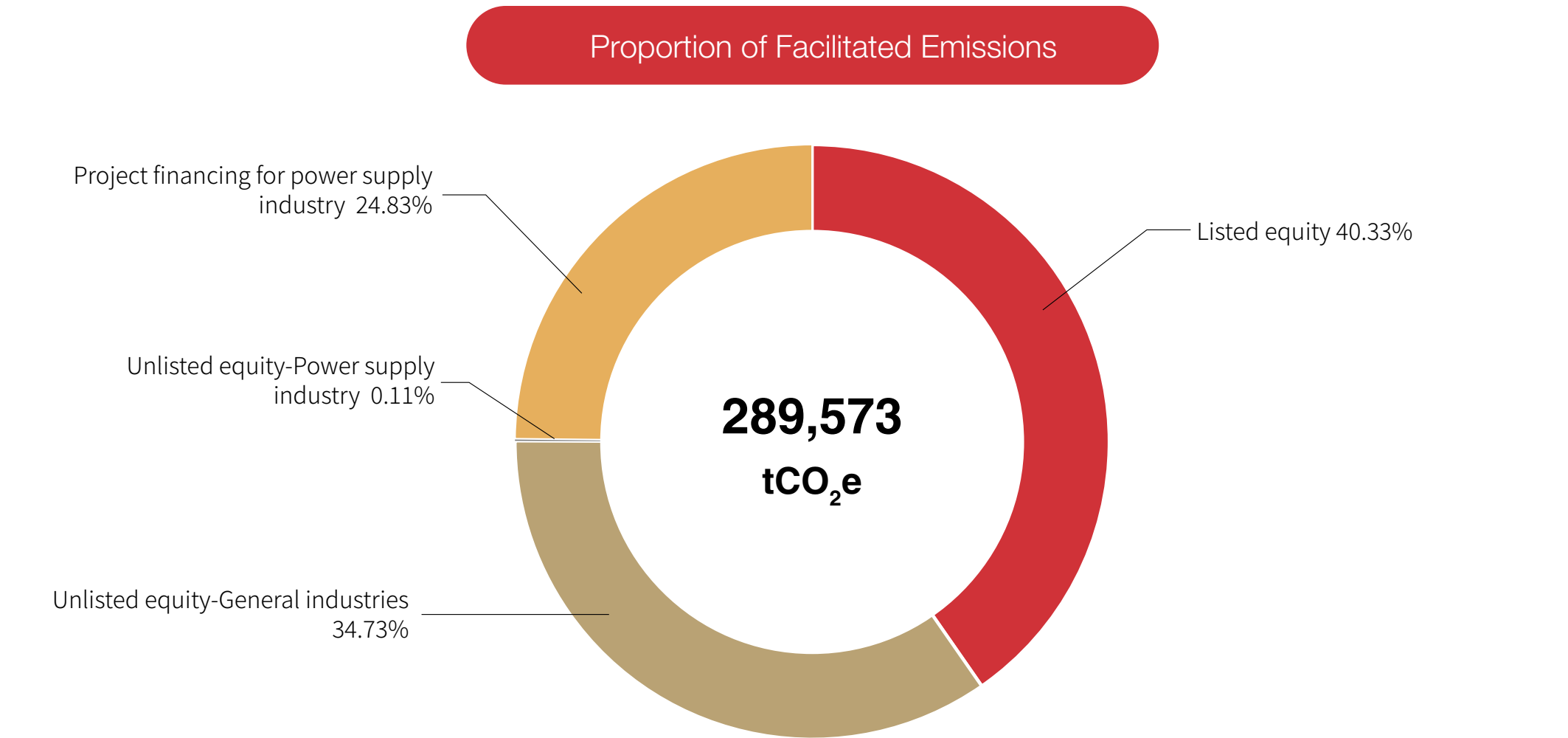


Financed emission



5.6.2 Facilitated Emissions for Capital Markets

The capital market plays a vital role in promoting economic activities and providing required funds. We therefore inventoried underwriting/syndicated loan cases led by Bank SinoPac in accordance with the methodology and recommended inventory scope described in the latest "Facilitated Emissions: The Global GHG Accounting and Reporting Standard Part B" released by PCAF in December 2023, calculating greenhouse gas emissions associated with capital market issuances/transactions^{Note 1}, achieving an overall coverage rate of 100%, with facilitated emissions amounting to 290,000 tCO₂e.



Facilitated capital markets activities		2023							2024						
		Facilitated amounts included in calculations	Proportion of facilitated amounts where Bank SinoPac was the lead bookrunner	Coverage rate applicable under the PCAF methodology ^{Note 2}	Facilitated emissions	Proportion of facilitated emissions	Economic emissions intensity	Data Quality Score	Facilitated amounts included in calculations	Proportion of facilitated amounts where Bank SinoPac was the lead bookrunner	Coverage rate applicable under the PCAF methodology ^{Note 2}	Facilitated emissions	Proportion of facilitated emissions	Economic emissions intensity	Data quality score
Listed equity		385,670	46.88%	99.01%	261,048	58.80%	0.68	1.00	316,304	32.59%	100.00%	116,791	40.33%	0.37	1.00
Unlisted equity	General industries	410,381	49.88%	99.85%	118,675	26.76%	0.69	1.33	638,636	65.80%	100.00%	100,575	34.73%	0.16	1.15
	Power supply industry	6,230	0.76%	100.00%	60,884	13.71%	9.77	1.51	5,700	0.59%	100.00%	319	0.11%	0.06	1.00
Project financing for power supply industry		10,566	1.28%	100.00%	3,368	0.76%	0.32	3.00	9,871	1.02%	100.00%	71,889	24.83%	7.28	3.00
Inventoried facilitated activities		812,847	98.80%	98.80%	443,974	100.00%	0.55	1.20	970,511	100.00%	100.00%	289,573	100.00%	0.30	1.12
Facilitated activities that could not be inventoried ^{Note 3}		9,879	1.20%						-	0%					
Total		822,726	100.00%						970,511	100.00%					

Note1 According to PCAF methodology, calculation of facilitated emissions should be multiplied by an additional weighting factor of 33% which is used to assess the responsibility of financial institutes on facilitated emissions. Therefore, the formula for calculation is: Attribution factor x Weighting factor (33%) x Company emissions. Facilitated emissions and financed emissions should not be aggregated, and one unit of financed emissions is not equal to one unit of facilitated emissions.

Note2 The coverage rate here is calculated only using the facilitated amounts from underwriting/syndicated loans led by Bank SinoPac, and not overall funds raised from organized and co-organized projects.

Note3 Facilitated activities that could not be inventoried due to insufficient inventory information.

5.7 Internal Carbon Pricing

Bank SinoPac adheres to the SinoPac Holdings principle of "enhancing climate awareness and promoting low-carbon transformations." We began implementing internal carbon pricing mechanism in 2022 to achieve our three policy aims of compliance with greenhouse gas regulations, increased energy efficiency, and promotion of low-carbon investments, using these carbon reduction actions to strengthen our awareness and change internal corporate behaviors.

As a financial institution, our carbon emissions mainly include greenhouse gases from electricity consumption (Scope 2). SinoPac Holdings referenced internal carbon pricing of domestic/overseas companies to benchmark Scope 2 emission prices, using shadow prices to assess effectiveness of energy and carbon reduction activities at all operating sites on an annual basis, while also incorporating hidden carbon costs and benefits in promotions of corresponding low-carbon investments. For example, in 2024, Bank SinoPac spent NT\$27.36 million purchasing renewable energies and NT\$18.05 million upgrading aged equipment, replacing old lights with LED lights, and using/building solar power generation equipment. In 2024, our average cost to reduce 1 ton of carbon emissions was still NT\$5,000/tCO₂e, so we continued to use this price as a reference for internal carbon pricing, and used achievements on carbon reduction targets to calculate carbon costs/carbon income. We calculated carbon costs for items that were not achieved and carbon income for achieved items to analyze substantial carbon reduction effects. Bank SinoPac continues to align with the science based targets (SBT) set by SinoPac Holdings and international carbon pricing trends, makes continuous ICP adjustments, and gradually establishes links to our commitment of achieving operational net zero emissions by 2030 while expanding our scope of application.



5.8 Water Consumption and Waste Management

Water Management

The water resources consumed at Bank SinoPac were all sourced from tap water and were mainly used for drinking, air-conditioning systems, and cleaning. We used no ground water or water from other sources. In 2024, as our personnel numbers increased by 17.12% and we added multiple operational sites compared to our base year of 2021, our overall water consumption was 128,577 cubic meters, an increase of 3.5% compared to the base year, but average water consumption per capita was 17.30 cubic meters, a reduction of 11.63% compared to the base year. Bank SinoPac will continue to replace air-conditioner cooling towers, add sensor-activated faucets, and adjust air-conditioner condensate temperatures, as well as promote water conservation measures in accordance with Group targets to reduce water consumption.

Water resource management indicators and water consumption for 2022-2024				
Water resource management indicator ^{Note 1}	Unit	2022	2023	2024
Water consumption	cubic meters	131,506	123,817	128,577
Water consumption per capita (water consumption intensity) ^{Note 2}	cubic meters/person	20.07	17.6	17.30
Data coverage rate	%	100%	100%	100%

Note1 For our base year of 2021, total water consumption was 124,229 cubic meters and water consumption per capita was 19.58 cubic meters.

Note2 The number of employees used for this calculation included domestic and foreign full-time employees and excluded dispatched employees.

Waste Management

The main type of waste generated by Bank SinoPac is domestic waste. Recyclable waste is divided into four categories: paper, plastic bottles, aluminum cans, and electronic waste. All general industrial waste and recyclable waste is transported to incinerators or recycling sites for disposal by qualified vendors. Waste paper is collected by responsible units and handled in accordance with document destruction rules before delivery to paper manufacturers for pulping to serve as raw materials for recycled paper. Electronic waste is handled in accordance with internal information safety rules and digital client information is handled in accordance with security and confidentiality principles before electronic waste is delivered to qualified vendors for recycling and reuse. Starting in 2019, all waste generated in our self-owned buildings was weighed. An additional building, the Xingda food safety building, was included in 2020, and coverage was expanded to all domestic operational sites in 2021 to achieve a coverage rate of 100%. In 2024, despite personnel increases and increases in operational sites, total waste volumes from operational processes amounted to 411.81 tons, a reduction of 3.33% compared to our base year of 2021. Average waste volumes per capita amounted to 0.062 tons, a reduction of 11.24% compared to the base year. Bank SinoPac will continue to work with SinoPac Holdings to achieve the target of 1% reductions per year compared with the base year of 2021, actively set specific waste reduction goals, and implement relevant actions.

Waste management indicators and total volumes for 2022-2024				
Waste items (tons) ^{Note 1}	Unit	2022	2023	2024
Recyclable waste ^{Note 2}	Paper/plastic bottles/ aluminum cans	117.63	132.69	142.40
	Electronic waste (Computers/ screens/printers)	0.19	0.30	0.90
General industrial waste ^{Note 3}	Incineration	233.19	263.39	268.52
	Landfill	0	0	0
Total waste volumes ^{Note 4}		351.01	396.39	411.81
Data coverage rate (Calculated using employee numbers) ^{Note 5}		100%	100%	100%

Note1 For our base year of 2021, total waste volume was 398.54 tons and average waste volumes per capita was 0.070 tons.

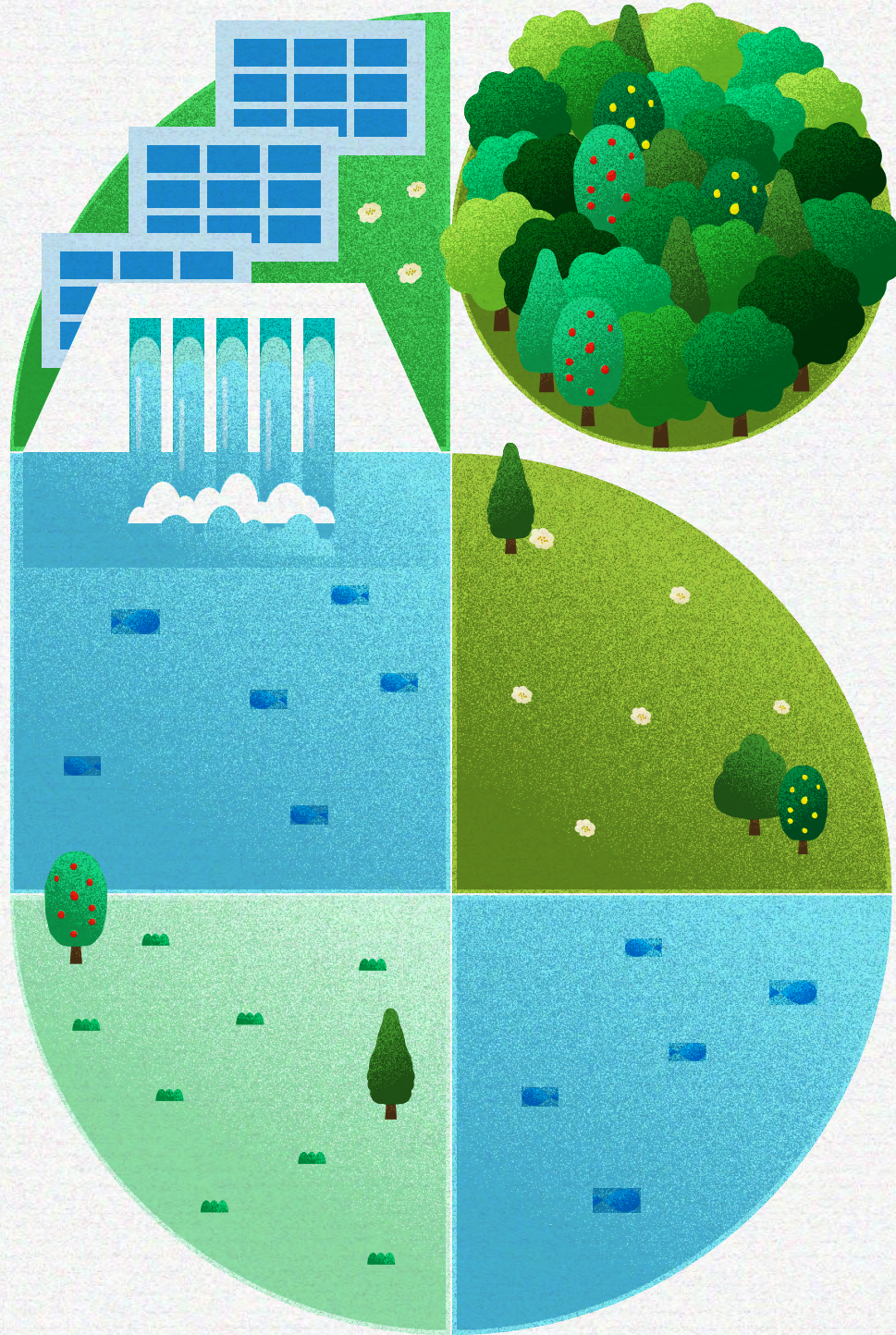
Note2 Recyclable waste was handled by qualified vendors. Starting in 2021, SinoPac Holdings began tracking recyclable waste. Paper waste (27.12 tons in 2024) was delivered to paper manufacturers for pulping and reuse, and we continued to track other types of recyclable waste which were disposed of by qualified vendors.

Note3 General industrial waste was mainly collected and handled by qualified vendors for incineration by locally outsourced vendors. All incineration plants are equipped with waste heat recovery power generation devices.

Note4 Waste amounts for 2024 included total waste from all domestic operational sites.

Note5 Calculated using only domestic full-time employees for 2024; dispatched employees and overseas employees were excluded.





Future Outlook

FUTURE OUTLOOK

Bank SinoPac adheres to the sustainable vision and development blueprint of parent company SinoPac Holdings in promoting sustainable development policies and plans. We continue to be attentive of operational impacts from risks and opportunities caused by climate change when implementing SinoPac Holdings's sustainability commitment to "mitigate and adapt to climate change" and also follow SinoPac Holdings in focusing on nature-related risks. This year marks the third release of SinoPac Bank's climate-related financial disclosures report and the second year of incorporating nature-related financial disclosures in our Climate and Nature-Related Financial Disclosures Report to provide more detailed information to all stakeholders.

Bank SinoPac began working with Economic Daily News to host the Green Action Forum starting in 2022, inviting government units, industry representatives, and financial personnel to conduct three-way discussions and identify new sustainable and net zero solutions for Taiwan. We also continue to strengthen our green financial services to assist our corporate clients in maintaining their competitiveness and to realize our corporate vision of "Together, a better life." We respond to global net zero trends and goals by continuing to improve our financial quantitative analysis methodologies, estimating potential risks, planning countermeasures, leveraging our green financial influence, and encouraging clients to enhance carbon reduction technologies to maintain competitiveness. We have set screening criteria and corresponding preferential interest rates for customers, introduced internal carbon pricing, and are actively developing and promoting green products and services. We adhere to the net zero targets approved by the Board of SinoPac Holdings in March 2022 and pledge to achieve net zero emissions within own operations by 2030 and across our entire asset portfolio by 2050. We also passed Science Based Targets initiative (SBTi) verifications in January 2024 and have established various short, medium, and long-term action goals for a net zero future, using practical actions to contribute to the sustainability of our planet.

Bank SinoPac aligns with international standards and acts in accordance with global net zero emission goals and TNFD trends. We are continuously improving our climate and nature-related risk management methods while revising investment and financing structures to realize low-carbon economic developments, and we actively address and respond to nature and biodiversity issues to leverage our financial influence, leading by example to attract like-minded enterprises. Bank SinoPac collaborates with financial industry, the government, and academia to reach global sustainable goals as part of our mission, "Together, a better life."



Appendix

TCFD Comparison Table

The four major TCFD aspects (according to the Task Force on Climate-Related Financial Disclosures released by the Financial Stability Board in 2017) and corresponding public disclosures are shown in the table below:

Aspect	Guidance for All Sectors	Corresponding Sections
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

Aspect	Supplemental Guidance for Banks	Corresponding Sections
Strategy	Banks should describe significant concentrations of credit exposure to carbon-related assets.	5.5
Risk Management	Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.	2
Metrics and Targets	Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term.	5.1 ∨ 5.2
	Banks should disclose GHG emissions for their lending and other financial intermediary business activities where data and methodologies allow.	5.6

TNFD Comparison Table

Aspect	Guidance for All Sectors	Corresponding Sections
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
	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

Aspect	Guidance for All Sectors	Corresponding Sections
Risk & Impact Management	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
	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

TPT Transition Plan

Principles	Disclosure Elements	Corresponding Sections
Ambition	1. Foundations	2.2
Action	2. Implementation Strategy	2.2 ∨ 2.4 ∨ 5.2
	3. Engagement Strategy	4.2
Accountability	4. Metrics and Targets	5.1 ∨ 5.2
	5. Governance	1.1 ∨ 1.2 ∨ 1.3 ∨ 5.3

IFRS S2 Comparison Table

IFRS S2 Standards Section	Corresponding Sections	Corresponding Sections
Governance	Paragraphs 5-7	1 ∨ 5.3
Strategy	Paragraphs 8-14	2 ∨ 5.1
Strategy	Paragraphs 15-21	3
Strategy	Paragraphs 22-23	2.2 ∨ 3
Risk Management	Paragraphs 24-26	2.1.1 ∨ 3 ∨ 4
Metrics and Targets	Paragraphs 27-28	5
Metrics and Targets	Paragraphs 29-32	5
Metrics and Targets	Paragraphs 33-37	5



TCFD Conformity Statement



Conformity Statement

Climate related Financial Disclosure

This is to conform that

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Holds Statement Number

SRA-TW-822340-1

As a result of carrying out conformity check process based on TCFD requirement, BSI declares that: Bank SinoPac Co., Ltd. follows the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with Supplemental Guidance for the Financial sector (Banks Sectors) to disclose climate-related financial information which is clear, comparable and consistent its organizational risks and opportunities as well as its financial impacts. The disclosures covers the four core elements of the TCFD and is prepared based on the seven guiding principles for effective disclosures.

The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Banks Sectors) is **Level-5+: Excellence** grade.

涵蓋金融業補充指引(銀行)之氣候相關的財務揭露的成熟度模型為**[第五級 PLUS：優秀]**等級。

For and on behalf of BSI


Managing Director BSI Taiwan, Peter Pu

Latest issue: 2025-06-09

Expiry date: 2026-06-08

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Conformity Check Overall Result:

The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Banks Sectors) is **Level-5+: Excellence** grade.

涵蓋金融業補充指引(銀行)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。

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