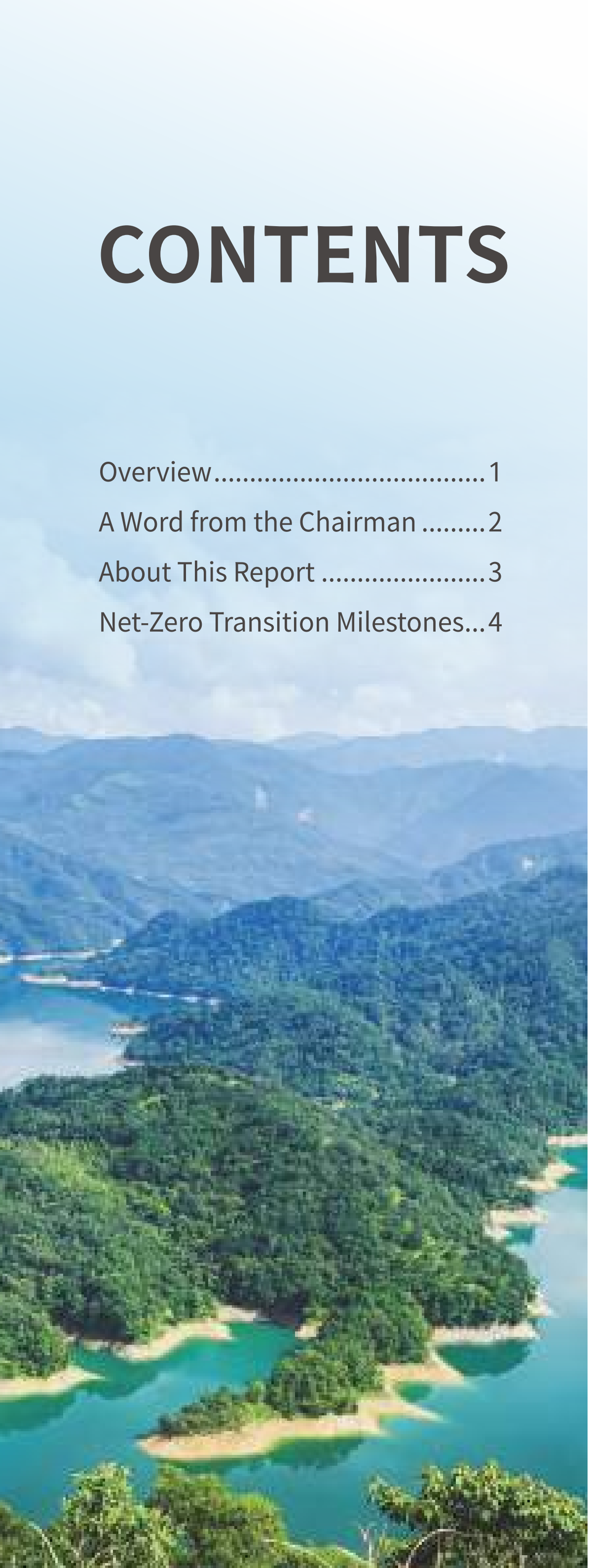
元大金控
Yuanta Financial Holdings

Climate and Nature-related Financial Disclosures Report 2023



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Overview

As a member of the financial system, Yuanta Financial Holdings is reviewing and disclosing climate- and nature-related risks in the face of impacts from nature loss, climate change, and global warming. The Group has implemented management measures and proactive strategies accordingly, seeking to drive industries to a low-carbon future and "Become an International Sustainability Benchmarking Company to Actively Promote a Better Future for Future Generations." The Group aims to leverage its influence as fund providers and managers to propel the value chain to a sustainable and resilient future and strive towards net zero emissions.

This report adheres to recommendations from the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) ① and the Task Force on Nature-related Financial Disclosures (TNFD) ②. Through the four pillars of governance, strategy, risk management, metrics and targets, the report elaborates on the Group's management approach towards climate and nature-related risks and opportunities and demonstrates the Group's commitment to mitigating and adapting to climate change.

Governance

Set up a comprehensive climate governance structure with the board of directors as the highest governing body under which the risk management committee and the sustainable development committee exist to oversee and manage climate and nature related risks and opportunities, as well as promoting the overall climate strategies and policies.

Chapter 2

Strategies

Identify, assess, and manage climate risks and opportunities; set science-based targets, adopt low-carbon strategies to strengthen the Group's operational resiliency, and propel the industry to transit toward a low-carbon future.

Chapter 1 Chapter 3

Risk Management

The Group integrated climate risks into existing risk management frameworks and utilized scenario analysis models to quantify climate risks, opportunities, and their financial impacts and, thereby, develop management policies accordingly.

Chapter 4

Metrics and Targets

Set metrics for low-carbon operations and low-carbon transformation targets as well as short-, medium- and long- term targets for regular tracking and progress disclosure.

Chapter 5

Note: For more information on nature-related strategies, risk management, metrics and targets, please refer to Chapter 6.

A Word from the Chairman

Chairman,
Yuanta Financial Holdings

Tony Shen

According to the World Meteorological Organization, 2023 was the warmest year on record, with average temperatures being about 1.4℃ above pre-industrial temperatures. The world is ravaged by extreme weather events and resulting disasters of droughts, floods, and wildfires that are also destroying natural habitats and accelerating mass extinction. Meanwhile, the decelerating global economy, geopolitical tensions, and supply chain disruptions from climate change have further contributed to uncertainties over future landscapes and developments. Confronted with adversity, companies must maintain resilient strategies, operations, and finances to ensure survival, response, and even new opportunities.

"Net Zero by 2050" is now a global trend. Nations around the world have set net zero emissions targets, and the EU launched the Carbon Border Adjustment Mechanism (CBAM) – demanding imported products to provide CBAM certificates based on the quantity of their embedded emissions. This has certainly accelerated carbon reduction timelines for countries around the world. Taiwan has declared that it will be joining the world toward net zero, formally incorporating the net zero by 2050 goal into the "Climate Change Response Act" and identifying green finance among its 12 key strategies. The financial sector is encouraged to invest funds into green or sustainable development domains to drive industries to transition towards sustainability. In September 2022, the Company and four industry peers formed the Coalition of Movers and Shakers on Sustainable Finance, committing to act proactively in five areas: "Green Procurement," "Funding & Engagement," "Information Disclosure," "Assistance and Promotion," and "International Outreach." The first year yielded incredible results. For example, the Coalition invested nearly NT$600 billion in forward-looking economic activities and key strategic industries and NT$1.5 billion in green procurements.

We have also developed a net zero plan for our Group and signed our official commitment to net zero emissions in 2023. In addition, we've issued our Net-Zero Declaration and Climate Finance Operations Guidelines to support the UN and Taiwan's net zero ambitions. We also became the first financial institution to define a specific pricing and pilot program under Internal carbon pricing (ICP), which will help us internalize the external costs of GHG emissions. We established the ICP Task Force to assess and plan reasonable carbon prices and targeted carbon goals across departments. The ICP Task Force reports its progress to the ICP Committee to further advance Yuanta's carbon management systems. In 2023, we achieved incredible results with a carbon reduction of over 10%, amounting to nearly 1,591 tCO_2e, equivalent to approximately NT$2.39 million in carbon pricing. By including previously hidden carbon emission costs in our operating costs, we can actively manage and gradually reduce the Group's carbon emissions.

As an international role model in sustainability, the Group has consistently received an A rating in the CDP Climate Change Questionnaire for four consecutive years and has been ranked at the Leadership Level for six years in a row. To leverage our influence, the Group enforces sustainable supply chain management and achieved the highest A rating in Supplier Engagement Rating (SER). The Group also encourages clients to invest in climate solutions through diverse products and services. For example, Yuanta Commercial Bank offers sustainability-linked loans to clients to support their efforts to integrate circular economy concepts into product design. Yuanta Funds is the first company in Taiwan to actively engage with constituent companies to ensure they have a clear understanding of index companies' (FTSE) ESG evaluation criteria. These are all part of our efforts to track and manage sustainability indices. Moreover, we are committed to addressing nature-related and biodiversity challenges. In 2024, we became one of the first Task Force on Nature-related Financial Disclosures (TNFD) early adopters and joined the Partnership for Biodiversity Accounting Financials (PBAF), aligning with over 50 international financial institutions.

Looking ahead, we will continue to hold ourselves to international standards, integrating climate change risk and opportunity management into our operational decision-making to enhance climate mitigation and adaptation capabilities. We will also urge all sectors to prioritize sustainable development, collaborating with clients to move towards net-zero emissions, promoting a virtuous cycle of sustainable financial development, and driving a better world for future generations.

About This Report

In response to the increasingly severe climate change and extreme weather conditions as well as stakeholder (incl. investors) demands for information disclosure, the International Sustainability Standards Board (ISSB) officially published the "General Requirements for Disclosure of Sustainability-related Financial Information" (S1) ③ and the "Climate-related Disclosures" (S2) ④ in June 2023. These two major international sustainability information disclosure frameworks aim to establish globally consistent sustainability disclosure standards. Subsequently, the FSC released Taiwan's "Roadmap for Taiwan Listed Companies to Align with IFRS Sustainability Disclosure Standards," adopting international disclosure standards to enhance the quality of sustainability reporting and prevent greenwashing. To align with international trends, the Group has prepared this report following the IFRS Sustainability-related Standards, providing a more comprehensive framework for sustainability reporting and enhancing the transparency and comparability of climate-related information to meet stakeholder expectations.

Since 2021, the Group has independently issued "TCFD Reports," disclosing annual climate management mechanisms and outcomes on the "Sustainability" section of the Group's official website. This year's TCFD report includes a new TNFD chapter, which assesses the Group's operational impact and dependence on the natural environment, as well as the associated risks and financial impacts, to promote concurrent economic and ecological development. We also adopted the IFRS S2 standards to further spotlight climate issues, assess the Group's resilience analysis and quantify financial impacts in the face of climate change, and explain the Group's climate transition strategy and performance. This report adheres to TCFD guidance for all sectors as well as the supplemental guidance for banks and insurance companies.

This report is available in both Mandarin and English and covers the business and operational activities of our eight subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting) in 2023, including four core climate- and nature-related areas (governance, strategy, risk management and metrics and targets). To ensure comprehensive disclosure, some of the information includes historical data. The "Company" in this report refers to Yuanta Financial Holdings, the "Group" refers to Yuanta Financial Holdings and its 8 subsidiaries.

Net-Zero Transition Milestones

2015

Supported Carbon Disclosure Project (CDP) and replied to the Climate Change Questionnaire

2018

Imported Task Force on Climate-Related Financial Disclosures (TCFD)

2019

- Selected as a constituent of the Dow Jones Sustainability (DJSI) Emerging Markets Index and World Index
- Established "Sustainable Finance Guidelines"
- The first diversified financials company in Taiwan to sign the Science-Based Targets Initiative (SBTi)
- Imported Internal Carbon Pricing (ICP)

2020

- Yuanta Bank became a member bank of the Equator Principles Association
- Initiated the Group-wide carbon emissions inventory and disclosure of investment and financing assets in 2020 through scientific methods, following the Partnership for Carbon Accounting Financials (PCAF) methodology
- Set category 1 and 2 SBTs
- Calculated the carbon intensity of the Group's investment and financing positions in accordance with TCFD's disclosure indicators
- The first company in Taiwan's financial industry to sign a renewable energy power purchase agreement (PPA) to use green energy

2021

The first branch in Taiwan's financial industry to use 100% green electricity

2022

- Set category 5 SBTs for investment and financing positions
- The first diversified financials company in Taiwan to pass the SBTi science-based targets
- Published the first TCFD report
- Yuanta Securities "Mr. Investor" APP and Yuanta Bank "Mobile Banking" APP passed zero-carbon product verification
- Joined the "Coalition of Movers and Shakers for Sustainable Finance"

2023

- Selected as a constituent of the Dow Jones Sustainability (DJSI) Emerging Markets Index and World Index for 5 consecutive years; ranked 1st in the category of diversified financial services and capital markets nationally
- Ranked by CDP in the Leadership Level A for six consecutive years and recognized as an A-level Leader of the Supplier Engagement Rating
- Joined the Partnership for Carbon Accounting Financials (PCAF)
- Yuanta Financial Holdings and Yuanta Futures ranked in the top 5% of the Taiwan Stock Exchange's 9th Corporate Governance Evaluation
- The TCFD report received the highest-level certification of "Level 5+: Excellence"
- Completed carbon neutrality inspection: Yuanta Bank "Full Series of Credit Cards"
- Completed carbon footprint verification: Yuanta Securities "Online Investment and Financial Management Services"

2024

- Joined the Task Force on Nature-related Financial Disclosures (TNFD), becoming one of the global early adopter companies
- Joined the Partnership for Biodiversity Accounting Financials (PBAF)

1

Climate Transition Plan

1.1 Net-Zero Declaration

In 2023, the Company signed the Science Based Targets initiative (SBTi) Commitment Letter and made the "Yuanta Financial Holding Company Net-Zero Declaration" [1] and Climate Finance Operations Guidelines[2]. These serve as concrete strategies for the Company to move towards meeting the UN and Taiwan's goal for net zero by 2050. We actively pursue carbon reduction through four key dimensions: low-carbon operations, sustainable finance, low-carbon supply chains, and sustainability advocacy, integrating net-zero transition into daily operations and business decision-making.

In 2019, the Company became the first comprehensive financial services provider in Taiwan to sign onto SBTi ⑤ . The Company completed Category 1 and Category 2 inventory and further adopted the PCAF methodology ⑥ and TCFD recommendations in 2020, completing carbon footprinting and disclosures for investment and financing assets. Following the SBT methodology, the Company set emissions reduction targets and passed the verification process in 2022. The Company will continue to monitor changes in the international net-zero transition path, annually assess greenhouse gas emissions from our operations and financial assets, regularly adjust emissions reduction strategy directions and actions, leverage financial influence, and promote low-carbon transformation across the entire industry.

1.2 Overview of Strategies

In 2023, the Legislative Yuan of Taiwan passed the "Climate Change Response Act" following the three-reading procedure, formally incorporating the goal of net-zero GHG emissions by 2050. This Act, along with the Financial Supervisory Commission's (FSC) "Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies," guides the financial sector and enterprises to prioritize climate change and sustainable development. The Group also adopts the vision of net zero by 2050. Externally, we are actively supporting global sustainable development initiatives and national policies, and addressing sustainability issues across the value chain. Internally, the Group has established the "Climate Finance Operations Guidelines" to guide carbon reduction strategies for low-carbon operations, sustainable finance, low-carbon supply chains, and sustainability advocacy. We make rolling adjustments to the Group's carbon reduction strategies and actions based on changes in domestic and international policies and trends; continue to improve GHG inventories and sustainability report/disclosures; and, in the long term, strive toward net zero.

Resource Use Efficiency (RUE)

1. Inventory & Verification: Introducing and obtaining ISO certificates for energy management systems, GHG inventories, and water footprints to leverage comprehensive assessments for carbon reduction goals.
2. Smart Energy Monitoring System(s): Utilizing real-time electricity usage data for electricity management & conserving energy with science-based approaches.
3. Energy Conservation & Emissions Reduction: Implementing various energy-saving and emissions reduction actions through measures such as digitization, paperless operations, and equipment upgrades to foster a low-carbon workplace.

Green Buildings

1. Considering climate risks when selecting locations for Yuanta operations.
2. Using energy-saving equipment and green building materials during the architectural design phase, and obtaining green building certifications.

Renewable Energy

Actively negotiating power purchase agreements (PPA) for renewable energy and adopting renewable energy models for commercial buildings to ensure tenant access to renewable energy.

Carbon Pricing

1. ICP: Leveraging ICP to assess performances of emissions reduction projects and as a tool for Category 1+2 reduction.
2. Carbon Credits: Purchasing international carbon credits to offset carbon from products and achieve carbon neutrality.

Green Capital

1. Sustainability Loans: Supporting government policies by issuing loans to Taiwan's six core strategic industries, offering sustainability-linked loans (SSLs), and spearheading corporate transitions toward a low-carbon future.
2. Responsible Investment: Investing in sustainability targets, issuing ESG funds and related products, and directing funds toward sustainable corporations.
3. ESG Consulting: Assisting with underwriting sustainability bonds and providing consulting services to sustainability-related industries.

Low Carbon Products & Services

1. Product Carbon Footprinting: Conducting ISO 14067 product carbon footprinting and securing carbon neutrality verification to offer customers carbon-free products.
2. Sustainable Digitalization Programs: Promoting FinTech and working with electronic payment service providers to expand the sustainable finance ecosystem.

Supplier Management

Actively encouraging supply chain to transition toward a low-carbon future through supplier conferences and sustainability ratings.

Sustainable Procurement

1. Green Procurement: Prioritizing sourcing and purchasing products with eco-friendly, energy-efficient, Energy Star or other water conservation labels, and local suppliers in Taiwan.
2. Advocacy Campaigns: Organizing educational on-site tours for the procurement department and convening quarterly conferences for procurement officers to strengthen internal awareness of green procurement.

Engagement

1. Investee & Borrower Engagement: Increasing investee's climate awareness and assist in developing related programs.
2. Supplier Conferences: Offering sustainability training to suppliers and publicly commending model suppliers.

External Communications

1. Supporting initiatives to mitigate climate change such as the Coalition of Movers and Shakers on Sustainable Finance (Taiwan) and SBTi (global).
2. International Community Participation: Actively participating in climate action and organizing/participating in ESG forums.

1.3 Science-based Emissions Reduction Pathway

The Yuanta Group is the first comprehensive financial services provider in Taiwan to sign the SBTi. Since signing the SBTi in 2019, we have initiated carbon footprinting for investment and financing assets, including Category 1 direct emissions and Category 2 indirect emissions from purchased electricity. We have formulated science-based carbon reduction targets, committing to reducing Category 1 and Category 2 emissions by 42% in 2030 from the 2020 baseline. Additionally, the Group has set reduction targets based on the "Financial Sector Science-based Targets Guidance" ⑦ issued by SBTi for investment and financing portfolios, which is part of Category 5 emissions. In 2022, we were verified by SBTi and officially declared our SBTs.

To support the Group's low-carbon transition goals and leverage the influence of financial institutions in capital markets, we continue to reduce carbon emissions from investment and financing assets. As of 2023, 37.45% of our investment and financing positions have been covered for financed emissions assessments. We have set emissions reduction targets for electricity generation project financing, commercial real estate loans, listed equity and bonds investment, long-term corporate loans, etc. In addition to SBT scopes, the Group expanded the coverage in 2022 to include carbon emissions from short-term corporate loans and sovereign bonds. Furthermore, the Group conducted independent GHG emissions analyses for seven carbon-intensive industries within our long-term investment and financing portfolios to track and manage the impacts of climate change. These seven carbon-intensive industries accounted for approximately 66.67% of the total carbon emissions from our long-term investments and loans in 2023. For more information, please refer to Chapter 5.2 Metrics and Targets for Low-carbon Transformation Management.

Science Based Targets Note 1					2023 Target	Progress toward Target	Methodology
Category 1 & Category 2				2030 absolute GHG emissions reduce 42%, compared to 2020	Reduce 6% absolute GHG emissions compared to 2020	Reduce 22.05% absolute GHG emissions compared to 2020	Absolute Contraction
Category 5 (Investment & finance)	Set according to each investment and financing target	Electricity generation project finance		49% reduction in GHG emissions per MWh by 2030 in comparison to 2019 for electricity generation project finance portfolio	18% reduction in GHG emissions per MWh	Increase 36% in GHG emissions per MWh	SDA
		Corporate loans	Commercial real estate	59% reduction in GHG emissions per square meter by 2030 in comparison to 2019 for corporate loan portfolio for commercial real estate sector	23% reduction in GHG emissions per square meter	Increase 2% in GHG emissions per square meter	SDA
			Electricity generation	49% reduction in GHG emissions per MWh by 2030, in comparison to 2019 for corporate loan portfolio for electricity generation sector	18% reduction in GHG emissions per MWh	23% reduction in GHG emissions per MWh	SDA
			Other long-term loans	58% reduction in GHG emissions per square meter by 2030, in comparison to 2019 for corporate long-term loan portfolio for finance, retail, service, food and lodging, and real estate development sectors	23% reduction in GHG emissions per square meter	24% reduction in GHG emissions per square meter	SDA
				By 2027, 38% (out of the amount of loan) of long-term corporate loan portfolios in fossil fuel Note 4, electrical and electronic equipment as well as general manufacturing sectors have set SBT	19% of specific investment portfolios have set SBT	17% of specific investment portfolios have set SBT	Portfolio
		Listed equity and bonds investment Note 5		By 2027, 39% (out of the invested value) of listed equity and bonds investment have set SBT	20% of specific investment portfolios have set SBT	31% of specific investment portfolios have set SBT	Portfolio Coverage

Note:
1. Targets validated by SBTi please refer to: https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Yuanta-Financial-Holding-Co.-Ltd.docx.pdf
2. The Group conducts GHG inventories in accordance with the ISO 14064-1:2018 standard. Corresponding terms in the GHG Protocol are as follows: Category 1 corresponds to Scope 1 (direct GHG emissions), Category 2 corresponds to Scope 2 (indirect GHG emissions from purchased energy), and Categories 3 to 6 correspond to Scope 3 (other indirect GHG emissions).
3. The methodology - SDA - is the abbreviation for Sector Decarbonization Approach.
4. The target includes 100% of the Group's fossil fuel corporate loans.
5. The listed equity and corporate bond investment portfolio includes common stock, preferred stock, corporate bonds, exchange-traded funds (ETF), real estate investment trust (REIT) investments and mutual funds.

GHG Emissions of the Group's SBT Investment and Financing Portfolio

GHG Emissions (tCO_2e) Asset Class	2020	2021	2022	2023
Electricity generation project financing	54,783.41	100,707.22	42,574.12	48,288.96
Commercial real estate loans	21,183.47	23,386.90	12,688.11	26,687.71
Listed equity and bonds investment	2,653,603.35	2,310,400.66	1,503,131.29	1,707,703.18
Long-term corporate loans	411,046.62	504,551.43	551,245.34	988,524.70
Short-term corporate loans	-	-	233,529.97	49,110.41
Sovereign bonds	-	-	1,193,198.55	1,117,944.62
Total financed absolute emissions	3,140,616.85	2,939,046.21	3,536,366.38	3,938,259.58
Total emission intensity (tCO_2e/ NT$1 million revenue)	5.25	4.73	4.38	4.24
Data Quality	2.39	2.09	1.57	1.87
Total investment and lending portfolio coverage (%)	28.64	27.51	35.14	37.45

Note: 1. Listed equity and bonds investment cover both long-term and short-term investments.
2. Inventory scope of short-term corporate loans only includes short-term loans to domestic listed companies.
3. The inventory scope for sovereign bonds included three subsidiaries: Yuanta Commercial Bank, Yuanta Life, and Yuanta Securities.

Yuanta Group's Decarbonization Policies

The Company established the "Industry-Specific Environmental and Social Risk Management Rules[3]," requiring subsidiaries to incorporate environmental and social factors into their decision-making processes and integrate the policy with investment and lending procedures. We commit to conducting thorough assessments before undertaking transactions involving carbon-intensive industries and activities susceptible to environmental and social risks, and subsequently monitoring their management.

- Refrain from investing in and underwriting entities involved in coal-fired power generation, coal-related Note 2, or unconventional oil and gas industries Note 3 that are unable to deliver specific improvement actions or plans Note 1.
- Conduct careful assessment of the environmental and social risks associated with coal-fired power generation Note 4, coal-related, or unconventional oil and gas industries before granting a credit line & refrain lending to entities who are unable to deliver specific improvement actions or plans.
- If subsidiaries have existing investments, underwriting, and loans to the aforementioned industries, the Group suggests refraining from increasing investments and loans.
- When dealing with entities in the steel and iron, semiconductor, and plastics material manufacturing, the Group urges subsidiaries to consider the environmental and social aspects of industry risks and best practices. Subsidiaries are required to complete a checklist to assess the adaptability of counterparties to environmental risks and ensure that their operations align with the Group's sustainability principles and carbon reduction goals.

Note: 1. Improvement actions or plans include but are not limited to: Issuing climate-related financial disclosures (TCFD), endorsing SBTi, proposing energy transition plans, and working towards low carbon.
2. Coal-related industry: Includes activities such as mining, drilling, mining services, processing, coal trading, transportation, engineering, and transmission and distribution of coal-fired power.
3. Unconventional oil and gas industries: Includes operational and production activities related to oil sands, shale oil and gas, liquefied petroleum gas, deep-sea drilling (gas), and Arctic drilling (gas).
4. Coal-fired power generation industry: Includes electricity suppliers where coal-fired power generation accounts for more than 50% of their total electricity generation.

1.4 International Initiatives & Government Organizations

As a member of the Coalition of Movers and Shakers on Sustainable Finance, the Group adheres to regulatory policies and supports international benchmark initiatives. By actively engaging in and responding to climate change issues, the Group stays abreast of international sustainability trends, constantly updating international methodologies, and leveraging industry expert knowledge to ensure that the climate strategies, goals, and implementation within the corporation align with international frameworks. This strengthens the Group's management of climate change issues and furthers us to our sustainable finance goals.

SBTi

As Taiwan's first comprehensive financial services provider to formally join SBTi, we have set science-based emissions reduction goals aligned with the Paris Agreement. Following the methodology provided by SBTi, we completed SBT verification and declaration in July 2022 and signed the SBTi Commitment Letter in 2023 to commit to net zero emissions.

CDP

The Group has been a participant in the Carbon Disclosure Project (CDP) ⑧ since 2015 and has completed CDP Climate Change Questionnaires. In 2016, the Group became a CDP investor signatory "supporting the CDP's climate change, water, and forest programs." The Group has secured a CDP score of A for four consecutive years and maintained a "Leadership Level" for six consecutive years. In addition, the Group has maintained a "Leadership Level" from CDP's Supplier Engagement Rating (SER) for five consecutive years.

PCAF

In May 2023, the Group officially joined the PCAF, adopting international investment and financing carbon emissions management standards. By exerting influence upstream in the financial sector, the group evaluates carbon emissions from investment and financing positions, taking concrete actions to drive industries and society toward the goal of net-zero emissions by 2050.

Coalition of Movers and Shakers on Sustainable Finance

To construct a comprehensive sustainable finance ecosystem and lead businesses towards net zero, the FSC invited the Company and other industry-leading peers to form the "Coalition of Movers and Shakers on Sustainable Finance" and the "Financial Industry Net-Zero Working." These initiatives aim to encourage financial institutions to set emissions reduction targets and take responsive actions. They also serve as platforms for collaboration and exchange of ideas among financial institutions, facilitating communication and cooperation. Additionally, the "Financial Industry Net-Zero Working Platform" was developed to collaborate with the government to develop relevant tools, guidelines, or databases. The Coalition and Platform aims to deepen sustainable development and achieve net zero by integrating resources from across the financial sector.

RE10x10

The Group supports Greenpeace's "RE10x10 Climate Declaration⑨" and seeks to increase internal use of renewable energy. We became the first financial institution in Taiwan to pledge 10% renewable energy usage across the Group by 2025, demonstrating our commitment to taking real action to mitigate climate change and fulfill environmental responsibilities. The Group's goal is to reach 100% renewable energy usage by 2050. In 2023, the Group adopted 100% of green energy at 5 operation sites, setting the new model for the use of green energy in the financial sector.

2

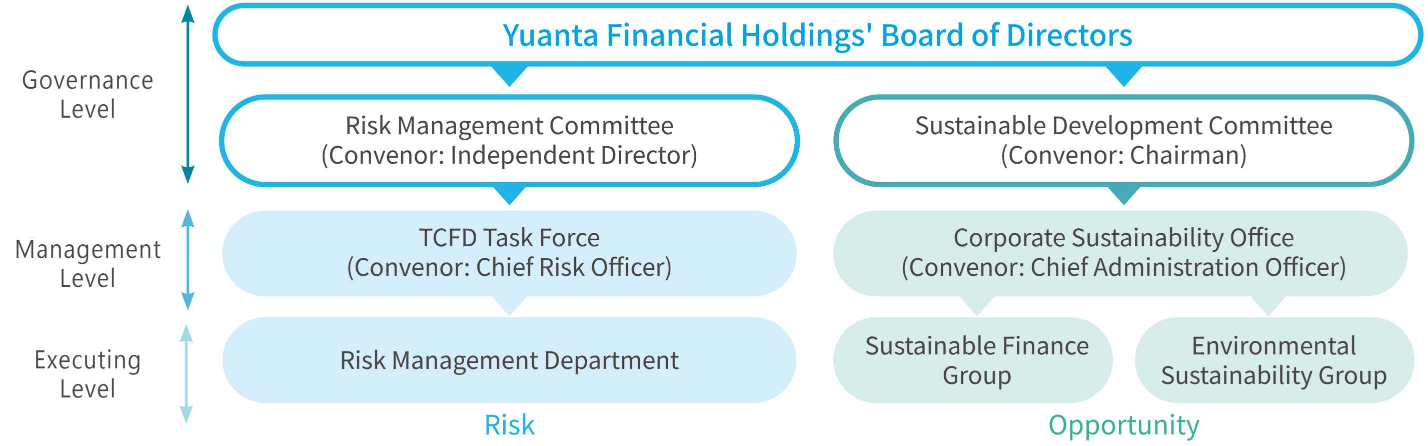
Climate Governance

2.1 Board Oversight of Climate and Nature-related Risks and Opportunities

The Company's board of directors is the highest governing body for climate and nature-related issues. The "Risk Management Committee" and "Sustainable Development Committee" under the board are responsible for overseeing and managing climate and nature-related risks and opportunities, as well as promoting the Group's overall climate and nature strategies and policies. The Company's independent directors are experts in not just corporate governance and financial institution management but also research and education in areas such as climate risks in the financial industry, ESG/sustainable investments, sustainable financial products, and relevant financial regulatory frameworks. We, therefore, lean on their professional expertise for oversight on climate and nature-related operations and mechanisms. For detailed information on our directors' educational background and professional experience, please refer to board member profiles on our official website.

The board considers climate and nature issues when making critical decisions on corporate governance and business strategies. There is also a robust management system for climate issues in place. In 2023, the board agenda included 26 climate-related issues proposed by the Risk Management Department and Corporate Sustainability Office, which encompassed quarterly reports on financial risk management and analysis, oversight reports on operational risks, and schedules for GHG inventory and verification.

Governance Framework for Climate-related Risks and Opportunities

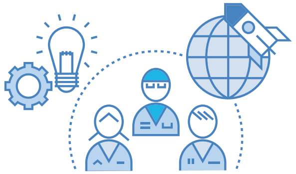


● Risk Management Committee

To strengthen and enforce risk management, the Company restructured the Risk Management Committee as a functional committee under the board in 2023. The committee comprises three directors, a majority of whom are independent, and nominates an independent director as convener and chair. Its key responsibilities include aiding the board in overseeing the Group's climate-related risk management system, reviewing annual risk limits and monitoring indicator thresholds, scrutinizing risk management execution reports, and supervising existing or potential risks. The committee convenes, at minimum, quarterly and held five meetings in 2023. It regularly reports important matters to the board, including quarterly financial risk management and analysis, operational risk monitoring, and an annual evaluation of existing risk management mechanisms. These reports aid the board's oversight of the Company's risk management efforts.

Sustainable Development Committee

The Sustainable Development Committee, a functional committee under the board, comprises the Chairman and four independent directors. It convenes at least twice annually to decide and review the Group's sustainability strategy and annual plans. It is also responsible for monitoring the Group's sustainability issues as well as climate and nature-related risks and opportunities. The committee may convene meetings as needed to stay abreast of domestic and international sustainability trends and adjust the Group's strategies and policies accordingly. The committee regularly reviews climate and nature initiative reports from the "Corporate Sustainability Office" to identify opportunities in a changing market and potential climate impacts on business operations, ensuring the Group's commitment to sustainability and strengthening climate and environmental resilience. In 2023, the committee held four meetings with a 100% attendance rate, actively integrating corporate sustainability values into the Company's operational strategies.



2.2 Management of Climate and Nature-related Risks and Opportunities

To enhance climate and nature-related management and efforts, the Company has established the "TCFD Task Force " and the "Corporate Sustainability Office" to integrate group-wide resources to ensure the sustainability policies are upheld; review progress and effectiveness; and report to the "Risk Management Committee" and "Sustainable Development Committee."

TCFD Task Force

The TCFD Task Force is set up by the Risk Management Department and directed by the Company's Chief Risk Officer. It aims to facilitate comprehensive management of issues and impacts relating to climate risks by identifying, compiling, evaluating, and analyzing climate risks and opportunities; deliberating and establishing systems to monitor climate risks; and assisting and overseeing subsidiaries with climate risk management.

Corporate Sustainability Office

The Corporate Sustainability Office is directed by the Company's Chief Administration Officer, who is the top executive for climate and nature management within the Company. The office convenes, at minimum, quarterly and is responsible for rolling out the Group's sustainability strategies and development; coordinating and managing various climate and environmental targets and progress to targets; and regularly reporting to the board on important matters and progress upon review from the Sustainable Development Committee. The "Sustainable Finance Team" and "Environmental Sustainability Team" have been established under the office and are responsible for implementing various climate sustainability projects and related initiatives. The Sustainable Finance Team is in charge of developing internal regulations such as the "Sustainable Finance Guidelines" and designing sustainable financial services and products that meet the criteria of green loans, green products, and responsible investment principle and also deliver environmental and social benefits. The Environmental Sustainability Team takes charge of internal operations and efforts toward energy and climate goals, including increasing the proportion of renewable energy use, low-carbon efforts such as energy conservation and emissions reduction, CapEx decisions, mitigating negative environmental impacts from business processes, and reducing the Group's financial impacts from climate change.

Climate Issues Linked Incentives for Management

To embed a sustainability culture and effectively promote climate governance policies, the Group has established relevant incentives to encourage actions and rollout. Directors and general managers of the Company and subsidiaries are required to specify performance targets and achievements based on the overall ESG considerations within the assessment system, along with a comprehensive evaluation of overall performance. ESG assessment factors are incorporated into the performance evaluation of senior management, with annual sustainable operation goals (incl. climate issues) linked to incentives and accounting for over 5% of the assessment weight. Additionally, the performance evaluation of department heads and colleagues responsible for sustainability-related operations is linked to environmental and climate indicators, with weighing between 20-80% of total performance in 2023. We hope this top-down approach across the organization can strengthen climate governance in practice.

Senior Management Performance Appraisal Form

Category		Ratio	Description
Operational Objectives	Financial Objectives	70%	Financial indicators and competitiveness indicators
	Business Objectives		Annual business indicators, risk management indicators, and performance management indicators for reinvested businesses
	Sustainable Development Objectives (>5%)		i2021-2025 Sustainable Development Strategy Roadmap for the Group, annual ESG key projects, mid-to-long-term (3-5 years) development goals, and Group's carbon reduction target
Group Objectives		30%	Succession planning team and talent cultivation indicators, compliance with laws and regulations and internal control system management indicators, and Group operation support indicators

2.3 Education & Training

The Group remains at the forefront of sustainability, actively staying abreast of climate trends by organizing various online and offline seminars and courses. In 2023, directors actively participated in climate change forums and training on topics such as "Net Zero Emissions and Corporate Governance," "Building Organizational Resilience and Business Development through Sustainable Finance Evaluations," "GHG Inventory Assurance," "Accounting under Climate Change," and "Energy Conservation and Carbon Reduction for Profit." Our directors participated in 180 hours of training, aiming to enhance the Company's governance capabilities and fulfill their supervisory responsibilities. Senior executives are also encouraged to participate in outside forums and lectures while undergoing internal climate-related training. This can deepen their understanding of climate trends and foster a culture of sustainable governance.

Major Forums Featuring Yuanta 's Senior Executives in 2023

Event	Topic	Role
Confronting Climate Change with Sustainable & Green Finance	1. Policy trends in sustainable finance & climate change 2. Enforcing risk management for corporate resilience 3. Influence of sustainable finance 4. Global risk & sustainable finance trends	Forum panelist
2024 Sustainability Talent & Trends Forum	1. How can businesses respond to rising demands for sustainability professionals 2. How to access sustainable finance professionals 3. Pioneering development of sustainability professionals 4. Toward common good: cultivating critical green collar workers	Forum panelist
Sustainable Finance & Sustainable Investment Forum	1. Building a sustainable finance ecosystem 2. Requirements of corporate sustainability disclosures 3. Transition & business opportunities from carbon inventories	Forum panelist
3rd Taiwan Sustainable Investment Forum	1. Sustainable investment trends 2. Social sustainability trends 3. Sustainability trends & legacy 4. Sustainability professionals	Forum panelist
2023 ESG Summit	1. Green Finance Action Plan 3.0 2. Transition finance & sustainable investment/financing 3. Evolution of Sustainable Finance Evaluations	Forum panelist

Internal Climate-related Training Programs & Hours with Yuanta's Senior Executives in 2023

Program	Topics	Hours
ESG & Climate Change: Climate-related Financial Disclosures with TCFD	1. Short history of global climate change & TCFD's past and present 2. Brief intro to TCFD's framework & elements 3. International practices & case studies 4. Scenario analysis & scenario settings 5. Metrics & targets	3 hrs

In addition to incorporating climate issues into internal training for senior management, the Group also provides sustainable finance courses for all employees. In 2023, the Group held a total of 972 training sessions, with 181,319 participants completing training and logging 211,518 training hours. Through education and training, relevant employees become familiar with integrating sustainable finance issues into existing workflows. This equips them with the necessary skills to advise customers and generate sustainable benefits. Employees in planning, corporate finance, investment banking, digital finance, product design, trading, and risk management participated in green finance forums, seminars, and sustainability finance courses. Members of relevant project teams hold various certifications, including Corporate Sustainability Manager and Sustainable Development Carbon Management Manager, aiming to enhance climate risk assessment expertise to establish a culture of climate governance, nurture sustainable finance professionals, and leverage the Group's influence as a financial institution.

Climate-related Certificates

Climate-related Certificates

ESG or Sustainability Certificates	No. of Holders
Corporate Sustainability Manager	2
Sustainable Development Carbon Management Analyst	2
Sustainable Development Carbon Management Manager	1
Sustainable Development Carbon Management Planner	2
Sustainable Energy and Resource Management Analyst	2
Sustainable Energy and Resource Management Manager	1
Sustainable Energy and Resource Management Planner	2

2.4 Major Decisions and Outcomes in Climate and Environmental Governance

"Yuanta Financial Holding Company Statement on Lobbying and Policy Engagement"

In 2024, the company released the "Statement on Lobbying and Policy Engagement"[4] to support Taiwan's Net Zero by 2050 goal, ensuring the Company and subsidiaries align with the Paris Agreement when engaging in lobbying activities or joining industry associations. As a member of the Chinese National Association of Industry and Commerce, Yuanta supports the "1.5 ℃ Climate Action Declaration" and fulfills our responsibilities as a global citizen. Internally, responsible units regularly review the Group's efforts in public policies to ensure compliance with the "Paris Agreement," communicate with the government agency that set forth the policy, and take action accordingly. The Group discloses the outcomes of participation in climate-related public policy lobbying activities and industry associations each year. We will continue to cooperate with the government's climate policies and address climate-related issues, leveraging the strengths of the financial industry to promote sustainable development with government agencies and assist in the market and country's transition to net zero.

3

Climate Transition Strategy

3.1 Climate Risk and Opportunity Management Procedure

To understand the impacts, risks, and opportunities of climate change on the Company and to enhance business resilience, the Company conducts annual identification and assessment of climate risks and opportunities specifically for our business endeavors. These efforts are spearheaded by the "Risk Management Committee" and the "Sustainable Development Committee" to ensure the Group's plans for future developments factor in climate issues.

The Company's climate risk and opportunity management procedure is divided into four steps, risk and opportunity identification, measurement, monitoring to reporting. The ownership and responsibility of each step are illustrated as below.

Climate Risk and Opportunity Management Procedure

1 Risk and Opportunity Identification

- Each subsidiary identifies climate risks and opportunities based on the nature of business each year
- The Company's Risk Management Department and Corporate Planning Department integrate overall risk and opportunity identification
- Refers to the climate risk reports from international institutions

2 Risk and Opportunity Measurement

- Each subsidiary identifies the level of impact originated from the risks and opportunities based on the nature of business
- The scope of measurement includes the direction timing and geographical location of impact, the extent to which companies in the value chain are affected as well as the financial impact
- The Company's Risk Management Department maintains a model for CVaR measurement to enhance the quantitative management of climate risks

3 Risk and Opportunity Monitoring

- The Company incorporates environmental and social risks across different industries into its industry risk assessment mechanism
- The Corporate Sustainability Office formulates sustainability-related regulations and policies to manage climate opportunities
- The Company and five major subsidiaries develop climate risk monitoring indicators and thresholds. Then, evaluates, monitors, and reports on these indicators each month

4 Risk and Opportunity Reporting

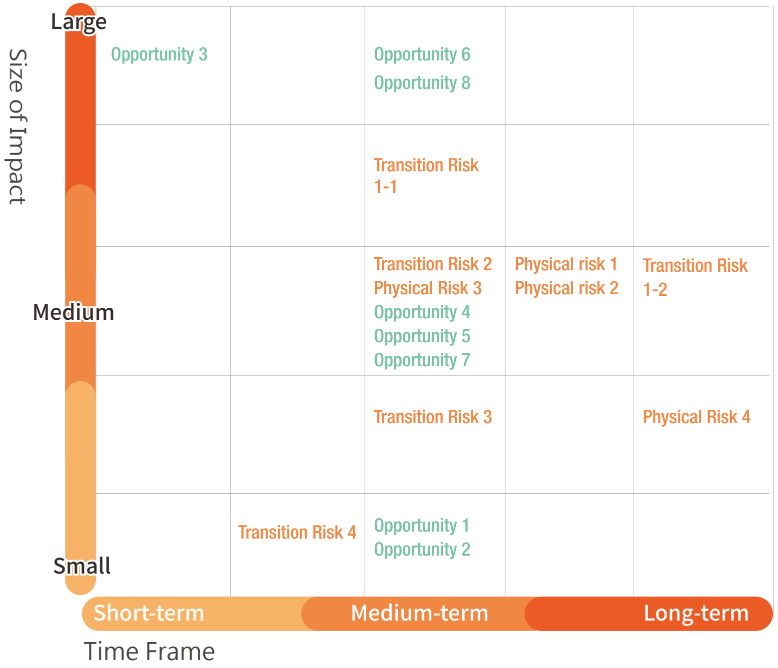
- Formulate and submit response measures for climate risks and opportunities to the Sustainable Development Committee
- Regularly report to the Risk Management Committee and Board of Directors on the use of climate risk monitoring indicator thresholds
- Regularly report to the Sustainable Development Committee and Board of Directors on the planning and outcomes of climate change initiatives

3.2 Short-, Medium- and Long-term Risks and Opportunities

TCFD categorizes climate risks into "transition risks" and "physical risks." Transition risks stem from extensive policy, legal, technology, and market changes necessitated by the transition to a low-carbon transition. Physical risks result from the impacts of extreme weather events and disasters caused by climate change. The Group anticipates continuous evolution and development in climate-related research and methodologies. As such, we regularly reference domestic and international information and annually review the assumptions underlying our assessments. The Risk Management Department is responsible for reviewing and categorizing potential climate risks confronting the Group, while the Corporate Planning Department is responsible for coordinating and integrating opportunities from market changes. Subsidiaries are also requested to assist in analyzing climate risks and opportunities according to their respective expertise. In 2023, we identified eight risks and eight opportunities, which have been ranked by level of impact, time of impact, and implications on value chain, and subsequently compiled into a matrix. Response measures and strategies have been formulated accordingly to increase the Group's adaptability to climate risks and opportunities.

Climate Risk and Opportunity Matrix

8 Major Climate Risks and 8 Major Opportunities Matrix



Opportunity 3		Opportunity 6 Opportunity 8		
		Transition Risk 1-1		
		Transition Risk 2 Physical Risk 3 Opportunity 4 Opportunity 5 Opportunity 7	Physical risk 1 Physical risk 2	Transition Risk 1-2
		Transition Risk 3		Physical Risk 4
	Transition Risk 4	Opportunity 1 Opportunity 2		

8 Major Climate Risks and 8 Major Opportunities

Risk	
Transition Risk 1-1	Cost for decarbonization policies and legal compliance-Investment/financing clients.
Transition Risk 1-2	Cost for decarbonization policies and legal compliance -Own operation.
Transition Risk 2	Cost for eco-friendly green energy transformation.
Transition Risk 3	Investor divestment from high-polluting industries.
Transition Risk 4	Impact on the Company's reputation for investing in highly polluting industries.
Physical Risk 1	Increase in insurance premium cost for extreme weather events.
Physical Risk 2	Extreme weather causes companies that receive investment/financing to halt their operations.
Physical Risk 3	Losses from business locations and collateral damages due to flooding.
Physical Risk 4	Losses from business locations and collateral damages due to a rise in sea level.

Opportunity	
Opportunity 1	Improving energy efficiency in business locations.
Opportunity 2	Green procurement and supplier management.
Opportunity 3	Develop and promote low-carbon products and services.
Opportunity 4	Customer engagement on sustainability and green consumption concepts.
Opportunity 5	Sustainable investment and green loan.
Opportunity 6	Sustainable development bond market.
Opportunity 7	Cooperation with government agencies.
Opportunity 8	Natural disaster crisis management and early warning measures.

Note:
1. Definition of time periods: short-term is within 1 year, midterm is between 1-5 years, and long-term is more than 5 years; calculated based on the asset size or profit/loss of each subsidiary.
2. Definition of levels of impact: small is if likely to result in profit or loss of less than NT$100 million, medium is if likely to result in profit or loss of NT$100-300 million, and large is if likely to result in profit or loss of more than NT$300 million; with risk factors such as the number of major business operations system collapse and insurance claims taken into account, and calculated based on the asset size or profit/loss of each subsidiary.

Financial Impact Analysis of Climate Change

Eight Major Climate Risks: Financial Impacts & Mitigation

Risk	Risk Type	Risk Description	Value Chain Stages Covered by Climate Risk Assessment	Time Horizon(s) Covered by Climate Risk Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapter
Transition Risk 1-1	• Current Regulation • Emerging Regulation • Legal Risk • Technology Risk	Cost for decarbonization policies and legal compliance-Investment/ financing clients	• Own operations • Investment and financing targets	Medium-term	Large	Investees and borrowers may incur additional carbon costs because of tightening regulations and lack of transitional technologies, leading to decreased profits and stock prices, or increased credit risks, ultimately taking a toll on the Group's assets or investments.	1. In addition to closely monitoring international carbon taxes and related regulations, considering that Taiwan launched carbon tax rates and emissions monitoring in 2024 and intends to launch carbon taxation in 2025, the Group will make concerted efforts to assist carbon-intensive investment and financing targets affected by carbon-related policies and regulations, strengthen engagement, and strive to mitigate potential financial impacts. 2. Regularly assess investment targets' likelihood of being impacted by climate change by developing climate change risk monitoring indicators and formulating response measures for those most vulnerable.	CH 4.1 Identify, measure and manage processes CH 4.3 Quantitative Financial Analysis of Climate Change
Transition Risk 1-2	• Current Regulation • Emerging Regulation • Legal Risk	Cost for decarbonization policies and legal compliance-Own operation	• Own operations	Long-term	Medium	The Group utilizes usage of renewable energy as its carbon reduction measures to achieve carbon reduction targets and comply with domestic policy and regulations. This can bring about additional costs which results in higher operational costs for the Group.	Continue to pay attention to and participate in the renewable energy market, and increase energy usage efficiency in all locations through active actions to reduce usage of non-renewable energy.	CH 3.3 Low-carbon Operations-Renewable Energy CH 4.3 Quantitative Financial Analysis of Climate Change
Transition Risk 2	• Technology Risk • Market Risk	Cost for eco-friendly green energy transformation	• Own operations • Investment and financing targets	Medium-term	Medium	Additional carbon reduction cost for investment and financing targets can occur due to transition, and not undergoing transition in time can decrease the client's revenue and share price or increase its credit risk, which in turn decreases the Group's assets.	Continue to pay attention to demands of low-carbon transition markets to support clients to undergo low-carbon transition.	CH 4.3 Quantitative Financial Analysis of Climate Change

Risk	Risk Type	Risk Description	Value Chain Stages Covered by Climate Risk Assessment	Time Horizon(s) Covered by Climate Risk Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapter
Transition Risk 3	• Reputational Risk	Investor divestment from high-polluting industries	• Own operations	Medium-term	Medium	Institutional investors pay more attention to climate change and environmental issues. If investors have doubts about asset safety, they may divest from the investing, resulting in a decline in the Group's investment funds for asset management business.	Embed sustainable finance management procedures into the asset management process, as well as enhancing the review mechanism for investment targets with high pollution and high emissions to meet investors' expectations.	CH 4.2 Climate Risk Management for Core Businesses
Transition Risk 4	• Reputational Risk	Impact on the Company's reputation for investing in highly polluting industrie	• Own operations	Short-term	Small	Negative reports/news on high-polluting investment targets may impact the Group's reputation or reduce available funds for investments under AMC business.	Strengthen review, control and engagement on high-polluting investment and financing targets, and proactively become a sustainable financial institution and establish positive social image through autonomous initiative or participation of international actions.	CH 4.2 Climate Risk Management for Core Businesses
Physical Risk 1	• Chronic Physical Risk	Increase in insurance premium cost for extreme weather events	• Own operations	Medium-term	Medium	Extreme weather events may threaten human safety and lead to fatalities, resulting in higher claim expenses to medical or life insurances and ultimately leading to rising operating costs for the Group.	1. Evaluate and price products according to related data during the development stage. 2. Continue to track regulations on climate risks' impact on insurance products and incorporate climate risks into actuarial calculations and related design planning for insurance products.	"Sustainable Development" section on Yuanta Life's Official Website
Physical Risk 2	• Acute Physical Risk • Chronic Physical Risk	Extreme weathercauses companies that receive investment/ financing to halt their operations	• Own operations • Investment and financing targets	Medium-term	Medium	Extreme weather events cause investment and financing targets to lose property or cease operations, which leads to a reduction in the Group's assets.	Strengthen the due diligence and Know Your Customer (KYC) process for investment and financing targets to ensure a comprehensive understanding of the resilience of business partners when responding to extreme weather events. For example, incorporate sustainable finance management practices to guidelines on investment fund use to avoid concentrated investments in a certain region or industry.	CH 4.2 Climate Risk Management for Core Businesses

Risk	Risk Type	Risk Description	Value Chain Stages Covered by Climate Risk Assessment	Time Horizon(s) Covered by Climate Risk Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapter
Physical Risk 3	• Acute Physical Risk • Chronic Physical Risk	Losses from business locations and collateral damages due to flooding	• Own operations • Investment and financing targets • Suppliers	Medium-term	Medium	Flood caused by extreme weather results in the operational interruption for subsidiaries or the decline in the price of proprietary real estate, which in turn has an impact on the profit and loss of the Group by reducing revenue, or result in the Group's decrease in assets.	Require suppliers, operational sites, and proprietary real estate investments to factor floods from climate change into consideration.	CH 4.3 Quantitative Financial Analysis of Climate Change
Physical Risk 4	• Chronic Physical Risk	Losses from business locations and collateral damages due to a rise in sea level	• Own operations • Investment and financing targets	Long-term	Medium	Due to sea level rise, operation interrupted at subsidiaries' locations or price decreased in self-owned real estate, which can in turn impact the Group's income and loss.	Locations and self-owned real estate investments take rising sea levels caused by climate change into account.	CH 4.1Identify, measure and manage processes CH 4.2 Climate Risk Management for Core Businesses

Note: The Company has no acquisitions, divestments, or capital acquisitions in 2023.

Eight Major Climate Opportunities: Financial Impacts & Response

Opportunity	Opportunity Type	Opportunity Description	Value Chain Stages Covered by Climate Opportunity Assessment	Time Horizon(s) Covered by Climate Opportunity Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapter
1	• Resource Efficiency • Energy Source	• Increase the use of renewable energy at operating sites • Apply high-efficiency and circular economy solutions to operating sites and proprietary buildings to improve resource efficiency	• Own operations	Medium-term	Small	Reduce operating costs by ensuring proprietary properties under construction adhere to green building standards, use renewable energy, and opt for energy-efficient equipment & introducing energy management systems in proprietary buildings to increase energy use efficiency.	Support use of renewable energy, purchase renewable energy, implement ISO 50001 energy management system, actively obtain green building certificates for proprietary real estate, switch to energy-efficient lights and water-saving devices. Create a low-carbon workplace and reduce resource consumption by implementing energy-saving actions and paper reduction measures.	CH 3.3 Low-carbon Operations

Opportunity	Opportunity Type	Opportunity Description	Value Chain Stages Covered by Climate Opportunity Assessment	Time Horizon(s) Covered by Climate Opportunity Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapter
2	• Products and Services	Green procurement and supplier management	• Own operations • Suppliers	Medium-term	Small	Support low-carbon companies with sustainable products to lower operational cost through green purchasing and supplier management.	Formulate "Integrity Management Guidelines" [5], "Supplier Sustainable Procurement Guidance" [6], "Guidelines of Supplier Management" [7], and include "Supplier's Terms and Conditions for Sustainable Procurement" and "Integrity Management Terms and Conditions" in the contract to regulate suppliers; "Green Procurement Terms and Conditions" is formulated in procurement regulations.	CH 3.3 Low-carbon Operations-Green Procurement CH 3.5 Climate and Nature Actions and Engagements-Value Chain Engagement
3	• Products and Services	Develop and promote low-carbon products and services	• Investee	Short-term	Large	Develop and promote low-carbon products and services to satisfy investors' needs to increase revenue.	Launch diverse innovative financial products relating to climate change and sustainability, such as: ETF, Sustainability ETN, sustainability-related warrants, etc. to continue to satisfy clients' sustainability investment demands. For existing sustainability products, promote those through diverse channels, and continue to expand scale of sustainability asset management, actively guide capital to ESG industries, and support companies targeting sustainable operation. Create carbon inventory and work towards carbon neutrality on the main financial products and services of each subsidiary, such as APP, credit card, and online service, provide clients with low-carbon products and services, and satisfy client demands to increase income.	CH 3.4 Low-carbon Transformation-Sustainable Financial Products and Services CH 3.4 Low-carbon Transformation-Product Carbon Footprints
4	• Products and Services	Customer engagement on sustainability and green consumption concepts	• Product and Service	Medium-term	Medium	Maximize the use of financial products and service platforms to engage with clients on the sustainability and green consumption concepts in order to increase operating income.	Encourage clients to take action towards energy conservation and carbon reduction or green investment through multiple channels such as through official website and APP. The Company will also actively engage with clients to take proactive ESG measures by meeting, written communication and oral discussions.	CH 3.4 Low-carbon Transformation-Sustainable Financial Products and Services CH 3.5 Climate and Nature Actions and Engagements

Opportunity	Opportunity Type	Opportunity Description	Value Chain Stages Covered by Climate Opportunity Assessment	Time Horizon(s) Covered by Climate Opportunity Assessment	Size of Impact	Financial Impact	Response Measure	Corresponding Chapte
5	• Markets	Sustainable investment and green loan	• Own operations	Medium-term	Medium	Formulate group-level investment and financing policies to steer capital towards sustainable businesses and increase business revenue.	Investment and credit decisions will be made in accordance with the "Sustainable Finance Guidelines" [8] and the "Industry-Specific Environmental and Social Risk Management Rules." Each subsidiary's investment unit has formulated regulations and indicators based on the nature of its business and incorporate the concept of ESG into the investment process. For credit business, Yuanta Bank has formulated the "Guidelines for Managing Equator Principles Financing Cases" [9] to implement the Equator Principles.	CH 3.4 Low-carbon Transformation-Sustainable Financial Products and Services
6	• Markets	Sustainable development bond market	• Product and Service	Medium-term	Large	Issue, underwrite, and invest in sustainable development bonds to inject energy into the sustainable development bonds market and generate operating revenue.	Continue to issue, underwrite, and invest in sustainable development bonds, including green bonds, sustainability bonds, and social bonds; activate the sustainability bond market; support companies to move towards sustainability transitions.	CH 3.4 Low-carbon Transformation-Sustainable Financial Products and Services
7	• Markets	Cooperation with government agencies	• Product and Service	Medium-term	Medium	Grasp real-time sustainability trends and expand new markets and business opportunities in relevant business through participating in organizations of competent authorities and trade associations.	As a member of "Coalition of Movers and Shakers on Sustainable Finance", we increase investment and financing capital for particular industries in compliance with national policies, including forward-looking economic actions and key strategic industries in the Executive Yuan's "Taiwan's Pathway to Net-Zero Emissions in 2050",to guide net zero emission transitions among industries. Subsidiaries take active participation in sustainability policy formulation in competent authorities and provide relevant suggestions to understand developmental trends of sustainability business in each industry and sector.	CH 1.4 International Initiatives & Government Organizations
8	• Resilience	Natural disaster crisis management and early warning measures	• Own operations	Medium-term	Large	Formulate and ensure the effectiveness of adaptation measures, provide stable services for all businesses to increase client trust and reduce operating losses.	Uninterrupted power source, backup servers and off-site backup have all been set up, as well as regularly conducting disaster response drills to ensure that equipment and mechanisms can operate normally in case of crisis. ISO 22301 Business continuity management system is planned to be introduced to establish standard procedures to reduce the risk of interruptions and ensure recovery.	CH 4.3 Quantitative Financial Analysis of Climate Change

Note: The Company has no acquisitions, divestments, or capital acquisitions in 2023.

3.3 Low-carbon Operations

As a green pioneer, the Group actively participates in global efforts to combat global warming, listing low-carbon initiatives for Yuanta operations into our sustainability strategy. Following the "Environment and Energy and Climate Change Management Policy[10]," the Group is committed to environmental and energy management, promoting efficient resource use, reducing GHG emissions, and ensuring environmental protection. This commitment is reflected in four major low-carbon initiatives targeting Yuanta operations: environmental management system certification, energy conservation and emissions reduction efforts, green buildings, and renewable energy use.

As part of the Group's Corporate Sustainability Office, the "Environmental Sustainability Team" is responsible for developing environmental management systems and coordinating various action plans. The team is empowered to leverage the organization's resources through standardized and systematic management. In the future, the Group will continue to enhance operational resilience by fostering a low-carbon workplace and strengthening climate management to achieve sustainable finance goals.

● Management and Certification

In 2023, the Group issued the Net-Zero Declaration and Climate Finance Operations Guidelines to support the UN and Taiwan's ambitions for Net Zero by 2050. All Yuanta locations in Taiwan received ISO 14064-1 GHG inventory and verification certification, creating a basis for setting long-term SBTs. In addition, all 10 proprietary buildings of the Group in Taiwan passed the ISO 50001 energy management system verification in 2023. By utilizing smart energy and environmental monitoring systems, we gained insight into electricity consumption and carbon emissions, presenting energy management with real-time scientific data. Setting up alerts for excess electricity usage allowed us to effectively control energy consumption, resulting in an overall improvement in energy management performance by nearly 0.17%. Since 2016, we have reduced carbon emissions by over 1,880.60 metric tons.

Furthermore, in 2023, the Group continued to adopt ISO 14046 water footprint inventory verification to assess water consumption from business operations. This included a detailed analysis of water consumption at key points to understand the environmental impact of water use and implementing data-driven management and goal setting as comprehensive assessment indicators for water use assessment. The Group will continue to perfect management systems, strengthen efficient use of natural resources, and reduce GHG emissions.

Certificate	Start Date/ Valid for	Benefits/Outcomes
ISO 14064-1 GHG inventory	2023	**1,880.60** metric tons in total carbon reduction
ISO 50001 Energy management system	2024/ 3 years	**0.17%** increase in energy management performance
ISO 14046 Water footprint	2023	Water withdrawal decreasing each year; **9.7%** reduction in water withdrawal in 2023

Energy Conservation & Carbon Reduction Efforts

To mitigate potential carbon risks and climate impacts, the Group has rolled out several energy-saving measures, including creating a low-carbon workplace and reducing resource consumption through initiatives such as LED lighting replacement, capital equipment upgrades, and installing EV charging stations in new buildings. Additionally, efforts to digitalize our workplace and streamline operations have been made to promote paperless practices. In 2023, we used 264,554,788 fewer sheets of paper. Moreover, internal staff awareness of energy conservation, emissions reduction, and environmental protection has been reinforced through educational campaigns. We also encourage online meetings and training for daily matters and operations to minimize business travel and enhance administrative efficiency. As a result, the Group achieved 1,812.63 metric tons in carbon emissions reduction in 2023.

Low-carbon Operation Actions	Examples	Amount of Carbon Reduction (t CO_2e)
Energy-saving action plan	LED energy-saving lamp replacement, outdated equipment and systems upgrade, etc.	119.48
Paper reduction measures	Internal E-documents, e-payment slips, tablets for major meetings, Yuanta E-academy, digital services, etc.	1,693.15

Note: 1. The amount of carbon reduction in 2023 is calculated based on the 2022 electricity carbon emission factor of 0.495 (kg CO_2e/kWh) as announced by the Bureau of Energy of the Ministry of Economic Affairs. Detailed information can be found in Chapter 4.2 Contribution to the Development of Green Operations - Low- Carbon Operations of the 2023 ESG Report.

2. The carbon emissions of paper are calculated using the Carbon Footprint Information Platform of Taiwan's Ministry of Environment, Executive Yuan- 3.20 kg CO_2e /500 sheets per pack. Detailed information can be found in Chapter 4.2 Contribution to the Development of Green Operations - Low- Carbon Operations of the 2023 ESG Report.

Green Buildings

In consideration of extreme weather will result in interrupted operation at locations or value loss of self-own assets, to mitigate and adjust operational impacts climate events can incur, the Group lists economic effect, climate change (flood and soil liquefaction), protective equipment (fire protection and flood protection), and sustainable building (Green Building Label, power generated by renewable energy, rainwater harvesting system, Energy Label) in location expansion site selection assessment to prevent future disasters and operational loss.

While mitigating the operational impacts of climate change, the Group also considers our environmental footprint. Future proprietary buildings are required to obtain green building certification. Currently, YuanTai Plaza received a Taiwan Green Building Label in Silver from the Ministry of the Interior. We expect that the Nanjing Fuxing redevelopment project, Yuanta Songjiang Gold Star Building, and Yuanta Songjiang Silver Star Building will also be certified by 2025. From 2019 to 2023, a total of NT$15 million has been invested in IEN energy monitoring systems for real estate development projects. In the design stage, we begin to incorporate greenery, water conservation, energy-efficient building envelopes, rainwater recycling systems, and green building materials to ensure the building and environment thrive alongside each other. This approach fosters both development and sustainability, aligning with the Group's commitment to achieving low-carbon sustainability in its operations.

● Renewable Energy

The Group, following our endorsement in 2021 of the "RE10x10 Climate Declaration" initiated by the environmental organization Greenpeace, formally committed to the SBTi Commitment Letter in September 2023. In alignment with SBTi's decarbonization objectives and domestic policies and regulations, the Group has actively pursued renewable energy initiatives, transitioning from purchasing renewable energy certificates (T-REC) to renewable energy power purchase agreements (PPAs). In 2021, we officially started wheeling renewable energy, becoming the first financial institution in Taiwan to operate 100% on renewable energy at business locations, thus propelling Taiwan's financial sector into the era of renewable energy. Currently, the Group's green energy transition spans across operational sites of the five major subsidiaries: Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures. Yuanta Securities' Ximen Branch and Taichung Branch, Yuanta Bank's Business Department and Taichung Branch, and Yuanta Futures' Taichung Branch are five operational sites that have successfully adopted 100% renewable energy use.

As a sustainability pioneer in Taiwan's financial sector, the Group opened a new era in renewable energy with the "Renewable Energy for Commercial Buildings" model. As of 2023, the Group's overall renewable energy use has reached 7.1%, amounting to a total of 2.6434 million kWh wheeled. We continue to strive toward the Group's target of 10% renewable energy use by 2025 and remain committed to achieving 100% renewable energy by 2050.

Carbon Impacts from Renewable Power Purchase Agreements (PPA)

	2021	2022	2023	2025 Goal
Renewable Energy Wheeled through PPA (10,000kWh)	15.73	94.59	264.34	400
Percentage of Group's Energy Use	0.4	2.5	7.1	10
Emissions Reduction (tCO_2e)	80.07	481.46	1,308.46	1,980

Note: The amount of carbon reduction in 2023 is calculated based on the 2022 electricity carbon emission factor of 0.495 (kg CO_2e/kWh) as announced by the Bureau of Energy of the Ministry of Economic Affairs. Detailed information can be found in Chapter 4.2 Contribution to the Development of Green Operations - Low- Carbon Operations of the 2023 ESG Report.

Renewable energy

RE10x10 climate declaration

Implementation of Internal Carbon Pricing

To respond to the global carbon pricing trend, the Group has established an ICP Task Force tasked with monitoring international decarbonization targets, carbon pricing, and the evolving costs associated with transitioning to net zero. The Task Force has set Category 1+2 GHG emissions as the boundary for ICP adoption, pricing carbon internally at NT$1,500 per metric ton. The Group's carbon pricing primarily considers international carbon prices and estimated carbon costs for net zero by 2050, while also leveraging historical decarbonization costs internally. The Group also assisted subsidiaries in assessing the benefits of decarbonization projects with shadow prices. We also adopted the ISO 50001 Energy management system to include carbon pricing parameters when evaluating investments in energy equipment and various energy-saving initiatives, thereby monetizing the benefits of emissions reduction efforts. In addition, the Group conducts annual GHG inventories to assess decarbonization efforts. During the ICP trial period in 2023, the Group achieved a 10.4% reduction in carbon emissions per unit of revenue compared to the base year of 2020, surpassing the initial target of an 8% reduction. The total reduction amounted to 1,590.9 tCO_2e, equivalent to a carbon price of approximately NT$2.38 million.

Implementation and Objectives of Internal Carbon Pricing

Implementation	The purpose of implementation
In order to achieve the Group's science-based carbon reduction targets and comply with Taiwan's Climate Change Response Act and the 2050 Net Zero Emissions policy, the Group adopts an internal carbon pricing mechanism as a reduction tool for Category 1 and Category 2 greenhouse gas emissions. This approach also meets stakeholders' expectations for carbon reduction efforts by the company.	• Comply with greenhouse gas regulations • Meet stakeholder expectations
To raise internal carbon awareness, the Group's ICP is aligned with our SBTi targets. Within Scopes 1+2, reduction targets for 2024 are set at 8% for Yuanta Securities and Yuanta Bank, 4% for Yuanta Futures and Yuanta Life, and 2.5% for the Company, Yuanta Funds, Yuanta Securities Investment Consulting, Yuanta Venture Capital, and Yuanta AMC. Subsidiaries are encouraged to propose emissions reduction plans, which are then factored into performance evaluations for department heads and employees.	• Changing internal behaviors
By internalizing the external costs associated with carbon emissions through internal carbon pricing, the Group can use it as a reference for future actions such as replacing high-energy-consuming equipment and procuring energy-efficient devices.	• Improving energy efficiency
Currently, the application boundary of internal carbon pricing within the Group primarily focuses on Category 1 and Category 2 greenhouse gas emissions. In the future, based on the achievements and ongoing observation of domestic and international trends, the Group intends to expand the scope of application to include investment targets and supplier negotiations. This expansion aims to identify and manage carbon-related risks and opportunities, as well as promote resilience in the face of transition risks.	• Promoting low-carbon investments • Identifying and seizing low-carbon opportunities • Supplier engagement

Schematic diagram of internal carbon pricing

Establish cross-sector internal carbon pricing group

Establish carbon price and trade mechanism

Set GHG emission reduction target by each subsidiary

Introduce carbon price as parameter to energy saving improvement action plan

Expected benefit analysis

Carbon reduction subsequent monitoring

Carbon Credit Program

To support Taiwan's goal of net zero by 2050, the Taiwan Stock Exchange and the National Development Fund established the Taiwan Carbon Solution Exchange (TCX) as a joint venture in December 2023. The carbon exchange was established in accordance with the《Climat Change Response Act》announced in February 2023. As a member of the "Coalition of Movers and Shakers on Sustainable Finance," the Group recognizes our role as a pioneering model and became one of the first buyers to purchase carbon credits on the TCX, purchasing a total of 4,550 metric tons of carbon rights in 2023. These will be used to offset carbon emissions from products such as zero-carbon credit cards and zero-carbon mobile applications. The Group hopes to achieve net zero through market mechanisms, thereby ensuring a win-win scenario for our economy and environment.

Green Procurement

The Group has established "Green Procurement Terms and Conditions" based on procurement regulations, prioritizing products with environmental, energy-saving, emissions reduction, Energy Star, water-saving, and other certifications, as well as selecting local suppliers in Taiwan. Through green procurement and supplier management, the Group seeks to exert influence to support sustainability. In 2023, the total amount of green procurement reached NT$273,170,000 accounting for 4.76% of the total procurement amount. The Group has been recognized as a "Green Procurement Benchmark Unit" by the Taipei City Government for 13 consecutive years.

Unit: NT$ thousand

	2021	2022	2023
Green Procurement Amount	68,446	212,316	273,170

3.4 Low-carbon Transformation

Yuanta Financial Holdings extends its commitment to sustainability from internal operations to the external value chain. By investing in sustainable industries and launching diverse and innovative products and services tailored to different businesses, the Group seeks to direct funds to sustainability through sustainable finance strategies, thereby propelling the industry and customers toward a low-carbon future. The Group uses the "Sustainable Finance Guidelines" at the financial holdings level as the highest guiding principle when developing financial products and services. The guidelines outline ESG issues of concern and industries we seek to support and require subsidiaries to comply with regulations, integrate sustainability into business planning and operations, and apply sustainability principles to products and services. To further strengthen ESG audit mechanisms, the Company has established "Industry-Specific Environmental and Social Risk Management Rules." Under the rules, before investing or financing, the Company is required to have a thorough understanding and assessment of any high-risk target's potential risks and adaptation capabilities. The number and amount of credit, investment, underwriting, and advisory service cases approved under the "Sustainable Finance Guidelines" or "Industry-Specific Environmental and Social Risk Management Rules" as of December 2023 are disclosed by industry. For detailed information, please refer to Appendix 7. Sustainable Finance Indicators.

Sustainable Financial Products and Services

The Group's sustainable financial products and services are largely categorized into four aspects as lending, investing, underwriting and consulting, and other low-carbon financial products and services, with nine product types.

Nine Product Types

Underwriting and Consulting Services

Underwriting of Sustainable Development Bonds

- In 2023, Yuanta Securities assisted in underwriting various sustainable development bonds, including 11 green bonds for companies like TSMC, Taipower, UMC, and Far Eastern New Century; participated in underwriting six sustainable development bonds for Taiwan Cooperative Bank, Mega International Commercial Bank, First Commercial Bank, Bank of Taiwan, and Korea Expressway Corporation; underwrote four social responsibility bonds for E.SUN Bank and Shinhan Bank; and underwrote two sustainability-linked bonds for Hon Hai Precision Industry and Chi Mei Corporation. In total, Yuanta Securities underwrote or assisted in underwriting a total of NT$14.47 billion.
- Sustainable development bonds supported by Yuanta Securities accounted for 14.66% of the total bond underwriting value.

ESG Theme Consultation Services

- Yuanta Securities continues to strengthen advisory services for IPOs, SPOs, capital increases, and convertible bond issuances to eco-friendly industries, social welfare industries, and other sustainability-related industries. In 2023, Yuanta Securities underwrote 68 sustainable financing projects, accounting for approximately 58% of the total advisory cases.
- In 2023, Yuanta Securities advised around NT$12.7 billion of assets in environmental-friendly, social welfare, and sustainable-related industries.

Responsible Financing

Green Corporate Lending

- Yuanta Bank supports the government's six core strategic industries by providing loans to green and renewable energy sectors and financing sustainable industries and infrastructure projects. This support aims to assist businesses and industries in promoting green industries such as green innovation materials research and development, circular economy initiatives, and pollution prevention-related industries. By integrating resources, the bank seeks to propel Taiwan's industries to a low-carbon and sustainable future.
- In 2023, Yuanta Bank was recognized as a "Top Bank for Loans to the Six Core Strategic Industries," issuing 69 corporate loans to sustainable industries, with a total credit balance of NT$34.5 billion, accounting for 6.21% of the bank's total corporate loan balance.
- As of the end of 2023, the total amount of green loans, social loans, and sustainable loans provided by Yuanta Bank exceeded NT$200.7 billion, accounting for 22.18% of the total lending portfolio.

Sustainability-linked Loan

- Yuanta Bank encourages enterprises to pursue sustainability practices by offering Sustainability-linked Loans (SLLs). When companies achieve their set sustainability targets, they are offered discounts such as interest rate reductions and fee waivers to support and encourage them to contribute to social sustainability. Yuanta Bank conducts periodic reviews of its clients' ESG performance and continuously refines its business processes to actively promote SLLs and products. By inviting clients to join in the journey towards sustainability, the bank aims to make industrial transformation more competitive.
- In 2023, Yuanta bank approved 47 SLLs, with a total balance of NT$31.7 billion, accounting for 5.74% of the total corporate lending. This marks an increase of 25 cases and NT$13.2 billion in balance from 2022.

Low-carbon & Sustainability Products

- In addition to supporting sustainability efforts in businesses, Yuanta Bank is also committed to strengthening ESG efforts for consumers, inviting customers to support green consumption on credit card bills, and introducing sustainability into their lives by offering credit card rewards. Furthermore, to incentivize customers to purchase low-carbon products such as green buildings and hybrid cars, Yuanta Bank launched green building mortgages and EV loans. These projects offer preferential interest rates for collateral with Taiwan's "Green Building Labels" or "Green Building Material" certification. This year, the bank continued collaborating with EV dealers, providing exclusive test drive events, fee waivers, and preferential financing schemes for EV loans. The bank encourages the public to purchase EVs and homes with green building certifications, supporting the Group's effort to build a sustainable future for Taiwan.
- In 2023, the total amount of consumer banking products and services related to sustainability accounted for approximately 7.10% of all consumer loans.

Responsible Investment

Issuance of Sustainable Development Bonds

- As of the end of 2023, Yuanta Bank has issued NT$2 billion in sustainable development bonds to support loans to green investment and social impact investment projects and offer funding to key sustainability industries such as solar cell manufacturing, renewable energy generation, and other sustainability industries. This initiative can support energy transition in the real economy and provide funds to medical and urban renewal projects for social development. The bank also plans to join other green fundraising initiatives to provide loans for sustainable projects, demonstrating its commitment to growing sustainable industries.

Responsible Investment

- The Group actively invests in sustainability projects, using ESG to screen investment targets on their alignment with Yuanta's net zero strategies and uphold responsible investing. Subsidiaries also actively invest in green, social, and sustainability bonds to leverage our influence as investors and direct funds into businesses that value sustainable development.
- In 2023, the Group's total responsible investment amounted to NT$66.76 billion.

Low-carbon Investment Projects

- In response to the low-carbon economy trend, the Group actively invest in and develop industries with green and environmental implications, such as solar energy cells, renewable energy services, and waste management. Through strategic investments, we are expected to bring short, medium, and long-term benefits and impacts to the capital market and the Group as a whole.

  In the short term, by combining funds, technology, and expertise, we invest in targets with high potential for development, new technologies, and rapid growth within the low-carbon economy transition, assisting them in developing new products, providing technical support, and marketing channels. Once the investments are successful, the Group may arrange for merger and acquisition or go public, generating investment returns for the Group.

  In the medium term, the group strategically invests in a portfolio focused on low-carbon transformation, positioning itself in green energy technology, renewable energy industries, and circular economy sectors. These investment targets, characterized by low greenhouse gas emissions, are less susceptible to transition risks, providing the Group with relatively stable capital gains.

  In the long term, through strategic investments, the Group aims to exert influence in emerging and rapidly growing key industries within the low-carbon economy. These industries, due to their novel business models and inherent investment uncertainties, may struggle to attract sufficient capital. By proactively investing in and mentoring relevant companies, the Group and subsidiaries not only enhance market confidence in these industries but also contribute to building a vibrant capital market for sectors.

Other Financial Products and Services

Low-carbon & Sustainability Products

- To support ESG investment trends and sustainable resources, the Group introduced a variety of sustainable products, including energy efficiency funds, ESG funds, ESG ETFs, and green energy sustainable warrants. For detailed product information, please refer to 3.1.2 Creating a Sustainable Financial Life of the Company's ESG Report 2023. Among these, the "Yuanta FTSE4Good TIP Taiwan ESG ETF" tracks the "Taiwan Sustainability Index," which considers basic performance indicators like ROE but also ESG performances of constituent stocks. The ESG ETF is Taiwan's first of its kind and has also been approved by regulatory authorities and announced on FUNDCLEAR's ESG Fund section. The Group will continue to refine financial products that align with ESG principles to offer investment choices for a sustainable future.
- In 2023, the Group's investment assets with sustainable implications accounted for approximately 51.81% of total assets.

Achievements in Sustainable Finance

Low-Carbon Industries Financing

Unit: NT$ thousand

Areas of Credit	2021			2022			2023		
	Loan Amount	Total Lending Amount	Proportion of Total Lending(%)	Loan Amount	Total Lending Amount	Proportion of Total Lending(%)	Loan Amount	Total Lending Amount	Proportion of Total Lending(%)
Loans for green energy and renewable energy industries	52,749,740	494,985,834	10.66	51,718,058	639,585,085	8.09	80,375,374	904,895,894	8.88
Loans for green energy and renewable energy infrastructure	10,171,799		2.05	22,381,367		3.50	90,784,890		10.03
Loans for circular economy industry	68,940,600		13.93	93,568,527		14.63	20,971,236		2.32
Loans for low-carbon building and infrastructure	7,064,900		1.43	3,456,100		0.54	8,578,000		0.95
Sustainability-linked loan	4,030,000		0.81	38,151,584		5.97	51,980,335		5.74
Total	142,957,039		28.88	209,275,636		32.73	252,689,835		27.92

Note: In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

Low-carbon Consumer Finance Products

Unit: NT$ thousand

Areas of Credit	2021			2022			2023		
	Loan Amount	Total Lending Amount	Proportion of total Lending (%)	Loan Amount	Total Lending Amount	Proportion of total Lending (%)	Loan Amount	Total Lending Amount	Proportion of total Lending (%)
Green building mortgage	1,664,340	137,572,874	1.21	1,737,980	121,769,757	1.43	3,901,870	142,133,187	2.75
Electric vehicle loan	3,552,793		2.58	6,876,922		5.65	6,184,860		4.35
Total	5,217,133		3.79	8,614,902		7.07	10,086,730		7.10

Note: In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year

Sustainable Development Bonds Underwriting

Unit: NT$ thousand

Categories	2021	2022	2023
Green Bond	5,000,000	13,100,000	8,840,000
Social Bond	-	100,000	1,475,610
Sustainable Bond	-	4,600,000	3,357,930
Sustainability-linked Bond	600,000	2,600,000	800,000
Total	5, 600,000	20,400,000	14,473,540

Note: 1. Bonds that meet the definitions of green bonds, social bonds, and sustainability bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.
2. Bonds that meet the definitions of sustainability-linked bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.

Proprietary Sustainable Investment Products

Unit: NT$ thousand

Categories	2021			2022			2023		
	Asset Size	Total Asset	Proportion to Total Asset(%)	Asset Size	Total Asset	Proportion to Total Asset(%)	Asset Size	Total Asset	Proportion to Total Asset(%)
ESG Integrated	28,715,830	815,767,928	3.52	28,588,551	968,355,952	2.95	29,432,933	1,489,860,084	1.98
Best in Class	11,094,953		1.36	9,818,078		1.01	636,383,564		42.71
Thematic Investing	14,573,596		1.79	10,760,868		1.11	10,530,193		0.71
Impact Investing	325,989,117		39.96	474,726,250		49.02	0		0
Others	46,679,828		5.72	42,983,646		4.44	95,503,368		6.41
Total	427,053,324		52.35	566,877,393		58.53	771,850,059		51.81

Note: 1. ESG Integrated: Incorporate ESG models or set relevant screening principles, and systematically incorporate ESG factors into investment analysis and decision-making.
2. Best in Class: Select industries, companies or projects with relatively good ESG performance.
3. Thematic Investing: Invest in single or multiple underlying related to sustainability (e.g. climate change or clean energy, etc.).
4. Impact Investing: Have a measurable social and environmental impact and financial return. In 2023, products that originally belonged to this category were reclassified to the "Best in Class" category.
5. Others: Investment products rated five earths by Morningstar and not classified into the above categories.

● Product Carbon Footprints

The Group integrates sustainable business principles into operational strategies, actively conducting ISO 14067 carbon footprint assessments and striving to reduce product carbon footprints. Yuanta Bank received two certifications - Ministry of Environment "Carbon Footprint Label" and "Carbon Footprint Reduction Label" - and also obtained PAS 2060 carbon neutrality verification in 2023. Additionally, the Group is committed to consistently enhancing digital services. In 2022, Yuanta Securities' "Mr. Investor App" and Yuanta Bank's "Mobile Banking App" were declared carbon neutral, making them zero-carbon applications. In 2023, Yuanta Securities, Yuanta Bank, and Yuanta Funds voluntarily conducted ISO 14067 product carbon footprint assessments for their online services to devise carbon reduction strategies and implement a low-carbon economy through real actions.

Yuanta Securities is also actively working toward net zero by 2050, promoting green financial services, and optimizing digital financial platforms. In 2023, it expanded its business scope by assisting the Ministry of the Environment in formulating "Product Category Rules (PCR)" for online securities, futures, and investment consulting services. It leads the industry by setting standards and conducting carbon footprint assessments for various online services such as applications, transactions, and inquiries under the "Yuanta Securities Online Investment and Financial Services." Through ISO 14067 product carbon footprint verification, it was estimated that the carbon emissions per user for each online service in 2022 were approximately 285mg.

3.5 Climate and Nature Actions and Engagements

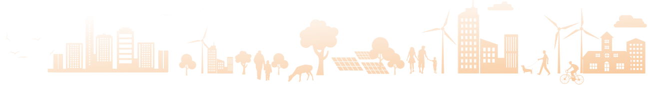
In addition to international advocacy initiatives, the Group also participates in climate and nature-related activities, implementing and promoting carbon reduction and environmental actions locally, and inviting all employees and suppliers to join in. Furthermore, the Group organizes an annual sustainability forum to facilitate exchanges among the industry, government, and academia, fostering dialogue with scholars, professional institutions, corporate clients, financial peers, and the general public. The forum aims to facilitate collaborative sustainability exchanges across industries and sectors, fostering mutual growth and advancing toward sustainable transformation.

● Value Chain Engagement

The Group rigorously manages sustainability issues across the value chain. Externally, we carefully screen suppliers and foster ESG, climate change, and environmental discussions through engagement with investment targets and supplier conferences. Internally, we issued the "Sustainable Procurement Declaration" and "Green Procurement Terms & Conditions" based on procurement regulations to prioritize products certified for eco-friendliness, energy conservation, and carbon reduction. The Group also actively leads sustainability engagement both within and outside the value chain, leveraging training and engagement actions to exert influence for sustainability.

Investee Engagements

As institutional investors, Yuanta Funds collaborates with Yuanta Securities and Yuanta Bank to engage with investees on environmental issues, and assist investees in developing relevant strategies, improvement plans, and future goals to enhance alignment with international ESG sustainability standards. In 2023, they newly engaged with nine investees in shipping, technology, and steel sectors. These companies commit to tracking key ESG indicators and allocating resources to enhance sustainability efforts in biodiversity, GHG emissions, air pollution reduction, and carbon capture initiatives to strive for sustainable development.



Supplier Conference

The Group continues to improve supplier management according to ISO 20400 sustainable procurement standards and received BSI verification. Since 2019, we've organized annual supplier conferences, inviting partners to pursue sustainability. These conferences are platforms to share supply chain management and sustainable procurement practices, demonstrating how to leverage the social influence of businesses. Each year, the theme changes according to sustainability trends and relevant suppliers are invited to direct suppliers in the right direction for sustainable development. Training sessions are provided to enhance supplier understanding and practices related to various sustainability issues, and outstanding suppliers are commended. In 2023, focusing on "Net Zero Carbon Emissions and International Decarbonization Trends," the Group hosted three supplier conferences with 20, 20, and 32 participating suppliers, respectively, and a total of 72 participating suppliers throughout the year.

In 2023, the Group held four quarterly procurement conferences, providing education and training for procurement personnel, sharing audit insights, promoting ESG integration into supplier management, advocating sustainable procurement, and conducting eight "procurement study tours" to reinforce green procurement awareness, ensuring 100% coverage with 84 participants and 126 training hours accumulated.

Carbon Awareness in Customers

Yuanta Bank extended its carbon reduction initiatives from institutional clients to individual consumers by offering a mobile carbon account - Diamond-Gold Carbon Lucky Account. The carbon accounts encourage consumers to reduce their carbon footprint through digital transactions. Yuanta Bank also collaborated with other electronic payment platforms like iPASS MONEY and icash Pay, allowing consumers to use carbon credits earned from using Yuanta Bank products and services across larger ecosystems. This creates a positive cycle of emissions reduction and expands the depth and breadth of sustainable finance. In addition, to encourage consumers to consume sustainably, Yuanta Bank launched the "Carbon Summer Camp" campaign in August 2023. Users who connect their Yuanta account to their LINE services and reduce 700g of carbon emissions by using Yuanta's electronic services (listed in the campaign's carbon reduction services) can redeem 50 LINE POINTS from Yuanta Bank's mobile application. All available LINE POINTS were redeemed within five days of the offering, reaching a 100% success rate and indicating active consumer support for green finance.

● Climate Action

Earth Hour

In addition to participating in international initiatives, the Group also participates in climate-related actions, such as responding to the "Earth Hour" global event initiated by the World Wide Fund for Nature (WWF) between 8:30 and 9:30 PM on the last Saturday of March each year by turning off the lights. The Group also called on suppliers and overseas branches in South Korea, Vietnam, and Thailand to support "Earth Hour," taking real action to reduce carbon emissions and care for our Earth. In 2023, a total of 62 suppliers supported Yuanta's sustainability efforts and participated in "Earth Hour" to tackle climate change and global warming together.

Lights Off for Earth Hour

Tamsui River Convention

In 2023, the Group continued to support CommonWealth Magazine's "Tamsui River Convention" by spotlighting pollution in rivers and water sources and participating in the "Do Something for the Tamsui River" project. The Group invited employees and their families and friends to Tamsui River cleanups. In 2023, the Group also invited 5 suppliers and welcomed a total of 110 volunteers who collected over 3,635kg of marine debris, restoring a clean and safe river for the public.

Do Something for Tamsui River Initiative

Project Blue 1095

The Company has supported Business Today's "Project Blue 1095" initiative for three consecutive years, working with other enterprises in beach cleanup events to remove marine debris. The project also incorporates circular economy concepts, recycling marine debris into slippers to extend their life cycle and introduce reinvented marine debris into our lives. In 2023, the project recovered 814kg of marine debris, with hopes to awaken awareness for marine protection and biodiversity through efforts to conserve marine and terrestrial ecosystem. Ultimately, the goal is to protect invaluable fishery resources and strengthen protection over our oceans.

Project Blue 1095's Beach Cleanup

Participate in ESG Forums

Confronting Climate Change with Sustainable & Green Finance

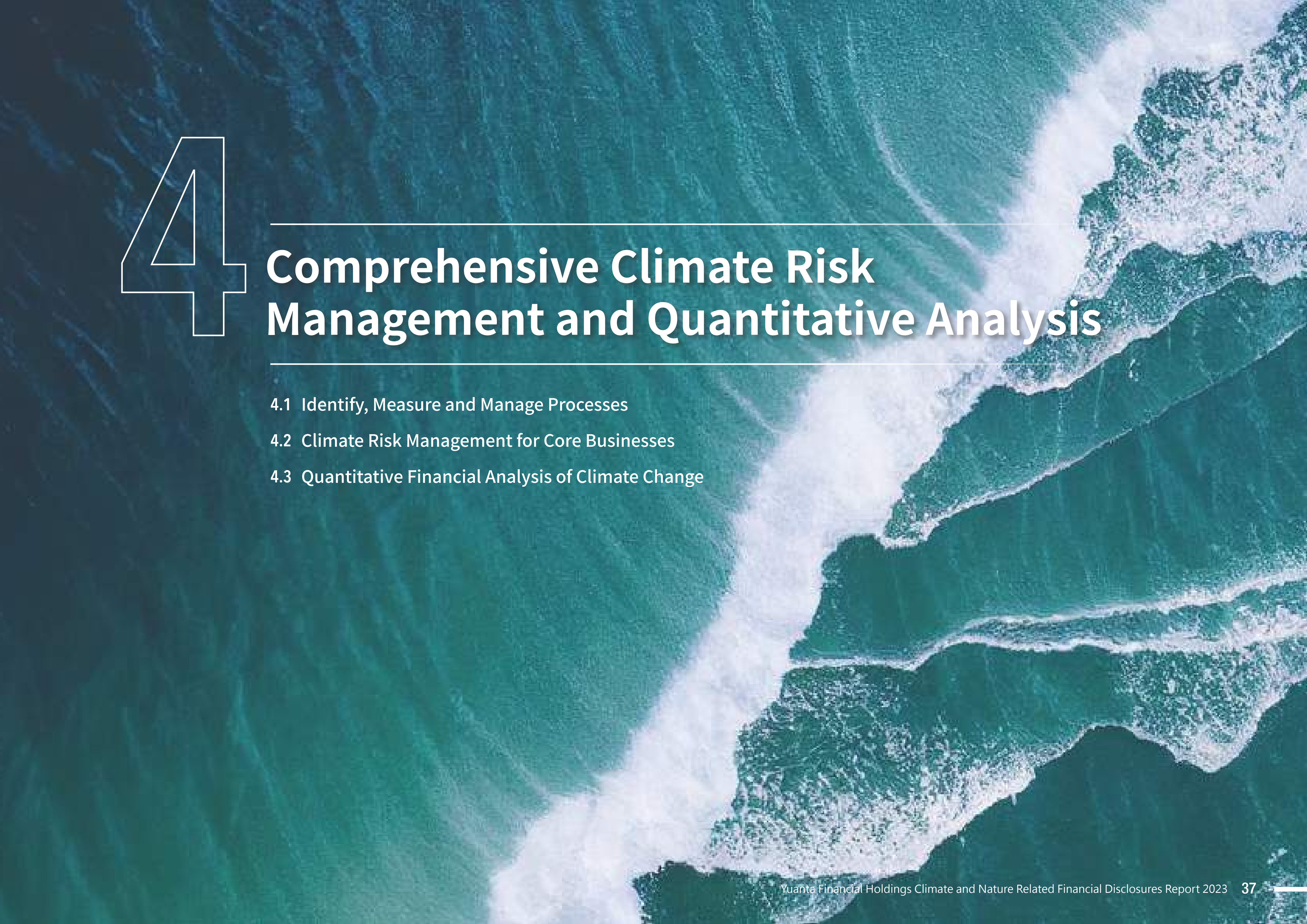
On August 2, 2023, in collaboration with the Commercial Times, the Company organized the "2023 ESG Summit: Confronting Climate Change with Sustainable & Green Finance." We invited industry experts and scholars who have long been concerned about sustainable finance to discuss policy trends related to sustainable finance and climate change. As the core driver of economic development, the financial sector should actively confront climate risks and use its influence to guide investment targets towards net zero and create a positive cycle of sustainable finance.

2024 Sustainability Talent & Trends Forum

On November 1, 2023, the Company co-hosted, with Global Views Monthly, the 2024 Sustainability Talent & Trends Forum with the theme of "New Financial Landscape, New Professional Talents." We invited research institutions, professional organizations, and industry experts to discuss how enterprises should respond to the demand for sustainable talents, how to identify and cultivate talents in sustainable finance, and how to play a leading role in developing key talents in green industries.

Sustainable Finance & Sustainable Investment Forum

On December 6, 2023, the Company collaborated with the Economic Daily News to advocate for sustainable business operations and co-host the "Sustainable Finance & Sustainable Investment Forum." Through in-depth discussions with industry, government, and academia experts, we explored how to integrate ESG principles into business operations, and shared experiences on conducting carbon footprint assessments within organizations to enhance carbon management and develop green business opportunities. Additionally, we discussed how the financial sector can make commitments and innovations in the field of sustainable finance, leading society towards a more environmentally friendly, equitable, and healthy future.



4

Comprehensive Climate Risk Management and Quantitative Analysis

4.1 Identify, Measure and Manage Processes

Include Climate Risk into the Existing Risk Management Framework

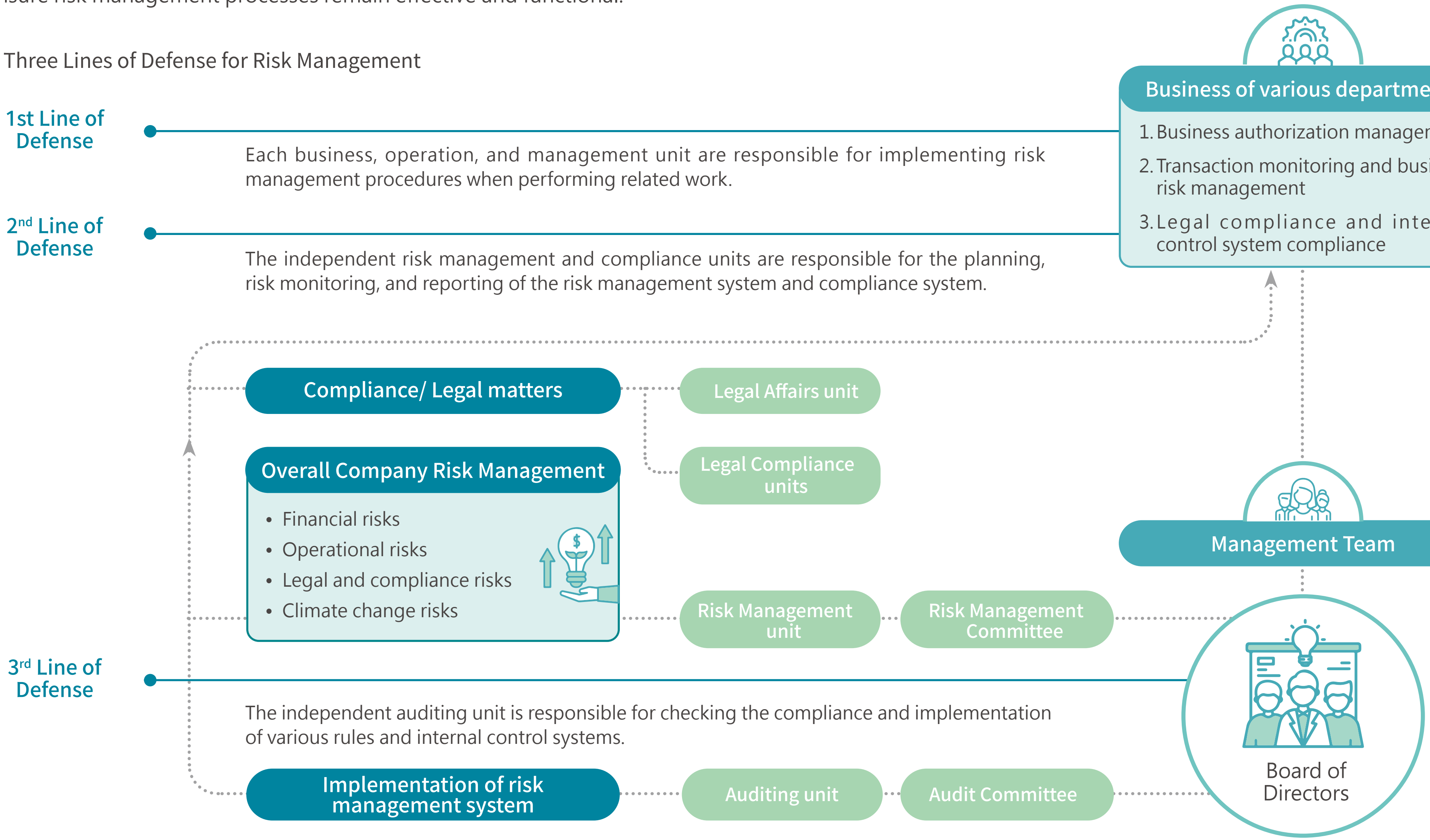
The Company has developed a robust risk management system in consideration of environmental protection (E), social responsibility (S), and corporate governance (G). The risk management system covers financial risks, operational risks, legal and compliance risks, and climate risks. Related departments are responsible for developing risk management procedures and monitoring indicators and thresholds to strengthen management measures over the Company's ESG risks. The Company has formulated "Investment and Financing Measures for Climate Change Risk Management" and "Operational Risk Management Measures" particularly for climate change risks to establish climate risk management standards for investment and financing and corporate operations to ensure adequacy of risk management, and through identification, assessment, management, monitoring and reporting to ensure mitigation and adaptation to climate change risks exposed by various businesses to meet risk management targets and risk tolerance level.

Scope of the Company’s Risk Management Policy

Financial Risks	Operation Risks	Legal and Compliance Risks	Climate Change Risks
• Market risks	• Information security risks	• Regulatory compliance risks	• Investment and financing climate change risks
• Credit risks	• Human resources risks	• Legal risks	• Operational climate change risks
• Market liquidity risks	• Emerging risks	• Money laundering and terrorism-financing risks	
• Funding liquidity risks	• Integrity management risks		
• Asset liability matching risks	• Reputation risks		
• Exposure risks	• Strategic risks		
• Insurance risks			
• Operational risks			

To ensure risk identification, assessment, monitoring, reporting, and mitigation, the Company has established Three Lines of Defense in risk management. Each line of defense is equipped with defined organizations, responsibilities, and functions and integrated with the Enterprise Risk Management (ERM) system to ensure risk management processes remain effective and functional.

Three Lines of Defense for Risk Management



1st Line of Defense

Each business, operation, and management unit are responsible for implementing risk management procedures when performing related work.

2nd Line of Defense

The independent risk management and compliance units are responsible for the planning, risk monitoring, and reporting of the risk management system and compliance system.

3rd Line of Defense

The independent auditing unit is responsible for checking the compliance and implementation of various rules and internal control systems.

Business of various departments

1. Business authorization management
2. Transaction monitoring and business risk management
3. Legal compliance and internal control system compliance

Compliance/ Legal matters

- Legal Affairs unit
- Legal Compliance units

Overall Company Risk Management

- Financial risks
- Operational risks
- Legal and compliance risks
- Climate change risks

Risk Management unit

Risk Management Committee

Management Team

Implementation of risk management system

Auditing unit

Audit Committee

Board of Directors

● Clmate Risk Management Mechanism

To ensure the integrity, effectiveness, and reasonableness of risk management, the Company has established a Risk Management Policy [12]. We have integrated climate change risks into our existing risk management framework, which includes assessing and managing transition risks or physical risks related to climate change in both "investment and financing" and "corporate operations." We also established a climate risk management mechanism. Since 2023, the five major subsidiaries have started setting climate risk monitoring thresholds, which are approved by the subsidiary's board of directors and monitored by their risk management department to ensure the overall risk-bearing capacity of the Company and Yuanta's five major subsidiaries and effectively manage various risks undertaken.

To integrate the ESG spirit into company operations and business planning, the Company has established a group-level "Sustainable Finance Guidelines[8]" to incorporate ESG factors into daily operations and decision-making through a principle-based framework and offer financial products and services to industries we actively seek to support. On the other hand, to further strengthen the Group's ESG screening for investment and financing, the Company has established the "Industry-Specific Environmental and Social Risk Management Rules[9]," which consider environmental and social (E&S) factors in decisions at the subsidiary level. In other words, employees are required to strengthen due diligence and evaluations when engaging with counterparties from industries with high E&S risks such as steel, semiconductor, and plastic raw material. This ensures that the risks of transactions are controllable.

The Group actively monitors climate risks and financing to carbon-intensive industries. In 2023, the "Climate Finance Operations Guidelines[2]" were established to instruct engagement and divestment strategies for project financing and bond underwriting related to coal and unconventional oil and gas industries. We established a review mechanism to assess the ESG risks of financing and bond underwriting targets, which help us evaluate our business partners, and we continue to increase the percentage of net-zero assets to ensure risk management across the industry.

The Updated Terms and Conditions for "Industry-Specific Environmental and Social Risk Management Rules"

Industries for which investment and financing are monitored

Industries related to coal, unconventional oil and gas, coal-fired power, etc.

Monitoring measures

1. Carefully evaluate the E&S risks.
2. Require the company to improve or plan according to their potential E&S risks.

Industries for investment and financing that fall short or fail to improve

Potential clients	Prohibited from engaging in investment and financing businesses.
Existing clients	Cease new investment and financing project.

4.2 Climate Risk Management for Core Businesses

The Group is striving to achieve low-carbon transitions in all core businesses, including responsible lending, responsible investment, underwriting, and advisory services. We use the "Sustainable Finance Guidelines[8] " as the highest guidance and framework for developing financial products and services, actively incorporating ESG risks into decision-making. In addition to carefully assessing high-risk industries, we also actively engage with counterparties to effectively evaluate and manage ESG risks. For details information, please refer to Section 3.1 Sustainable Finance - Supporting Sustainable Economic Development of the Company's ESG Report 2023.

● Responsible financing

Responsible financing risk management

Corporate Finance Credit Business

Formulate responsible lending procedures based on the "Sustainable Finance Guidelines[8] " and "Industry-Specific Environmental and Social Risk Management Rules[3] "

Project Financing

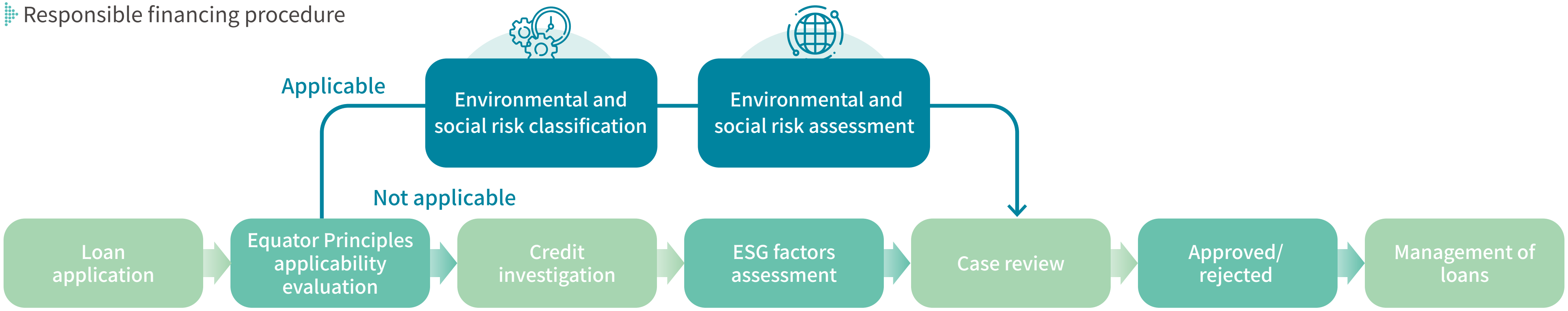
Formulate the "Guidelines for Managing Equator Principles Financing Cases ⑩ " based on the "Equator Principles[9] "

Formulate emissions reduction commitments and divestment strategies based on the "Climate Finance Operations Guidelines[2] "

Personal Finance Credit Business

Develop the risk evaluation process in line with the "Sustainable Finance Guidelines[8] "

Responsible financing procedure



Loan application → Equator Principles applicability evaluation

Applicable → Environmental and social risk classification → Environmental and social risk assessment → Case review

Not applicable → Credit investigation → ESG factors assessment → Case review

Case review → Approved/ rejected → Management of loans

Corporate Finance Credit Business

Following the group-level "Sustainable Finance Guidelines[8]," Yuanta Bank incorporates ESG factors into its credit review and decision-making processes. When undertaking credit reviewing, the bank carefully assesses any potential E&S risks in the counterparty or transaction. In addition to adding an E&S review during the Know Your Customer (KYC) and Customer Due Diligence (CDD) processes for enterprises with high climate risks or controversial matters, the bank also requires staffs to apply the "Industry-Specific Environmental and Social Risk Management Rules[3]." When dealing with borrowers in high-risk industries, staffs shall fill out the "Industry-Specific Environmental and Social Risk Management Checklist" required for their respective subsidiary to examine the potential E&S risks of the counterparty and their E&S risk management measures to ensure related risks are under control. In 2022, the Group further prohibited engaging with the following businesses: (1) enterprises engaged in electricity supply with coal-fired power generation accounting for more than 50% of their total generation capacity, and (2) enterprises in coal-related or unconventional oil and gas industries, with revenue from coal-related or unconventional oil and gas activities accounting for more than 30% of their total revenue. If these enterprises cannot develop improvement plans for their potential E&S risks, the Group shall refrain from business transactions and avoid increasing lending to existing borrowers meeting the criteria above. The Group encourages continuous monitoring of the counterparty's business activities and corporate sustainability efforts to carefully assess whether to continue business relations.

Project Financing

For project financing, the Group established the "Climate Finance Operations Guidelines[2] " in 2023 to target project financing in coal or unconventional oil and gas industries. The guidelines require financing targets to set emissions reduction commitments and regulate engagement and divestment strategies. One of the Company's subsidiaries - Yuanta Bank - formally signed the Equator Principles (EP) ⑩ in 2020 and established the task-based "E&S Risk Team" in compliance with the "Yuanta Bank's Guidelines for Managing Equator Principles Financing Cases[9] " to conduct E&S risk assessment, review, and monitoring for EP loans. When providing credit or related financial advisory services to clients, related units must confirm EP applicability and complete the "E&S Risk Assessment Form" to confirm the level of E&S risks. If the case is applicable and is assessed as medium to high risk, the applicant will be required to commission an independent third party to conduct an E&S risk assessment and issue an "E&S Risk Assessment Report" to confirm compliance with the Equator Principles. If the assessment report requires post-lending monitoring, the applicant will be required to commission an independent third party to monitor and issue reports on E&S risks annually. If the applicant fails to comply with post-lending requirements, an Equator Principles Action Plan (EPAP) should be proposed and included in the post-lending conditions for subsequent tracking and control to ensure clients are placing due value on environmental protection and social responsibility. In 2023, Yuanta Bank declined a total of two project financing cases, amounting to NT$800 million, due to EP assessments. For details of the project financing, please refer to Section 3.1 Sustainable Finance - Supporting Sustainable Economic Development of the Company's ESG Report 2023.

Personal Finance Credit Business

When handling personal loans (incl. car loans for corporate customers), Yuanta Bank is required to undertake the KYC and CDD process during the loan application process and use the "AML System" to confirm whether the borrower has engaged in money laundering or any illicit activities or is a high-AML-risk customer. This ensures that Yuanta Bank carefully assesses the compliance of borrowers. When offering personal loans, Yuanta Bank upholds its professionalism as a lender and only offers an appropriate credit limit according to the customer's credit, requirements, financial abilities, and collateral. When evaluating customers for ESG-related risks and opportunities, the bank is required to confirm and cross-check the customer's credit information with the customer, inspect the collateral, and have full insight into the customer's financial abilities and the collateral's conditions.

Responsible Investment

Responsible investment risk management

Corporate Investment

Develop a responsible investment procedure in line with the "Sustainable Finance Guidelines[8] " and "Industry-Specific Environmental and Social Risk Management Rules[3] "

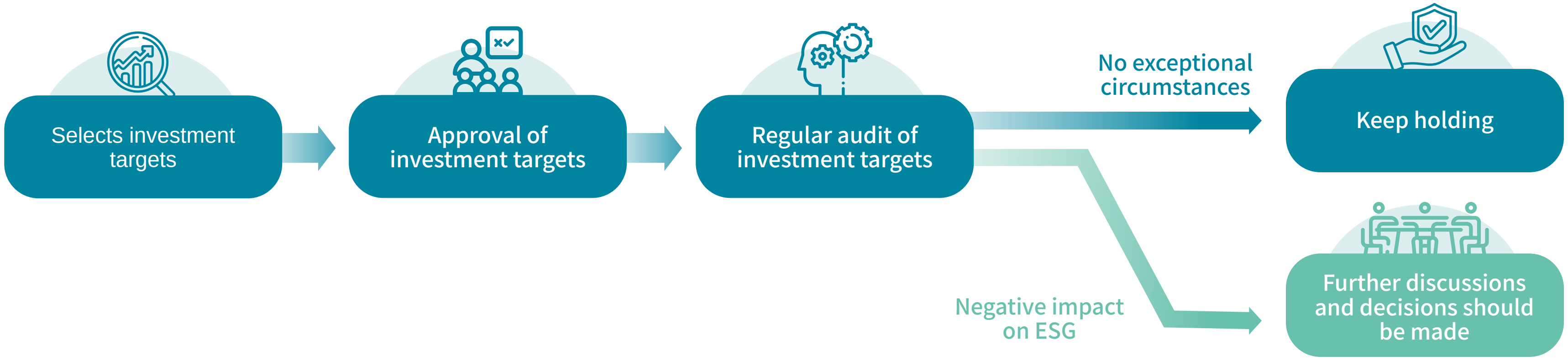
Stewardship

Subsidiaries including Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta Funds sign the Stewardship Principles for Institutional Investors and regularly publish the "Stewardship Report"

Sustainable Insurance

Yuanta Life issued the "Stewardship Report" in accordance with the UN's "Principles for Sustainable Insurance (PSI)"

Responsible Investment Procedure



Corporate Investment

The Group's responsible investment complies with the "Sustainable Finance Guidelines[8]," which incorporates ESG criteria into investment guidelines and requires the Company and subsidiaries to adhere to the Guidelines to promote relevant businesses and effectively evaluate and manage ESG risks. Also, in compliance with the "Industry-Specific Environmental and Social Risk Management Rules[3]," Yuanta refrains from increasing investments to existing investment targets in the coal-fired thermal power generation, coal-related industries, or unconventional oil and gas industries that are on the international environmental advocacy groups' official exit list. According to the "Climate Finance Operations Guidelines[2]," Yuanta's investment business shall implement ESG investment review, enhance ESG-themed investment, and increase investment in low-carbon industries; regularly engage with counterparties and, when investment targets are affected by major ESG risks, strengthen due diligence efforts. When necessary, the Company and subsidiaries are encouraged to sell or divest from investment positions upon internal approval. In fulfilling the sustainable development responsibilities of financial institutions, subsidiaries such as Yuanta Securities, Yuanta Bank, and Yuanta Life are required to consider E&S performances when evaluating investment targets. They shall regularly review investment targets and continuously monitor their sustainability progress to reduce the E&S risks from Yuanta's investment activities, thereby supporting sustainable business development through the direction of capital funds.

Stewardship

The Group's subsidiaries including Yuanta Securities[13], Yuanta Bank[14], Yuanta Life[15] and Yuanta Funds[16] have all signed the "Stewardship Principles for Institutional Investors," as well as published the "Statement of Compliance with Stewardship Principles for Institutional Investors," "Stewardship Report," "Voting Records of Attendance in the Shareholders' Meetings of Invested Companies" on the company website to demonstrate the Group's determination for responsible investment. The Group continues to follow closely operational status and sustainable-related actions of its investees. To demonstrate the Group's commitment to responsible investing, we engage with investment targets' management through a diverse range of channels such as meetings, phone calls, emails, investor conferences, and shareholders meetings. In addition, the Group has developed a decision-making process to support shareholder decisions. When investment targets violate ESG principles and infringe on the rights of the Group's customers or beneficiaries, the Group may engage with management before shareholders meeting and vote against or forfeit our vote when necessary.

Sustainable Insurance

Evaluating investments through an ESG lens is a key focus for Yuanta Life. When managing investments, careful scrutiny and assessment are applied to review the risk attributes of investment positions. Investments are approved only after ensuring they do not involve controversial enterprises or high-E&S-risk industries. Yuanta Life also conducts regular post-investment management. Since 2021, Yuanta Life issued the "Principles for Sustainable Insurance and Stewardship Report[15]" annually with the first part of the report concentrating on the 4 principles of the UN's Principles for Sustainable Insurance (PSI) ⑪, disclosing the methods and performance of risks and opportunities arising from ESG issue management from the perspectives of the entity itself, its customers, regulators, general public and other stakeholders. The second part of the report adopts the structure of the 6 principles in the "Stewardship Principles for Institutional Investors" published by Taiwan Stock Exchange to disclose how to integrate factors for consideration and standards of ESG in investment processes and decision-making, thereby promoting the sustainable development of investees to fulfill its responsibilities as an institutional investor.

Underwriting and Consulting Services

Underwriting and Consulting Services risk management

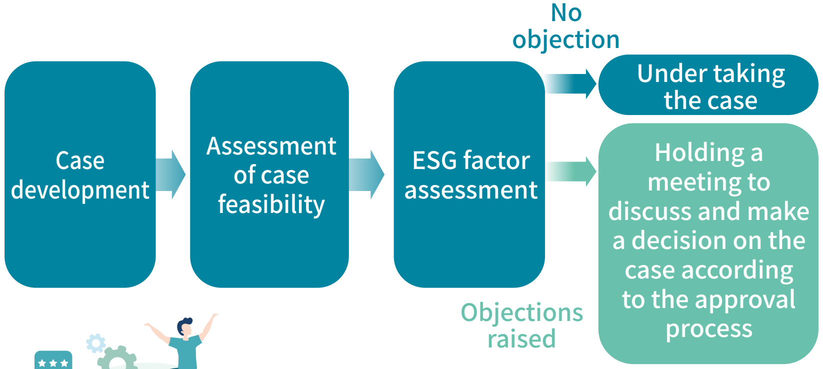
Bond underwriting

Formulate ESG review guidelines based on the "Sustainable Finance Guidelines[8]" and Yuanta Securities' "Principles for Responsible Investment Decision Making"

Consulting services

Develop consulting services for ESG factor review and evaluation based on the "Sustainable Finance Guidelines[8] "

Fixed-Income Product Underwriting Process



Bond Underwriting

For bond underwriting, the Group established the "Climate Finance Operations Guidelines[2] " to target bond underwriting in coal or unconventional oil and gas industries. The guidelines require financing targets to set emissions reduction commitments and regulate engagement and divestment strategies. Yuanta Securities, a subsidiary of the Group, revised the "Principles for Responsible Investment Decision Making" in July 2023 to ensure responsible investment, requiring all underwriting contracts and related decisions to comply with the Principles for Responsible Investment (PRI) ⑫ . In cases where Yuanta Securities is the lead underwriter, the subsidiary is required to complete a "Responsible Investment Checklist" to ensure ESG compliance of the counterparty. In cases where the "Industry-Specific Environmental and Social Risk Management Rules[3] " apply, the subsidiary is required to also complete the "Industry-Specific Environmental and Social Risk Management Checklist" to assess whether the counterparty has strived for climate risk/opportunity assessments, low-carbon manufacturing, renewable energy, biodiversity, and other efforts toward sustainable development. Yuanta Securities employees then refer to international and domestic databases for ESG indicators to confirm the ESG process is compliant. Furthermore, Yuanta Securities shall not underwrite for companies excluded by the Company's "Sustainable Finance Guidelines[8] " and Yuanta Securities' "Investment Management Policy." Yuanta Securities shall, in compliance with the aforementioned guidelines, lend support to industries striving for sustainable development. If a decision has been made to underwrite those that require enhanced assessment, reasons would need to be given.

Consulting Services

To actively implement the "Sustainable Finance Guidelines[8] ", Yuanta Securities holds an evaluation meeting before undertaking an Initial Public Offering (IPO) and Secondary Public Offering (SPO) case to explore further information on the environmental friendliness, social responsibility and other sustainability related issues. For the development of relevant ESG review guidelines, please refer to Section 3.1 Sustainable Finance - Supporting Sustainable Economic Development of the Company's ESG Report 2023.

4.3 Quantitative Financial Analysis of Climate Change

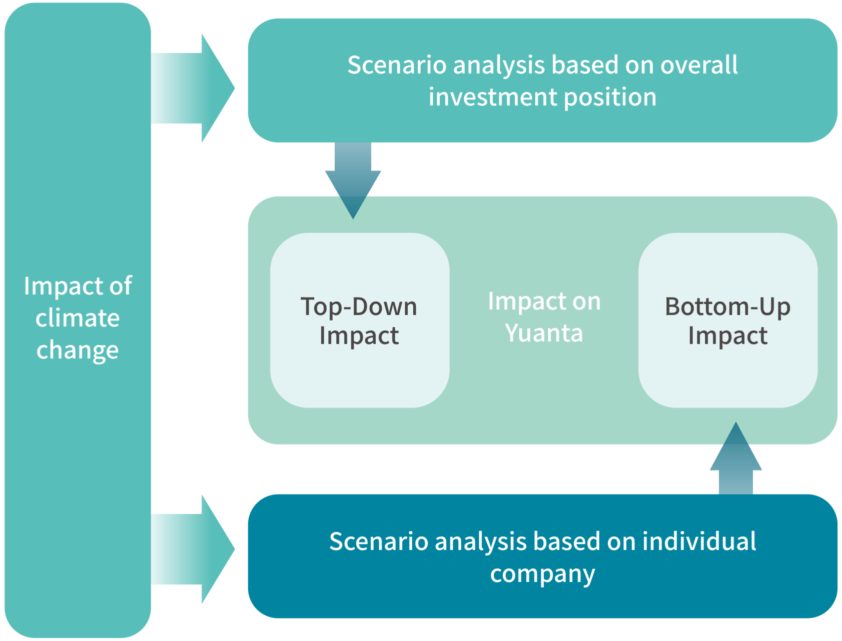
The physical risks, transition risks and opportunities caused by climate change have an impact on the financial performance of the financial institutions' operations, balance sheets, income statements and cash flow statements, as well as various credit, market, liquidity, and operational risks. The Group follows TCFD's recommendation of quantifying climate risks targets, and makes annual improvement on our quantitative impact analysis on climate risk:

- In 2019, analyze the impact of transition and physical risks on the investment and financing targets of the steel and iron industry.
- In 2020, the scenario analysis was conducted on real estate collaterals and operational sites throughout Taiwan, based on the pathway that potential physical risk caused by climate change to real estate, and corresponding risk management measures were developed after the quantitative results.
- In 2021, we referenced reports such as industry risk assessment, economic trends published by renowned institutions in Taiwan and the international community, then included environmental and social risks in each industry into scope of consideration for industry risk level in 2022 and developed quantitative climate risk model which included market risk factor into scope of assessment.
- In 2022, We continued to improve our quantitative climate risk model and included risk factors—credit risk factor, market liquidity risk factor, and others—other than market risk factors influenced by climate risk into scope of assessment.
- In 2023, We continued to improve the quantitative climate risk model, strengthening assessment of market liquidity risk factors as a result of climate risks and bridging with the Group's market liquidity risk control framework to develop a more precise and consistent quantitative model. In addition, we strengthened assessment of credit risk factors, leveraging more diverse and precise risk data parameters to adjust how we measure equity and obligations to arrive at a more robust and precise credit risk assessment framework.

Overview of Scenario Analysis

The Company expects to analyze climate-related financial impacts for the whole Group at different points in time and under different scenarios from multiple perspectives, such as conducting scenario analysis from the level of overall investment position (Top Down) and from the level of individual company in high climate risk industries (Bottom Up).

Diagram of Scenario Analysis Overview



Note: 1. Top Down Analysis: Calculate the additional loss of investment position due to the impact of climate change at the industry level by incorporating information on climate risks derived from economic model.
2. Bottom Up Analysis: Analyze the impact of individual investment and financing targets on the Group by understanding industry climate risks and risk exposures with industry-specific climate risk assessment tools.

Scenario Analysis based on Overall Investment Positions (Top Down)

Importance of assessment

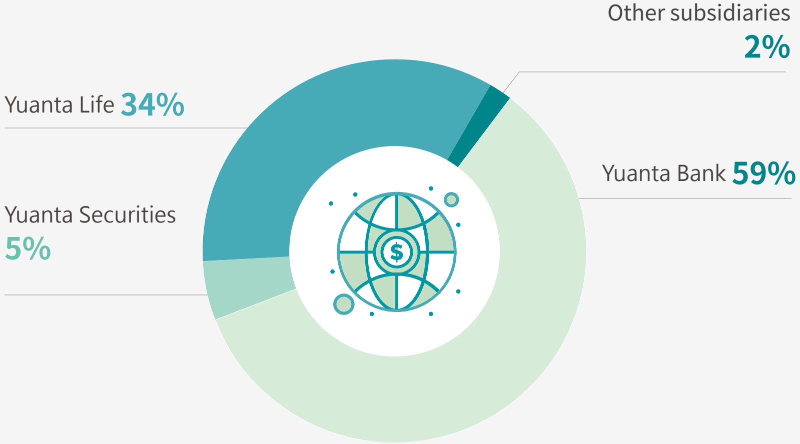
The Company looks at the macro-economic impacts caused by climate change to establish methods for quantifying financial risk impacted by climate change as our reference for opportunity management, and hopes to identify innovative business model in the process.

Targets of assessment

Mid-and long-term investment positions across the whole Group (as of the end of December 2023), which are mainly from three subsidiaries, i.e. Yuanta Bank, Yuanta Securities, and Yuanta Life. The markets of group investment are mainly in Taiwan, the US, and Australia.

Overall Distribution of Investment Positions by Country

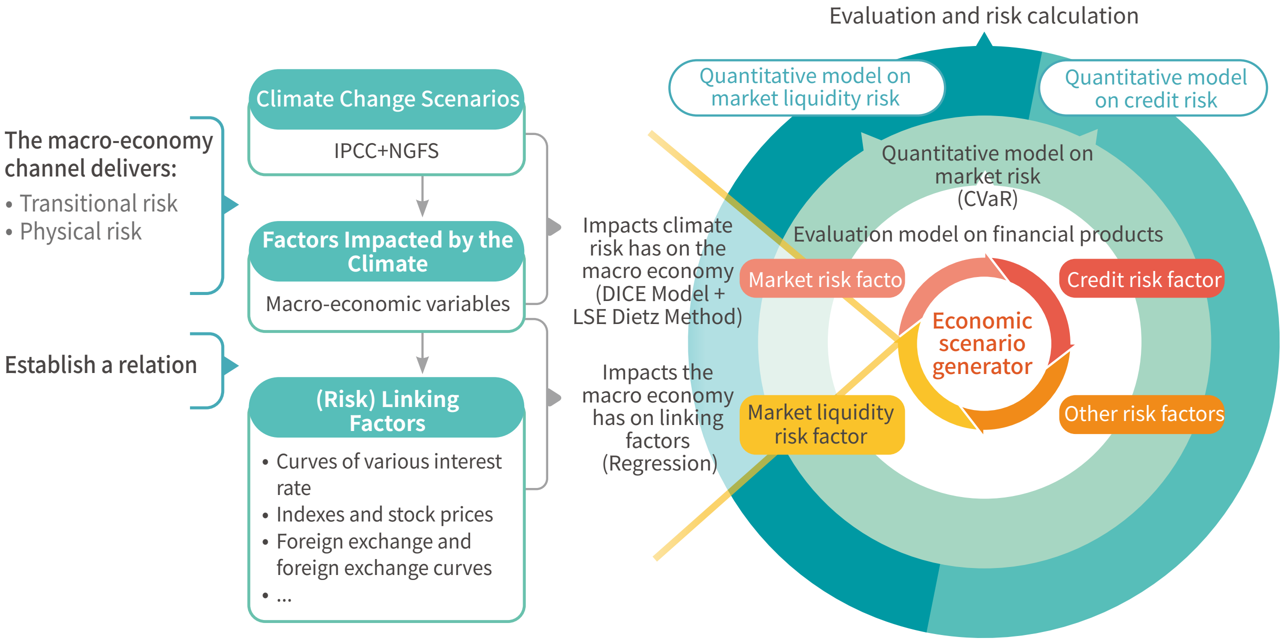
Investment positions by subsidiaries



Method of assessment

To measure the physical and transition risks caused by climate change, scenario analyses of overall investment positions are based on scenarios provided by IPCC and NGFS. These scenarios serve as benchmarks for depicting the risk scenarios of long-term temperature rise and whether policies are transitioning in response to climate change. Also, we use linking factors of macro-economy to set up linking models of climate and economy. Finally, we integrate economy model with each risk factor model, and utilize the existing established risk management model to conduct impact analysis of climate impacts.

Note: IPCC (Intergovernmental Panel on Climate Change) is an intergovernmental organization affiliated with the United Nations, responsible for assessing the latest technology and literature related to global climate change. NGFS (Network for Greening the Financial System) is composed of central banks and financial regulatory authorities from various countries, established to promote the goals of the Paris Agreement. The research and scenario parameters issued by both organizations regarding climate change are internationally representative.



Climate scenarios for assessment

For our scenario analysis, we analyzed climate impacts on the Group's investment positions under three scenarios: "Orderly," "Disorderly," and "Hot house world." The three scenarios were chosen to show a range of physical and transition risk outcomes. Physical risks are selected from Shared Socioeconomic Pathways (SSP) provided in IPCC's Sixth Assessment Report (AR6)⑬, while transition risks are derived from the NGFS Climate Scenarios Explorer.

(1) Orderly:

The orderly scenario is a mix of low physical risks and high transition risks, and is thus represented by the SSP1-RCP2.6, which depicts low GHG emissions. This scenario assumes a 1.7℃ rise in temperature by 2050. The applicable transition risk scenario is the Net Zero 2050 scenario. Orderly scenarios assume carbon policies are introduced early and smoothly, with carbon prices increasing gradually and technology evolving rapidly. This scenario has the highest usage of carbon reduction technologies among all scenarios.

(2) Disorderly:

The disorderly scenario is a mix of low physical risks and high transition risks, and is thus represented by the SSP1-RCP2.6, which depicts low GHG emissions. This scenario assumes a 1.7 ℃ rise in temperature by 2050. The applicable transition risk scenario is the Delayed Transition scenario. Disorderly scenarios explore policies being delayed or divergent across countries and sectors, with carbon prices remaining relatively unchanged during early years but then rapidly rising later on. Technological developments are sluggish early on but rapidly evolve later on. This scenario has the second highest usage of carbon reduction technologies among all scenarios.

Note: The Divergent Net Zero scenario used in the previous year is no longer used within the NGFS scenario database. As such, we've changed the scenario to Delayed Transition in 2023.

(3) Hot house world:

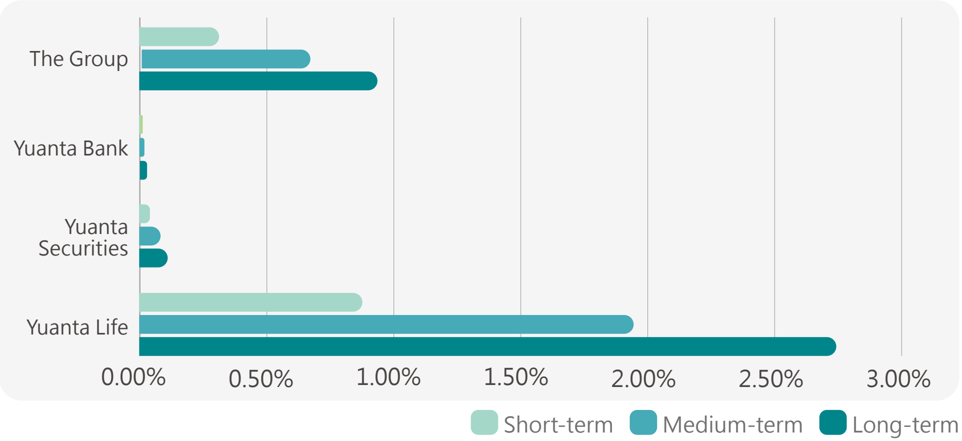
The hot house world scenario is a mix of high physical risks and low transition risks, and is thus represented by the SSP5-RCP8.5, which depicts high GHG emissions. This scenario assumes a 2.4℃ rise in temperature by 2050. The applicable transition risk scenario is the Current Policies scenario. The hot house world scenario assumes that government policies maintain the same, with carbon prices remaining relatively unchanged. Technological development is more sluggish and use of carbon reduction technologies is lower than the other two scenarios.

Assessment results

(1) Impact of climate change on market value of financial transactions

Integrate economic damages incurred by the climate scenarios into market risk factor to evaluate impacts on financial trading value.

Level of Climate Impact on Investment Positions of the Group and Its Subsidiaries



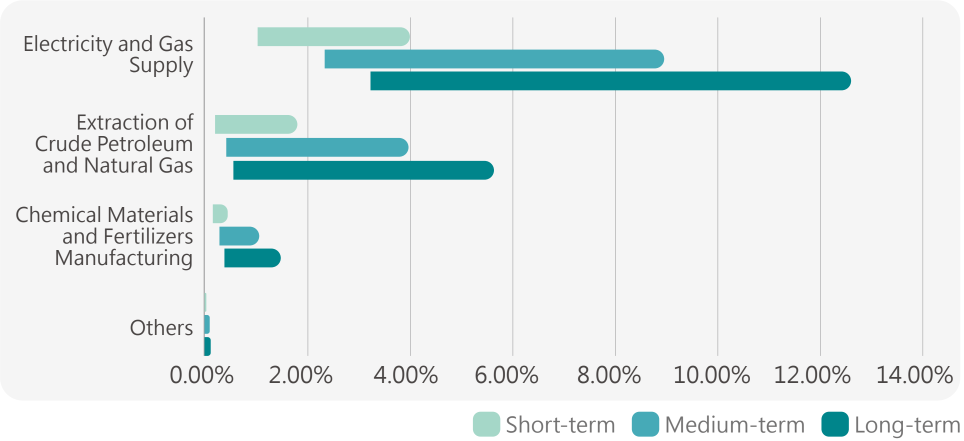
Loss of market value /Market value < The Group and its subsidiaries >

Note: 1.The ratio on horizontal axis is the decrease in market value relative to the variation of reference day market value.
2.Short-term measures 1-year-loss, medium-term measures 5-year-loss, and long-term measures 10-year-loss.
3.The bars in the bar chart represents the possible range of impact under different climate scenarios in the same loss period.

The long-term relative market value loss of the whole Group's investment positions incurred by climate impact would be at a ballpark figure of 1% of the market value on basis date. As the Group invests in a multitude of products, climate-induced impacts are not significant after a diversification of risks.

Among the three major subsidiaries, the long-term relative market value loss of Yuanta Life's positions would be 2.7% of the market value on basis date, which is the most obvious long-term relative market value loss caused by climate impacts. However, as Yuanta Life's positions are more focused on specific financial products and less diversified, they are more susceptible to impacts of climate change in the long run.

Level of Climate Impact on Investment Positions across Industries



Loss of market value /Market value < Industry Dimension >

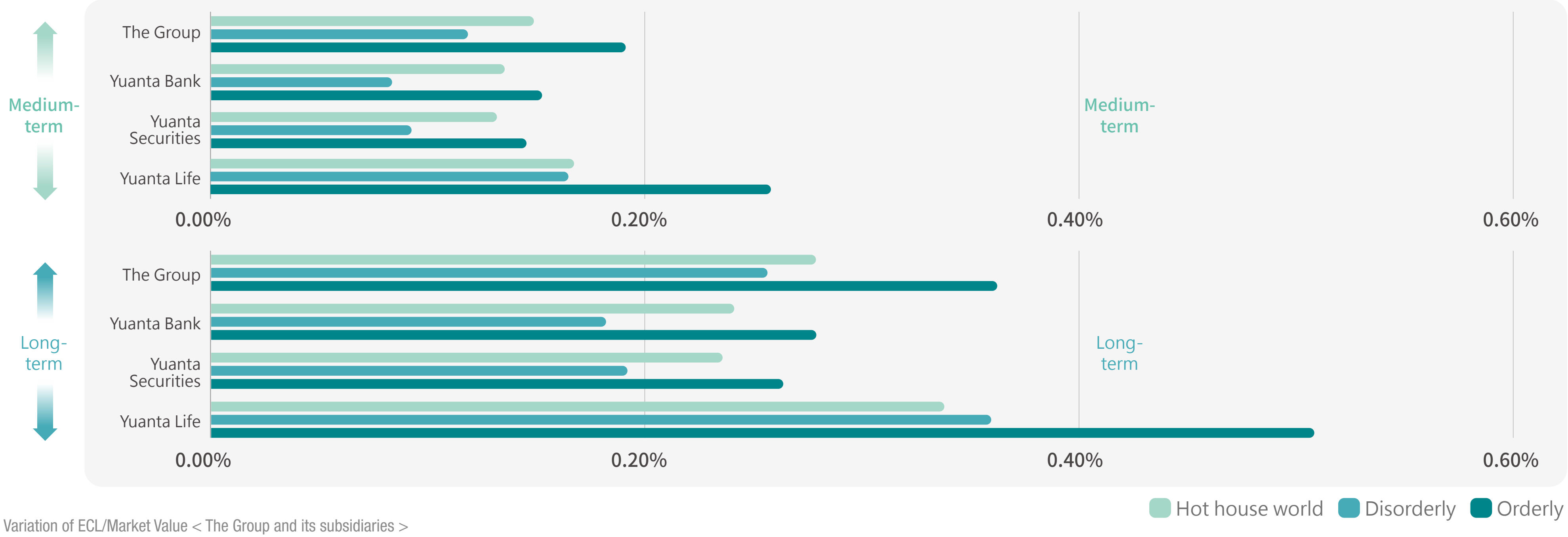
Note: 1. The ratio on horizontal axis is the decrease in market value relative to the variation of reference day market value.
2. Short-term measures 1-year-loss, medium-term measures 5-year-loss, and long-term measures 10-year-loss.
3. The bars in the bar chart represents the possible range of impact under different climate scenarios in the same loss period.

Observing from different industry dimensions: Among high-GHG-emitting industries, electricity and gas supply has the most significant impact and long-term market value loss of such position incurred by climate impact would be 12.6% of the market value on basis date. Investment positions of the Group experienced relatively smaller impact as the positions are comprised of non-high-GHG-emitting industries.

(2) Climate change impacts on expected credit loss (ECL) in financial transactions

Financial damage of physical risk and capital expenditure of transition risk induced by climate change can both result in profit decrease for some issuers of financial transactions, increasing its credit risk. Economic damage in climate scenarios is integrated into credit risk factor to evaluate impacts of expected credit loss in financial transactions.

Level of Climate Impact on Investment Positions of the Group and Its Subsidiaries



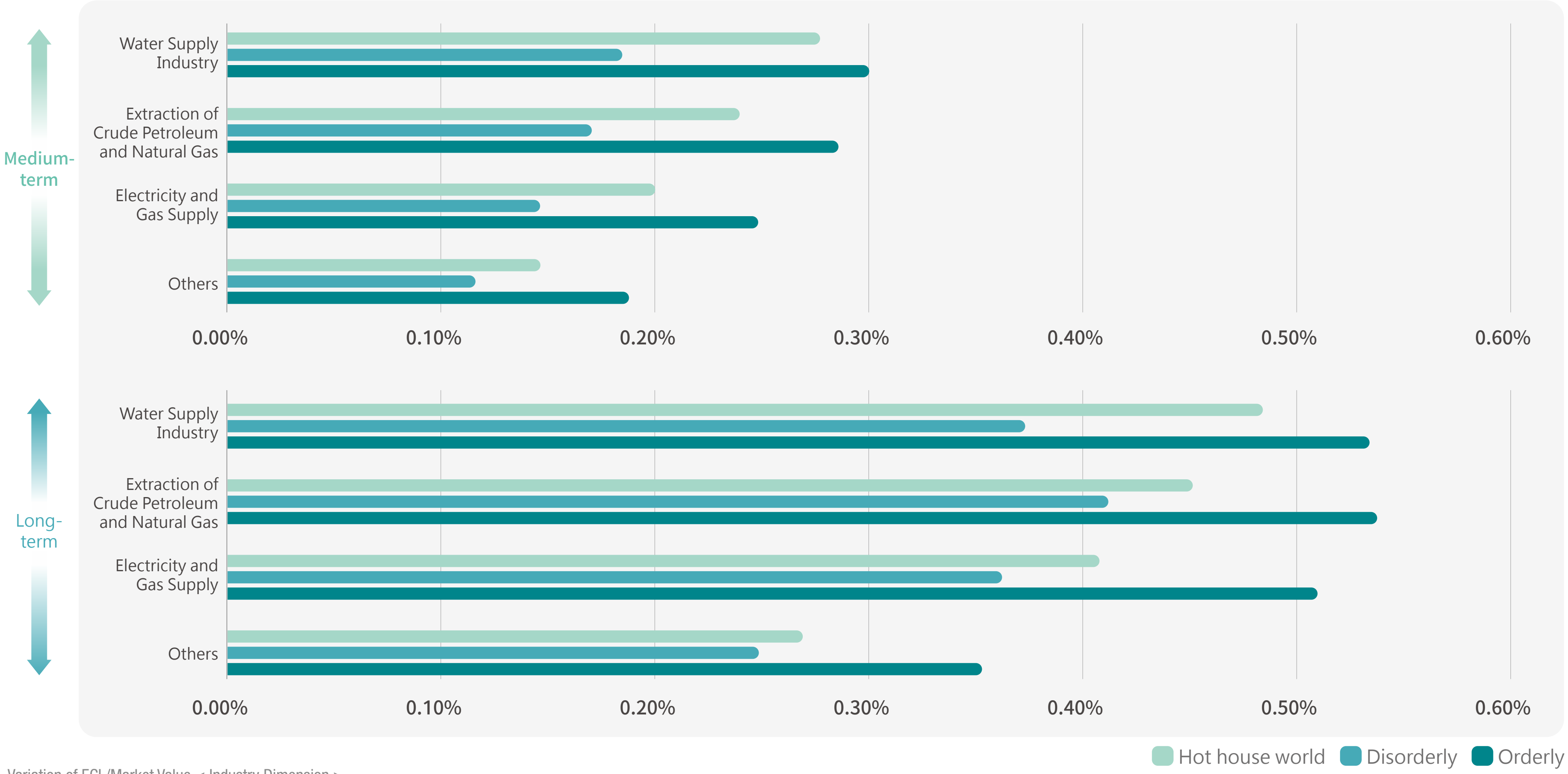
Variation of ECL/Market Value < The Group and its subsidiaries >

Note: 1. The ratio on horizontal axis is the increase of ECL relative to the variation of reference day market value.
2. Medium-term measures 5-year-loss, and long-term measures 10-year-loss.

The increment of long-term relative ECL of the whole Group's investment positions incurred by climate impact represents a 0.36% of the market value on basis date. As the Group's investment holdings are mostly investment grade bonds, ECL variation caused by climate-induced impacts are not significant.

Among the three major subsidiaries, the increment of long-term relative ECL of Yuanta Life's positions would be 0.5% of the market value on basis date, which is the most obvious increment caused by climate impacts. However, as part of Yuanta Life's positions are comprised of bonds rated at the lower end of investment grade, it would have a greater increment in relative ECL.

Level of Climate Ipact on Investment Positions across Industries



Variation of ECL/Market Value < Industry Dimension >

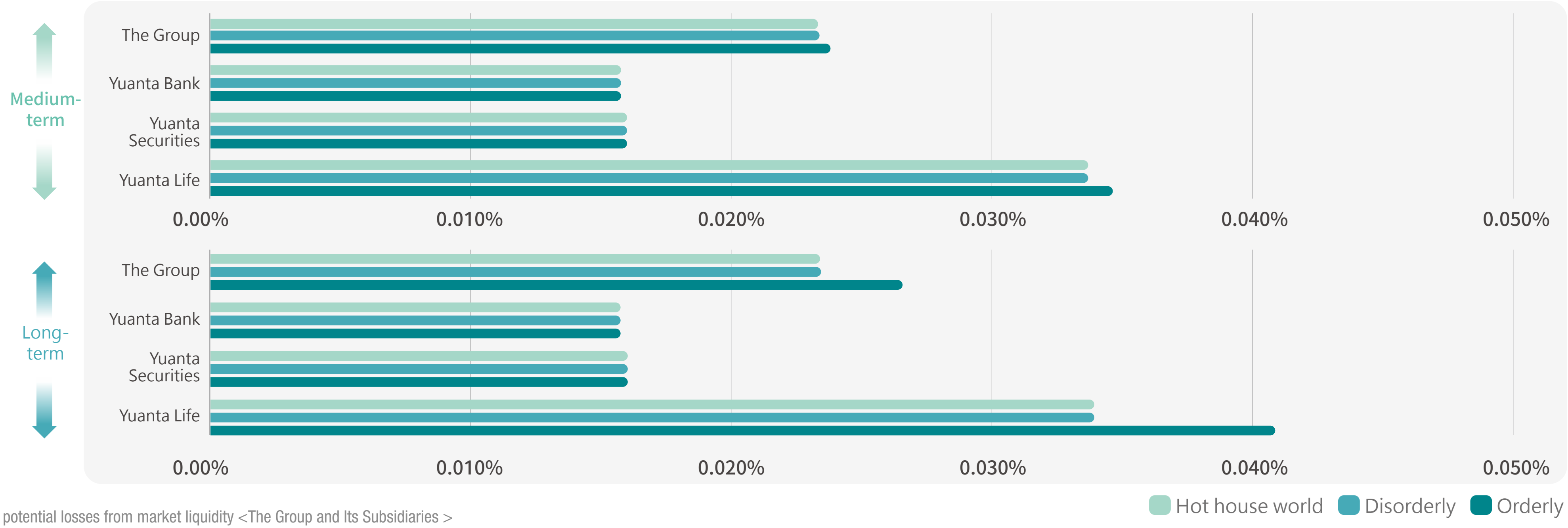
Note: The ratio on horizontal axis is the increase of ECL relative to the variation of reference day market value.
2. Medium-term measures 5-year-loss, and long-term measures 10-year-loss.

Observing from the dimensions of different industries: High-GHG-emitting industries has a greater ECL variation caused by climate impact, and the increment of their long-term relative ECL would be 0.54% of the market value on basis date.

(3) Climate change impacts on potential losses from market liquidity of financial transactions

Climate change may have broader implications for the entire financial system, resulting in a continued lack of market liquidity or market disarray leading to a significant decrease in trading volumes, thereby resulting in additional losses when disposing of financial assets. By integrating the economic damage from climate scenarios into market liquidity risk factors, we can assess potential market liquidity losses caused by climate change.

Level of Climate Impact on Investment Positions of the Group and Its Subsidiaries



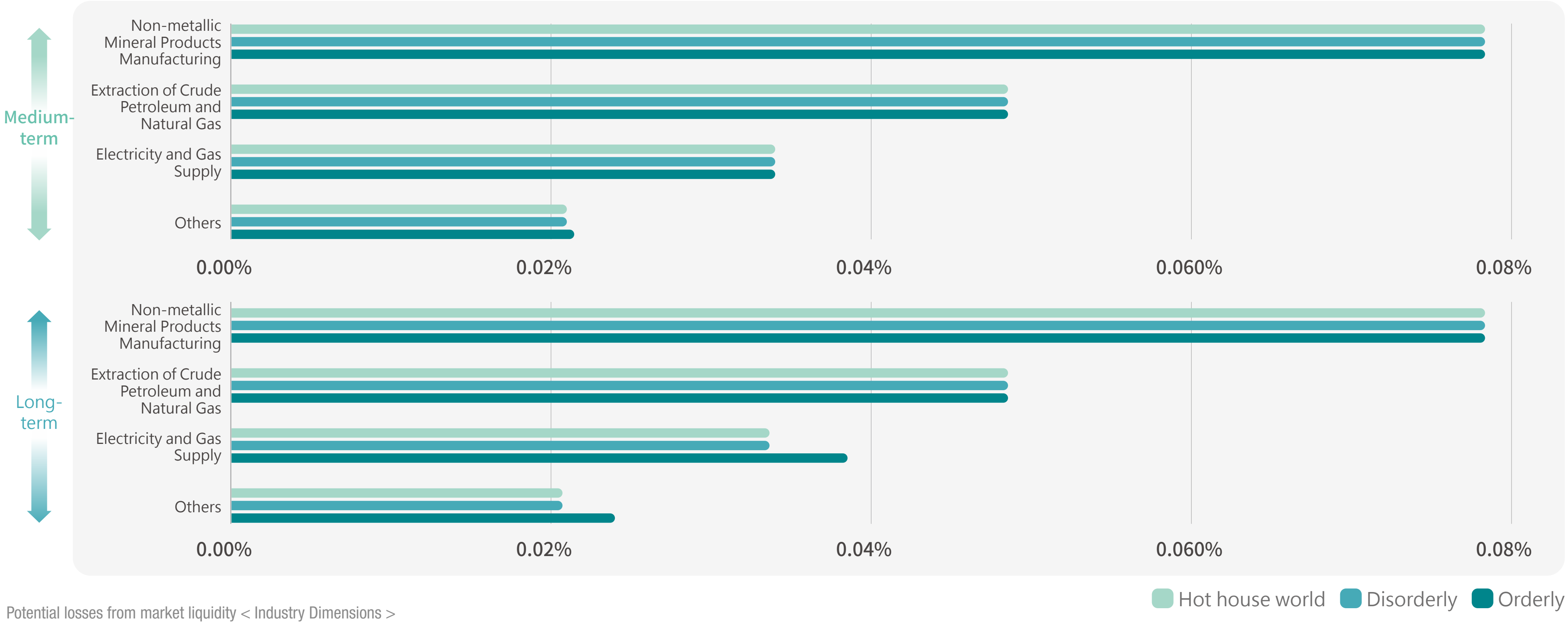
potential losses from market liquidity <The Group and Its Subsidiaries >

Note: 1. The x-axis represents the increase in potential market liquidity losses relative to the variation of reference day market value.
2. Medium-term measures 5-year-loss, and long-term measures 10-year-loss.

Overall, the increase in long-term relative loss from market liquidity risk due to climate impacts on the entire investment portfolio is approximately 0.026% of the market value on basis date. The increment of potential losses from market liquidity derived from climate change is insignificant.

Among the three major subsidiaries, the increment in long-term relative loss from potential market liquidity risk of Yuanta Life's positions is approximately 0.04% of the market value on basis date, which is the most obvious increment in long-term relative loss from potential market liquidity risk caused by climate impacts. However, Yuanta Life experiences less liquidity due to longer duration of its positions, resulting in a relatively larger increment in potential market liquidity loss caused by climate impacts in the long run.

Level of Climate Impact on Investment Positions across Industries



Potential losses from market liquidity < Industry Dimensions >

Note: 1. The x-axis represents the increase in potential market liquidity losses relative to the variation of reference day market value.
2. Medium-term measures 5-year-loss, and long-term measures 10-year-loss.

Observing from the dimensions of different industries, the increase in long-term relative loss from market liquidity risk due to climate impacts of high GHG emissions industries is approximately 0.08% of the market value on basis date. However, overall, the increment in potential market liquidity loss caused by climate change is insignificant.

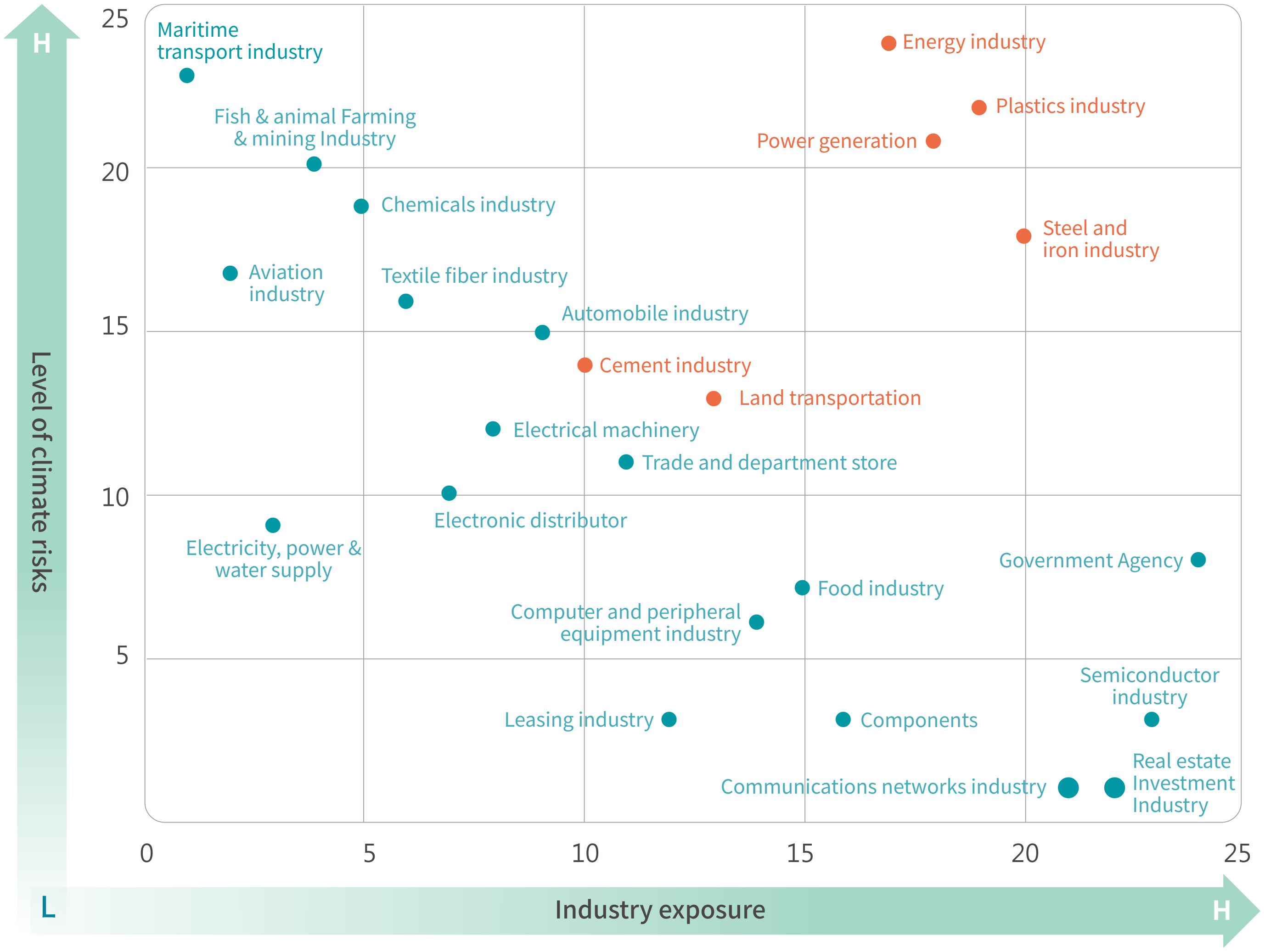
Responding strategy

The Group continues to mitigate the impact from market risk on the market value of financial products through diversifying our portfolio, and reduce additional credit and liquidity loss on the value of financial products by optimizing our portfolio through investing in products with high rating, high liquidity and low volatility. In addition, based on the aforementioned results of scenario analysis, we review the Group's risk profile and asset risk, and continue to set and update monitoring indicators for each CVaR using the estimated losses of our portfolio to prevent losses incurred by extreme climate risks.

Analysis of Industries with High Climate Risks

Before conducting quantitative assessment on scaled scenario analysis on individual companies, the Group first gives a comprehensive evaluation on the overall financial trading market by referencing results from industry analysis reports by the Group itself and institutions in Taiwan and overseas to understand climate risk level of each industry and the Group's scale of exposure, and industries with high climate risk and large exposed amount are then selected for analysis. The analysis results indicate that high-climate-risk industries include plastics, steel and iron, energy, power generation, and land transportation.

Industry-specific Risk Matrix



Note: 1. The climate risk level mainly refers to the risk score of Moody's Investors Service Industry Analysis Report ⑭
2. The industry risk exposure includes all investment and financing targets of the Group in the analysis.

Scenario Analysis at Individual Company Level (Bottom Up)

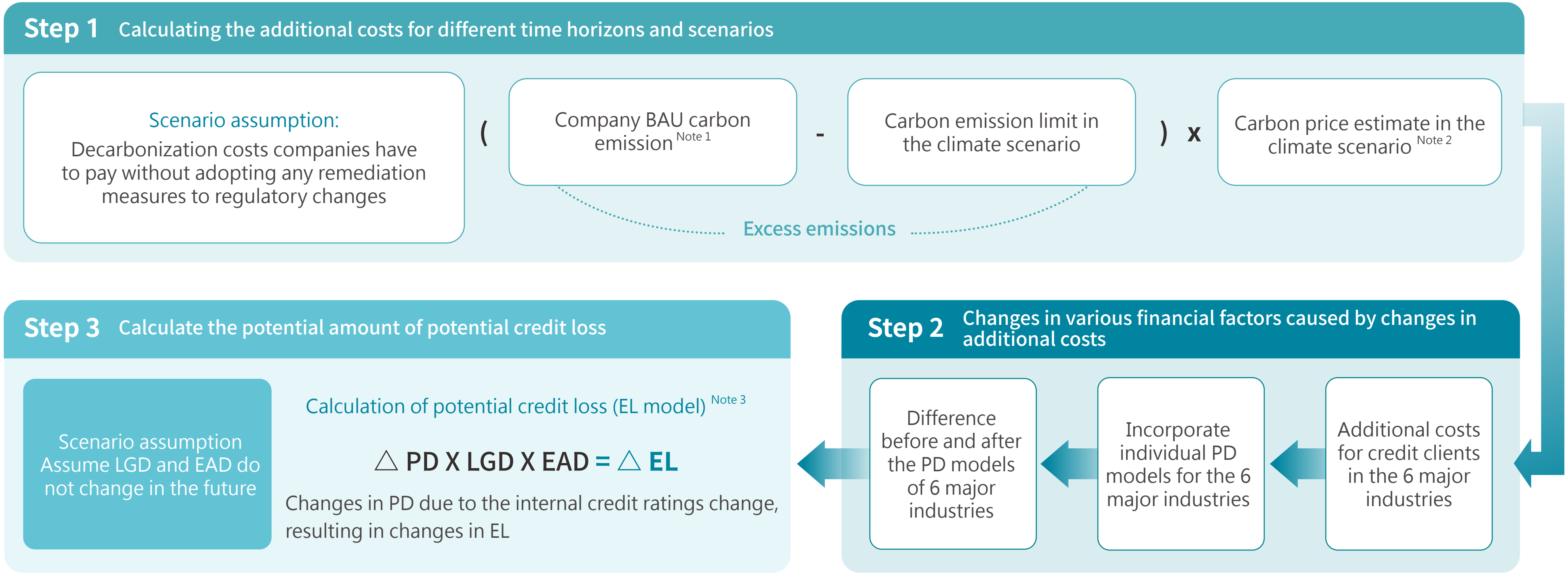
In addition to the scenario analysis at the overall investment level, the Group has improved scenario analysis models at the individual company level since 2021 to analyze climate-related financial impacts for different time horizons and with different scenarios. Based on the climate risks and opportunities identified in Chapter 3.2, two transition risks, one physical risk, and one opportunity which were more prominent in the impact assessment were selected for quantitative analysis for the financial impact at individual company level.

Overview of Analysis Methods for Individual Company Scales

Selected Climate Risks and Opportunities		Scope of Analysis		Method of Analysis		
Type	**Risk/Opportunity Factor**	**Analysis of the Industry**	**Analysis of the subject**	**Climate Scenario**	**Duration of assessment**	**Method of assessment**
Transition Risk	Cost for decarbonization policies and legal compliance	Plastics industry, steel and iron industry, energy industry, power generation, cement industry, and land transportation	Corporate lending position	NGFS Net Zero 2050 (1.5℃), Well Below 2℃	2025, 2030, 2035, 2040, 2045, 2050	Expected credit loss model
			Equity investment position			Equity valuation model
		Group	All operational sites in Taiwan	The Group's SBT goal and the national goal of 2050 Net-Zero		Expected green energy cost scenario analysis
Physical Risk	Flood causes damage to operational sites and collaterals	All	Real estate collateral	RCP 2.6, RCP 8.5	2036~2065	Disaster risk model and Expected Loss model
			Supplier			
			All operational sites in Taiwan			
Opportunity	Develop and promote low-carbon products and services.	Steel and iron industry	Heavy electricity users	Regulatory oversight by Ministry of Economic Affairs	2025	Market pricing model

1. Scenario analysis of transition risks: Quantitative assessment of the impact of carbon fees on the corporate lending positions

Importance of assessment	The financing targets are affected by carbon fee in that they must bear additional costs for meeting the regulatory requirements. The additional costs have an impact on value of its net equity, resulting in an increase in credit risk (increase in probability of default), which in turn increases the potential credit loss of the Group. Therefore, it is important for the Group to effectively estimate the changes in the expected credit losses of its financing targets.
Targets of assessment	The six key industries with high climate risks within the Group's corporate banking clients at home and abroad.
Method of assessment	Expected credit loss model.



Step 1 Calculating the additional costs for different time horizons and scenarios

Scenario assumption:
Decarbonization costs companies have to pay without adopting any remediation measures to regulatory changes

(Company BAU carbon emission [Note 1] - Carbon emission limit in the climate scenario) x Carbon price estimate in the climate scenario [Note 2]

Excess emissions

Step 2 Changes in various financial factors caused by changes in additional costs

Additional costs for credit clients in the 6 major industries

Incorporate individual PD models for the 6 major industries

Difference before and after the PD models of 6 major industries

Step 3 Calculate the potential amount of potential credit loss

Scenario assumption
Assume LGD and EAD do not change in the future

Calculation of potential credit loss (EL model) [Note 3]

△ PD X LGD X EAD = △ EL

Changes in PD due to the internal credit ratings change, resulting in changes in EL

Note: 1.The carbon emissions growth rate of the selected industry for the company's BAU scenario forecast is obtained by taking referencing the International Energy Agency's (IEA) data.
2. The carbon price forecast for each year and each scenario is obtained by referencing the Central Banks and Supervisors Network for Greening the Financial System's (NGFS) data.
3. PD is Probability of Default, LGD is Loss Given Default, EAD is Exposure at Default and EL is Expected Loss.

Assessment results

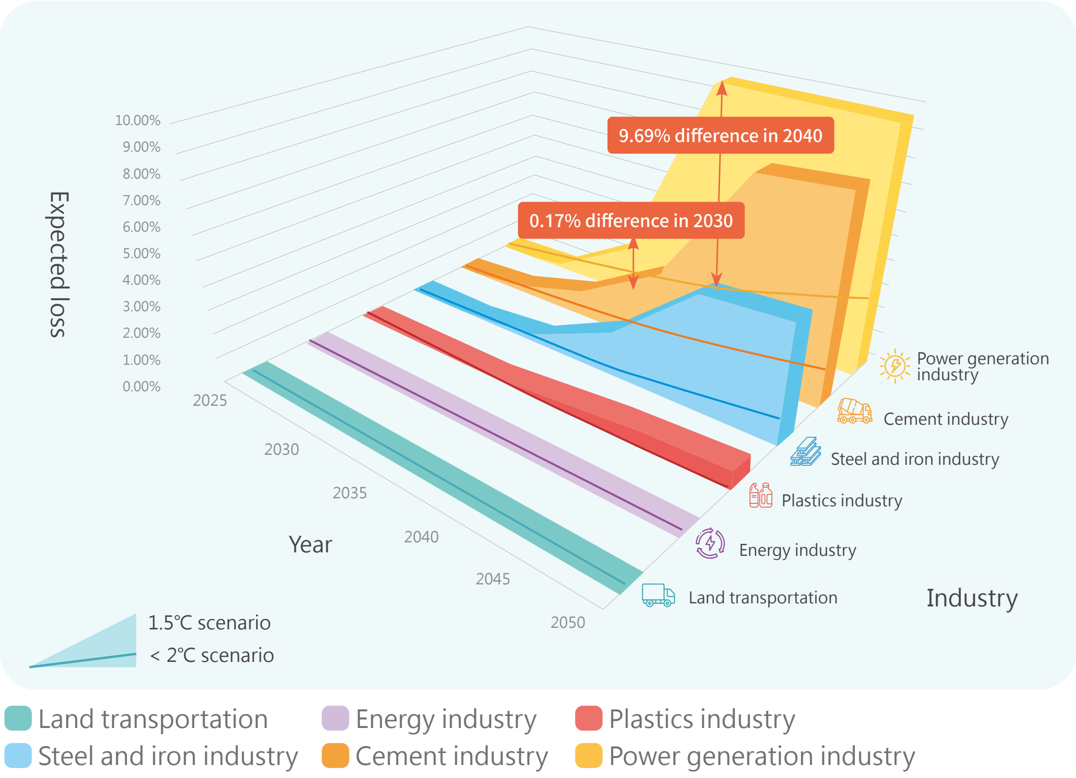
The expected loss model is incorporated into the asset position of individual corporate banking credit customers companies in the six major industries to calculate the expected amount of loss due to carbon fees under the two scenarios (1.5 ℃ / <2 ℃). The result is presented in the following figure based on the impact ratio (the ratio of the expected amount of loss in the industry in the year divided by the amount of exposure). Under the 1.5 ℃ , expected losses may increase by NT$28.4 million. The figure shows that the power generation and cement industries in the corporate banking business have increasing level of impact each year. Among them, changes in the level of impact in the 1.5 ℃ scenario is greater than that of the <2 ℃ scenario. Between 2030-2035, the power generation industry in the 1.5 ℃ scenario shows exponential growth in the impact at the industry level. The main reason is that the changes in the financial factors resulting from applying carbon fee pressure for companies with high carbon emissions exceed the default level tolerated by the credit risk PD model, resulting in significant growth in the overall curve. However, under the scenario of <2 ℃ , it will show exponential growth in 2040-2045.

Two observations can be observed from the difference between the impact curves for different industries under the two scenarios:

The first aspect is to observe a specific industry in two points in time. Take the power generation industry as an example. In 2030, the difference in the impact level curve for individual industries is 0.17%, and in 2040 there is a significant increase to 9.69%, putting significantly more loading to credit risk PD model. The second is the overall observation of the six major industries from 2025 to 2050. It can be found that the difference between the impact level curves of individual industries in the two scenarios continues to expand over time, representing the capacity to mitigate and adopt to rising temperature. They may have a significant impact on credit clients, as well as significant impact on loss due to default risk for the Group.

Observing impact levels from individual industries and changes from the previous year, we recognized significant increases in impact levels from power generation and cement industries. This was primarily due to a slight increase in credit losses for a new loan recipient in the power generation industry this year following pressure from carbon taxes. However, since the funds are used to improve power generation efficiency and comply with government efforts to reduce carbon emissions, said borrower still meets the control standards. The impact from the cement industry was attributed to weakened financial performance in some companies and financial factors being more affected by additional carbon tax costs.

Industry Impact Ratio of Credit Accounts in Six Major Industries under Different Scenarios and Different Time Horizons



Note: The level of impact on the industry refers to the percentage of the expected loss for the credit position relative to the amount of risk exposure on the reference date (the end of December 2023) under different climate scenarios.

Responding strategy

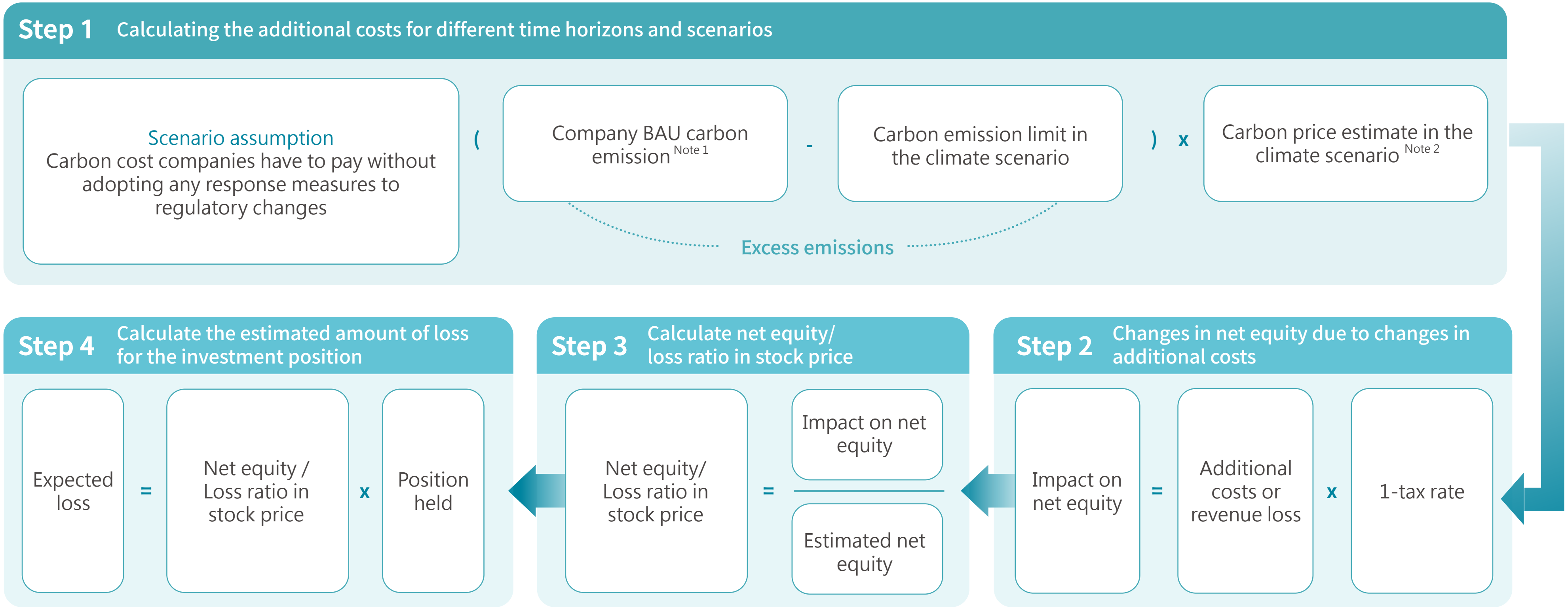
Based on the evaluation results, there is no significant different in the impact level across industries by 2025. The Group develops its business model strategic arrangement, and below are our response management measures:

(1) To ensure the Group's availability and flexibility of existing financial resource, the Group first targets managing clients which have a higher impact on the Group, continues to develop relevant measures. Establishing the "Sustainable Finance Guidelines[8] " and "Industry-Specific Environmental and Social Risk Management Rules[3] " to review the clients' capacity to respond to transition risks during due diligence, suggest improvement actions or plans for potential risks, and further reduce or refuse to finance companies with high climate risks.

(2) Yuanta Bank formulated the "Guidelines for Managing Equator Principles Financing Cases[9] " based on the Equator Principles ⑩ to rate project financing loans and manage accordingly and require clients to improve their environmental and social performance. In addition, by engaging with clients, the Group expects to prevent some of the negative financial impact caused by climate change. In the meantime, it employs its power as a financial intermediary to encourage financial service recipients to implement carbon reduction and climate risk management actions, to enhance its clients' resilience to climate risks. The Group firmly believes that to mitigate global warming, initiating reforms in low-carbon technology in industries is a must. The Group will continue to drive low-carbon transition in high-climate-risk industries through our corporate finance client management mechanism.

2. Scenario analysis of transition risks: Quantitative assessment of the impact of carbon fees on equity investment positions

Importance of assessment	The introduction of carbon fees imposes additional costs on companies to comply with regulatory requirements. The additional costs have an impact on companies' net equity and consequently a likely negative impact on the stock price. Therefore, it is important to be able to effectively estimate the expected loss of the equity investment position held by the whole Group.
Targets of assessment	The whole Groups' holding of public companies with high climate risks at home and abroad.
Method of assessment	Equity valuation model.



Step 1 Calculating the additional costs for different time horizons and scenarios

Scenario assumption
Carbon cost companies have to pay without adopting any response measures to regulatory changes (Company BAU carbon emission Note 1 - Carbon emission limit in the climate scenario) x Carbon price estimate in the climate scenario Note 2

Excess emissions

Step 2 Changes in net equity due to changes in additional costs

Impact on net equity = Additional costs or revenue loss x 1-tax rate

Step 3 Calculate net equity/ loss ratio in stock price

Net equity/ Loss ratio in stock price = Impact on net equity / Estimated net equity

Step 4 Calculate the estimated amount of loss for the investment position

Expected loss = Net equity / Loss ratio in stock price x Position held

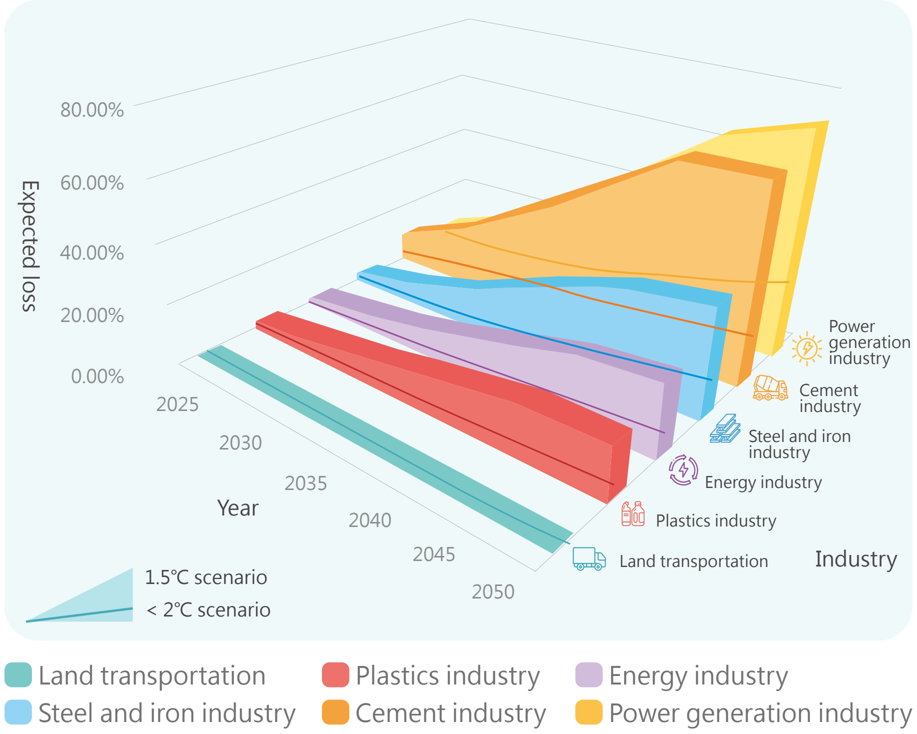
Note: 1.The carbon emission growth rate for the company's BAU scenario forecast is based on the specific industry it resides with reference made to the International Energy Agency's (IEA) data.
2. The carbon price forecast for each year and each scenario is obtained by reference to the Central Banks and Supervisors Network for Greening the Financial System's (NGFS).

Assessment results

The equity valuation model is respectively applied to the asset portfolio of six major industries in the equity investment position to calculate the expected amount of loss caused by carbon fees under the two scenarios (1.5 ℃ / < 2℃). The following figure is presented based on the impact ratio (the ratio of the expected amount of loss divided by the asset size of the industry in the year). The figure shows that among the equity investment portfolios, power generation and cement industries have significant changes in the impact level as time proceeds. Moreover, changes in the impact level for the 1.5 ℃ scenario are greater than that for the <2 ℃ scenario. We are predicting that future growth rate of carbon emissions in the power generation and cement industries will decrease with the improvement of production efficiency and technological progress. Yet, power generation and cement industries are more carbon intensive than other industries, and our assets are concentrated on certain investment targets with a slightly higher net worth loss rate, so the expected loss will be particularly prominent regardless of the scenario of 1.5℃ or <2℃. In addition, the steel and iron, energy, and plastics industries are expected to have a slightly higher growth rate of carbon emissions in the future than other industries. Therefore, the industries' impacts are relatively high. If the government imposes a carbon tax on the six major industries, simulations suggest that by 2030, maintaining the current equity investments in these industries and considering a 1.5℃ scenario, there could be an estimated increase in expected losses of approximately NT$329.5 million.

Furthermore, observations of the impact level from individual industries and changes from the previous year reveal that the power generation industry experienced a significant increase in impact as a result of substantial reduction in equity investments in the power generation industry. We also calculated estimated carbon emissions of remaining investment targets estimated based on revenue. Since their net worth accounts for a smaller proportion of revenue, the additional carbon fee costs had a more noticeable impact on net worth. As such, losses from the power generation industry accounted for a larger percentage compared to the previous year.

Industry Impact Ratio of Investment Targets in Six Major Industries under Different Scenarios and Different Time Horizons



Note: The level of impact on the industry refers to the percentage of the expected loss in relation to the amount of risk exposure on the reference date (the end of December 2023) under different climate scenarios.

Responding strategy

Based on the evaluation results, the Group develops its business model strategic arrangement, and below are our response management measures:

(1) Based on the analysis results, to ensure the availability and flexibility of financial resources for addressing climate change risks, the Group has set CVaR monitoring indicators and thresholds. The Risk Management Department monitors CVaR on a monthly basis, as well as reporting key climate risk-related information to the risk management committee and board of directors.

(2) When the climate change risk of an investment target reaches the CVaR monitoring indicators and thresholds, the Company's Risk Management Depart will assess the level of exposure such risk has, and report a detail statement of the reason and solutions to the Chairman for approval. In compliance with the Company's "Industry-Specific Environmental and Social Risk Management Rules[3]", solutions include but are not limited to requesting investment targets to provide improvement actions or provide supporting documents on low-carbon transition projects. Should investment targets could not provide such information, the Group will consider decreasing its position or not investing in the target.

(3) The Group sets metrics and targets for low-carbon operation and transformation, and regularly reviews and tracks the implementation every year. As an institutional investor and provider of funds, it expects to use the power of the financial market to promote low-carbon transformation for clients, and then contribute to the country's net zero Goals and contribution to global climate change mitigation.

3. Scenario analysis of transition risks: Quantitative Evaluation on the Promotion of Emissions Reduction in the Group's Operations

Importance of assessment	The company set SBT ⑤ and passed the SBTi compliance validation in July 2022. In addition, the Taiwanese government has published "Taiwan's Pathway to Net-Zero Emissions in 2050" as a guidance to transition into net-zero emissions for industries. To reach our emissions reduction goal and to comply to trends and expectations of the national policy, the Group will reduce carbon emissions in an active manner through using renewable energy (green energy), however, as domestic renewable energy market is still in the development phase, power generation cost for renewable energy is higher than that of non-renewable energy (gray energy), using renewable energy will result in additional cost when compared with using non-renewable energy. Under the premise of moving towards low-carbon targets for all locations of the Group, it is vital to evaluate the impact of expected costs incurred by purchasing renewable energy has on the Group's finances.
Targets of assessment	All operational sites of the Group in Taiwan.
Method of assessment	Expected green energy cost scenario analysis.

Step 1 Setting the scenarios of using green energy under different time horizons

Scenario assumption

1.The Group's SBT : With 2020 as the year of reference, the absolute emissions by 2030 is expected to reduce 42%.

2.The national goal of 2050 Net-Zero : All locations are expected to use green energy.

Step 2 Description of the parameters for calculation

Suppose the power emissions factor uses the electricity carbon emission factor in 2022 published by the Bureau of Energy, MOEA as its calculation basis.

Through the ISO 14064-1 greenhouse gas inventory, the Group learned that 90% of its carbon emissions come from purchased electricity in Category 2.

Step 3 Estimation of the expected cost of future green energy purchasing:

Expected operational cost = Power usage of Category 2 x Green energy expected cost for each unit

Assessment results

The Group utilizes using green energy as our primary carbon reduction measures, and uses two scenarios—The Group's SBT and the national goal of 2050 Net-Zero —to estimate their respective expected costs of green energy purchasing yearly. By 2030, the cost will reach NT$50.7 million, and by 2050 it will reach NT$109 million.

Responding strategy

Based on the assessment results, the Group's climate change response management measures:

(1) The Group's greenhouse gas emissions mainly come from Category 2. To effectively reduce carbon emissions in the short term, we will take active measures to improve energy efficiency, including introduce the ISO 50001—Energy management system, replace high energy-consuming equipment, and use intelligent energy-saving systems. Reduce the consumption of purchased electricity and implement low-carbon operations to reduce the impact on the environment.

(2) Domestic policies are in the process of energy transformation, and the proportion of renewable energy power generation will be increased in the future. The Group actively plans the proportion of renewable energy usage in its operating bases, and continues to pay attention to and participate in the renewable energy market, grasping the price of green electricity and related transactions, so as to increase compliance with regulatory requirements toughness.

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4. Physical Risk Scenario Analysis: Quantitative assessment of the impact of floods on real estate collateral, all operating sites in Taiwan, and suppliers

Importance of assessment

In recent years, heavy rainfall and floods caused by extreme weather have been heavily discussed. The extreme weather events may have major implications on our operational sites, collateral for mortgages and commercial real estate loans, and even supplier operations. Therefore, the Group conducts physical risk scenario analysis based on the map of flood potential under the RCP 2.6 (< 2° C) and RCP 8.5(4℃) scenario published on the Climate Change Disaster Risk Adaptation Platform by the National Science and Technology Center for Disaster Reduction for geographical locations (Level 5) in Taiwan. This helps the Group understand the potential impact on its business and asset value in the context of greater climate change in the future.

Targets of assessment

The Group's real estate collaterals, all operating sites in Taiwan, and suppliers' operating locations.

Method of assessment

Disaster risk model and Expected loss model.

Step 1 Select targets for analysis

- Geographical location of real estate collateral and outstanding balance
- Geographical locations of operating sites and value of proprietary real estate

Step 2 Map overlay analysis

Reference

- Information on typhoon and flood disasters published by the National Science and Technology Center for Disaster Reduction and potential disastrous environmental evaluation
- Understand the locations of real estate collaterals and operational sites situated in areas with high flood risks

Step 3 Impact analysis

Calculate the impact under a flood scenario

- Outstanding balance affected/ Total outstanding balance x 100%
- Number of operational sites affected/Total number of operating sites x 100%

Step 4 Setting of expected loss rate of real estate collaterals

- Average expected loss rate of real estate collaterals without considering climate scenarios
- Expected loss rate of real estate collaterals at high flood risk level

Step 5 Calculation of expected loss rate of real estate collaterals with high flood risk level

- Calculate the expected loss amount based on the increased value of the loss rate and the exposure amount of real estate collaterals with a high flood risk level
- Expected loss rate = expected loss amount / total exposure x 100%

Assessment results

(1) Under RCP2.6 scenario, about 0.92% of real estate collaterals are located in areas with high flood risks at the end of the century, accounting for about 2.65% of the total real estate loan amount. The expected loss rate is 0.12% and expected losses may increase by NT$1,510.6 million, which is still within the controllable range. About 0.71% of operating sites across Taiwan and proprietary real estate and 0.67% of suppliers' operating sites are located in areas with high flood risks at the end of the century.

(2) Under RCP8.5 scenario, about 9.05% of real estate collaterals are located in areas with high flood risks at the end of the century, accounting for about 8.92% of the total real estate loan amount. The expected loss rate is 0.72%, which is still within the controllable range. 9.25% of operating sites in Taiwan are located in areas with high flood risks at the end of the century, mainly in the southern regions. About 5.33% of suppliers' operating sites are located in areas with high flood risks at the end of the century.

Responding strategy

Based on the assessment results, the Group's climate change response management measures:

(1) The Group has established physical risk adaptation measures for operating sites, and formulated policies and regulations such as "Operating Guidelines for Reporting Significant Incidents," "Information Manual for Business Continuity and Disaster Response Management" and "Crisis Management Policy and Procedures Rules," etc., which could be dealt with in the short term.

(2) The Group commits to continuously improve energy efficiency and reduce greenhouse gas emissions, requires that newly built real estate should meet the design standards of green buildings, so as to maximize the use efficiency of resources, and the design of green buildings itself considers the water conservation of the base and the symbiosis with the environment , in the face of disasters that may occur in extreme weather, the new buildings will be equipped with adequate physical risk adaptation capabilities.

(3) In the long-term, in order to avoid interruption of the Group's operations or loss of asset value due to heavy rain and flooding events, when expanding locations and relocation of operating sites, the Group will conduct an assessment and fill out the"Yuanta Financial Holdings Location Selection Evaluation Form". This assessment was based on climate change risks, flood control measures, disaster insurance and other factors into consideration to confirm whether the future operating sites can cope with the impact of extreme weather and prevent and reduce possible operating losses.

(4) To ensure availability and flexibility of the financial resource and reduce the financial losses caused by climate change, when the risk of flooding of real estate collateral increases significantly, consider measures such as reducing the loan ratio in the area and increasing typhoon and flood insurance based on the change in the loss rate, the number of foreclosures, and the recovery amount. Ultimately, reduce the possible damage to real estate collateral located in areas with high flood risk.

(5) To ensure business continuity, environmental and climate policies are assessment items in the "Yuanta Group Supplier Assessment Form" to reduce potential financial impacts from suppliers.

5. Opportunity Scenario Analysis: Quantitative Assessment of Renewable Energy Equipment Financing Needs

Importance of assessment

The Bureau of Energy, Ministry of Economic Affairs, announced the "Administrative Measures for Managing Electricity Users with a Certain Installed Capacity to Install Renewable Energy Equipment" at the end of 2020, which have been officially put in force on January 1, 2021. The Group has assessed that this trend will bring about a huge demand for financing of renewable energy equipment. In order to assess the potential market share of the opportunity, the market valuation method has been adopted for further financial quantitative analysis.

Targets of assessment

The Group assessed steel and iron companies in Taiwan that may be subject to regulatory oversight.

Method of assessment

Market valuation method.

Step 1 Calculate the demand for renewable energy equipment

Scenario assumption

1.Target company chooses to install solar panels

2.Develop new products or services without additional investment

The "Administrative Measures for Managing Electricity Users with a Certain Installed Capacity to Install Renewable Energy Equipment" requires 10% of electricity consumption to come from renewable energy sources for companies with an installed capacity of over 5,000 kW

Evaluate how much the renewable energy equipment's installed capacity (kW) would be by 2025 by local steel and iron companies that might be under regulatory oversight

Step 2 Calculate the cost for installing solar panels

Market size = Demand for equipment's installed capacity x Installation costs Note

Step 3 Analyze the share of own market

Estimate the Group's market shared by taking into account domestic and international trends as well as models for market share analysis.

Step 4 Estimate the additional interest income

Additional interest income = The Group's market share x interest rate

Note: Installation costs are calculated based on the Bureau of Energy's statistics of NT$42,700/kW

Assessment results

It is estimated that the market value of Taiwan's steel and iron industry's demand for renewable energy equipment will reach NT$6.27 billion by 2025. After analyzing the market share the Group can realize, it is estimated that this opportunity will bring NT$3.675 million of interest income.

Responding strategy

Yuanta Bank issued its first sustainable bond on March 21, 2022. The funds will be used to fund investments which quality as green investments, such as the development of renewable energy and energy technology, energy efficiency improvement and energy conservation, greenhouse gas reduction, waste recycling, pollution prevention and control or circular economy, etc., to support and fund key industries with sustainable initiatives, assist the energy transformation of the clients, and support the growth of sustainable industries with real actions.

5

Metrics & Indicators

Category 1/Category 2

SBT Targets & Progress

Target: By 2030, reduce 42% in absolute emissions from 2020.

Progress: In 2023, reduced 22.05% in absolute emissions from 2020.

Actions

1. In 2023, used 2.64 million kWh of renewable energy, exceeding target by 1.6 million kWh.
2. In 2023, five operating sites used 100% renewable energy, and Yuanta continued to increase renewable energy use.
3. In 2023, all ten of the Group's proprietary buildings in Taiwan received ISO 50001 energy management system certification.
4. Newly built office buildings including Nanjing Fuxing redevelopment project, Yuanta Songjiang Gold Star Building, and Yuanta Songjiang Silver Star Building obtain green building certification by 2025. By 2050, secure green building labels for all new proprietary buildings.
5. Replaced energy-intensive equipment, switched to energy-efficient LED lighting and sensor lights, controlled electrical equipment usage, conducted smart energy monitoring, upgraded A.C. systems, and installed thermal designs in buildings.
6. Raised employee awareness in energy conservation, carbon reduction, and environmental protection.

Categories 3-5: other than investment

Targets & Progress

Target: Absolute emissions of 126,358.09 metric tons CO_2e in 2023

Progress: Absolute emissions of 97,629.53 metric tons CO_2e in 2023

Actions

1. Yuanta Bank's full range of credit cards has achieved carbon neutrality.
2. "Yuanta Securities Online Investment and Financial Services" achieves carbon neutrality by 2024.
3. Continued to optimize suppliers management process with ISO 20400 sustainable procurement guidance.

Category 5: Investments

SBT Targets & Progress

Electricity Generation Project Financing	**Target:**	By 2030, reduce GHG emissions per MWh of electricity production generated from power generation project financing portfolio by 49% from 2019
	Progress:	GHG emissions per MWh of electricity generation have increased by 36%
Commercial Real Estate	**Target:**	By 2030, reduce GHG emissions per square meter of corporate loan portfolio for commercial real estate by 59% from 2019
	Progress:	GHG emissions per square meter have increased by 2%
Electricity Generation	**Target:**	By 2030, reduce GHG emissions per MWh of electricity production generated from corporate loan portfolio for electricity generation sector by 49% from 2019
	Progress:	GHG emissions per MWh of electricity generation have decreased carbon intensity by 23%
Other Long-term Loans	**Target:**	By 2030, reduce GHG emissions per square meter from long-term corporate loan portfolios for finance, retail, services, F&B, and property development industries by 58% from 2019
	Progress:	GHG emissions per square meter have decreased carbon intensity by 24%
Other Long-term Loans	**Target:**	By 2027, 38% (out of the amount of loan) of long-term corporate loan portfolios in fossil fuel, electrical and electronic equipment as well as general manufacturing sectors have set SBT
	Progress:	17% of specific investment portfolios have set SBT
Listed Equity & Bonds Investment	**Target:**	By 2027, 39% (out of the invested value) of listed equity and bonds investment have set SBT
	Progress:	1% of specific investment portfolios have set SBT

Actions

1. Annually reviewed key targets list and strengthened engagement with investment targets to facilitate low-carbon transitions.
2. Gradually reduced current exposure to high-risk sectors such as thermal power generation, coal-related, and unconventional oil and gas industries, with the aim of complete divestment by the end of 2040.
3. Continuously monitored domestic and international net-zero policies and developments, assessing the progress of the net-zero transition in coal-related and unconventional oil and gas industries.

Note: Category 1 and 2's reduction efforts cover carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

5.1 Metrics and Targets for Low-carbon Operation Management

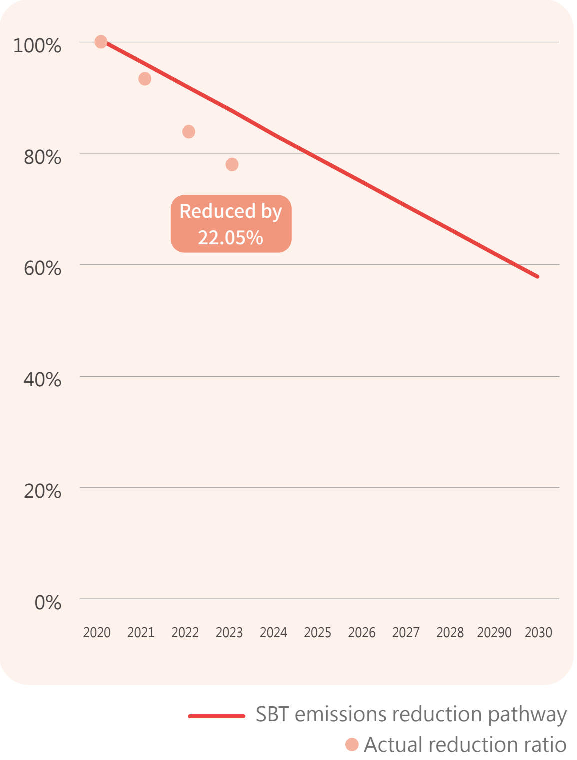
The Group is actively rolling out low-carbon action plans through standardized and systematic management to reduce the Company's carbon emissions. Additionally, the Group conducts comprehensive GHG inventories, which are then verified by third parties. In 2022, the Group passed the Science-Based Targets (SBT) validation and has set up management indicators and medium- to long-term goals for low-carbon operations. We aim to leverage the integrated forces of the organization to achieve carbon reduction objectives and mitigate climate risks and impacts on the Group's operations.

● GHG Emissions

Greenhouse gas emissions (Metric tons CO$_2$e)	2020 (Base year)	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Category 1	1,492.17	1,660.71	1,436.98	1,359.64	1,594.95	✓ Achieved	1,527.96
Category 2 (market-based)	22,128.53	20,407.59	18,562.91	17,254.23	21,815.11	✓ Achieved	20,680.71
Category 1 & 2 (market-based)	23,620.70	22,068.30	19,999.89	18,613.87	23,647.18	✓ Achieved	22,208.67
Carbon intensity (Metric tons CO$_2$e) /per NT$1 billion revenue)	206.53	186.63	218.57	189.76	255.54	✓ Achieved	250.43

Note: 1. The GHG inventory is conducted based on ISO 14064-1: 2018. The operational control approach is used to set the organizational boundary.
2. Based on the emission factor methodology, GHG emissions = activity data x emission factor x Global Warming Potential (GWP). The GWP values used in 2020 reference to IPCC AR5 version. From 2021 onwards, the GWP values reference to IPCC AR6 version.
3. Category 1 and 2 GHG emissions include cover carbon dioxide (CO$_2$), methane (CH$_4$), nitrous oxide (N$_2$O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF$_6$) and nitrogen trifluoride (NF$_3$).
4. Category 1 GHG emissions mainly come from gasoline and refrigerant. The emission factors are calculated using the Ministry of Environment "Greenhouse Gas Emissions Factor Management Table 6.0.4."
5. Category 2 GHG emissions are externally procured electricity. The Category 2 (market-based) GHG emissions are calculated using the quantitative method of the Ministry of Environment "Operating Guidelines for Greenhouse Gas Emissions Inventories.
6. Carbon intensity refers to the GHG emissions per NT$1 billion of revenue generated from Category 1 and Category 2.

Achievement of carbon reduction ratio

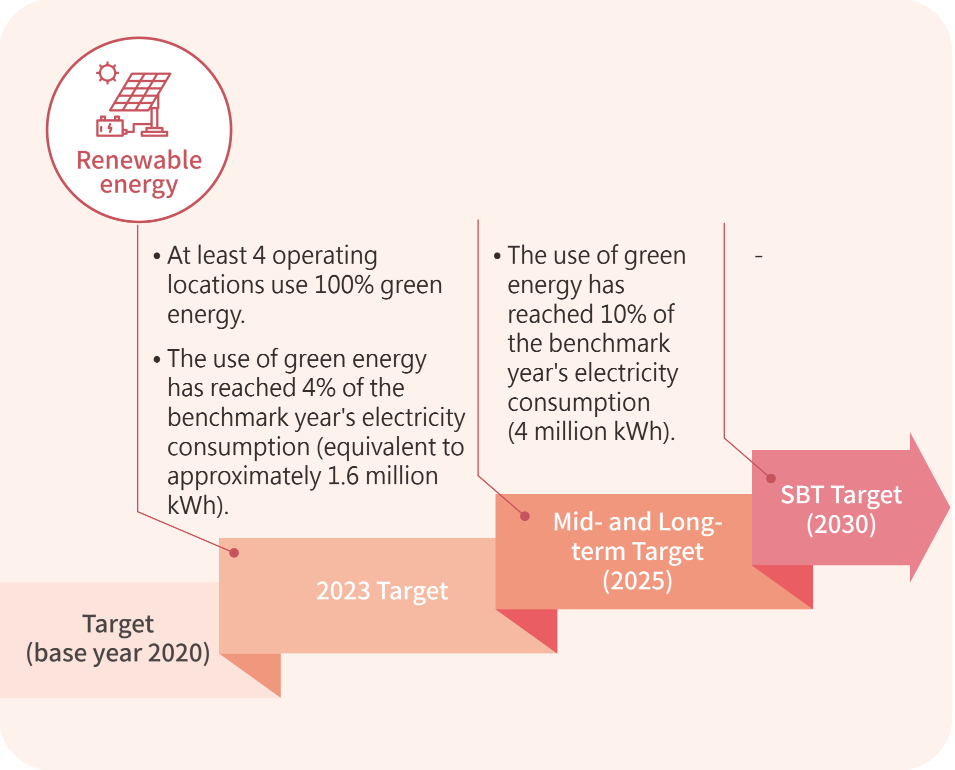


ISO 14064-1:2018 Categories	GHG Protocol Scope 3 Categories		GHG Emissions (Metric tons of CO_2e)	
			2022	2023
Category 3: Indirect GHG emissions from transportation	C4	Upstream transportation and distribution	1.05	-
	C6	Business travel	26.65	157.25
	C7	Employee commuting	20,400.00	19,487.10
	C9	Downstream transportation and distribution	0.02	0.04
Category 4: Indirect GHG emissions from products used by an organization	C1	Purchased goods and services	58,782.60	44,655.33
	C2	Capital goods	29,196.98	16,749.83
	C3	Purchased electricity (upstream emissions)	3,211.87	3,379.45
	C5	Waste generated in operations	216.20	204.49
	C8	Upstream leased assets	11,040.55	10,401.52
Category 5: Indirect GHG emissions associated with the use of products from the organization	C10	Processing of sold products	28.02	-
	C11	Use of sold products	2,226.00	197.38
	C12	End-of-life treatment of sold products	21.92	45.16
	C13	Downstream leased assets	625.76	2,351.98
	C14	Franchises	0.00	-

Note: 1. Categories 3 to 5 disclosed according to GHG Protocol S3 requirements.
2. Emissions from purchased electricity (upstream emissions), waste disposal, and business travel are confirmed via ISO 14064-1 verification.
3. For details, please refer to Yuanta 2023 ESG report, Appendix 4 Environmental Performance.

Renewable Energy Use

Item	2020	2021	2022	2023
Green power wheeling (kWh)	-	157,300	945,900	2,643,400
Total consumption of renewable energy (kWh)	510,000	527,300	945,900	2,643,400



Renewable energy

Target (base year 2020)

-

2023 Target

- At least 4 operating locations use 100% green energy.
- The use of green energy has reached 4% of the benchmark year's electricity consumption (equivalent to approximately 1.6 million kWh).

Mid- and Long-term Target (2025)

- The use of green energy has reached 10% of the benchmark year's electricity consumption (4 million kWh).

SBT Target (2030)

-

5.2 Metrics and Targets for Low-carbon Transformation Management

To understand the impact of our investment and financing positions on climate change and to meet stakeholder expectations for the financial sector to lead industries towards low-carbon transitions, the Group has undertaken GHG inventory and carbon intensity calculations for our financial assets. Following methodologies recommended by PCAF and TCFD guidelines, we have set 2019 as base year and calculated the carbon emissions and intensity of our financial assets, including power generation project financing, commercial real estate loans, sovereign bonds, investments in listed company stocks and bonds, and long-term corporate loans. In the future, the Company will continue to expand the scopes of GHG inventory and commit to mitigating and adapting climate risks across all asset categories.

● Absolute GHG Emissions and Intensity of Investment and Financing

Asset Type	Category	2020	2021	2022	2023	Data Quality
Investment	GHG emissions from investments in listed equity and corporate bonds (tCO$_2$e)	2,653,603.35	2,310,400.66	1,503,131.29	1,707,703.18	1.39
	Carbon intensity of investments in listed equity and corporate bonds (tCO$_2$e/NT$ million)	5.67	4.68	3.53	3.53	
Financing	GHG emissions from long-term corporate loans (tCO$_2$e)	411,046.62	504,551.43	551,245.34	988,524.70	2.50
	Carbon intensity of long-term corporate loans (tCO$_2$e/NT$ million)	3.70	4.60	4.17	4.41	
	GHG emissions from short-term corporate loans (tCO$_2$e)	-	-	233,529.96	49,110.41	
	Carbon intensity of short-term corporate loans (tCO$_2$e/NT$ million)	-	-	3.02	1.41	
Emissions from electricity generation project financing	Emissions from electricity generation project financing (tCO$_2$e)	54,783.41	100,707.22	42,574.12	48,288.96	2.13
	Carbon intensity of electricity generation project financing (tCO$_2$e/ NT$ million)	86.54	94.39	36.74	62.73	
Avoided emissions from electricity generation project finance	Avoided emissions of renewable power project finance (tCO$_2$e)	1,006.22	1,466.37	1,741.60	3,252.00	
Commercial Real Estate Loans	GHG emissions from commercial real estate loans (tCO$_2$e)	21,183.47	23,386.90	12,688.11	26,687.71	4.00
	Carbon intensity of commercial real estate loans (tCO$_2$e/NT$ million)	1.14	1.37	1.06	1.15	
Sovereign Debt Investment	GHG emissions from sovereign debt investment (tCO$_2$e)	-	-	1,193,197.55	1,117,944.62	2.00
	Carbon intensity of sovereign debt investment (tCO$_2$e/NT$ million)	-	-	7.54	6.90	

Note: 1. GHG emissions from investment and financing are calculated based on corporate loans, electricity generation project financing, commercial real estate loans, and investment in listed equity and corporate bonds consolidated by the Group, using the Global GHG Accounting and Reporting Standard for the Financial Industry ⑮ published by the Partnership for Carbon Accounting Financials (PCAF) ⑥ on December, 2022, as reference. The relevant GHG emissions data comes from the external database, self-collection and estimation.

2. The carbon intensity by asset class is calculated based on the methodology recommended by the TCFD guidelines. Formula: Financed emissions of each asset class undertaken by the Company (tCO$_2$e) / the Company's exposure of each asset class (NT$ million) = Carbon intensity of each financial asset (tCO$_2$e /NT$ million).

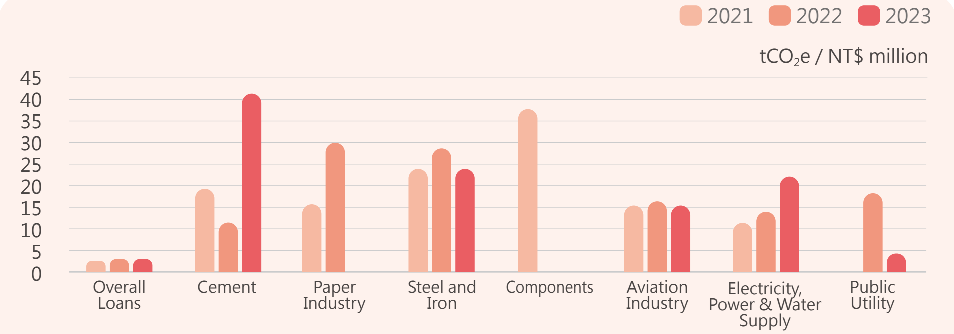
3. From 2020 till 2023 all (long-term and short-term) investment were included in listed equity and corporate bonds inventory.

4. Asset types belong to bank include financing, electricity generation project finance, and commercial real estate loans.

Analysis of Financed Emissions in Carbon-intensive Sectors

As of the end of 2023, the majority of the Group's top 60% carbon-intensive investment and financing positions in listed companies are largely concentrated in the cement, steel and iron, plastics, and maritime transport industries. The respective carbon emissions for each industry that the Company is responsible for are 573,247 (cement), 206,856 (steel & iron), 112,975 (plastics), and 70,569 tCO_2e (maritime transport), putting the total emissions at 963,648 tCO_2e. The Group has also conducted independent GHG emissions analysis for seven carbon-intensive sectors, specifically for the Group's investment and financing positions. The goal is to ensure investment and financing targets comply with the Group's decarbonization efforts, continue to adjust investment and financing portfolios, and strengthen engagement with carbon-intensive counterparties. We carefully assess climate risks for our counterparties to strengthen management over investments and financing in carbon-intensive industries.

2021-2023 Carbon Intensity of Long-term Investment Portfolios in Carbon-intensive Sectors: Listed equity and corporate bonds

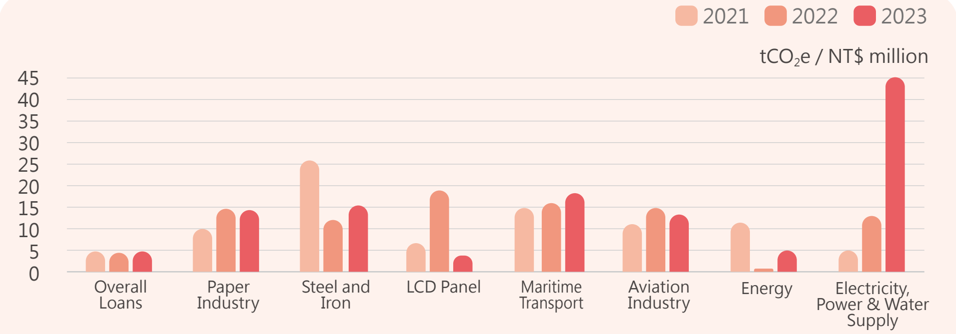


Carbon Intensity (tCO_2e / NT$ million)

Industry [Note]	2021	2022	2023
Overall Investment	2.90	3.26	3.26
Cement	19.54	12.03	41.24
Paper Industry [Note2]	15.91	30.05	-
Steel and Iron	23.96	28.98	24.12
Components	37.55	0.32	0.47
Aviation Industry	15.55	16.44	15.69
Electricity, Power & Water Supply	11.74	14.29	22.34
Public Utility	0.02	18.66	4.47

Note: 1. Using the Group's internal Industries classification to classify Industries.
2. The long-term equity and bonds holdings in 2023 no longer include the paper industry.
3. The carbon intensity of investment/financing portfolio by industry is calculated based on the methodology recommended by the TCFD guidelines. Formula: Financed emissions of investment/financing portfolio in each industry undertaken by the Company (tCO_2e) / the Company's exposure in each industry (NT$ million) = Carbon intensity of investment/financing portfolio in each industry (tCO_2e / NT$ million).

2021-2023 Carbon Intensity of Long-term Financing Portfolios in Carbon-intensive Sectors



Carbon Intensity (tCO_2e / NT$ million)

Industry [Note]	2021	2022	2023
Overall Loans	4.60	4.17	4.41
Paper Industry	9.93	14.43	13.89
Steel and Iron	25.92	11.75	15.17
LCD Panel	6.62	18.80	4.41
Maritime Transport	14.01	16.03	18.15
Aviation Industry	10.30	14.98	13.04
Energy	10.97	0.55	4.78
Electricity, Power & Water Supply	4.69	12.79	60.65

Note: 1. Using the Group's internal Industries classification to classify Industries.
2. The carbon intensity of investment/financing portfolio by industry is calculated based on the methodology recommended by the TCFD guidelines. Formula: Financed emissions of investment/financing portfolio in each industry undertaken by the Company (tCO_2e) / the Company's exposure in each industry (NT$ million) = Carbon intensity of investment/financing portfolio in each industry (tCO_2e / NT$ million).

6

Nature-related Financial Disclosures

At the 15th meeting of the Conference of the Parties (COP15) to the Convention on Biological Diversity (CBD) in 2022, 196 countries reached a significant consensus: the Kunming-Montreal Global Biodiversity Framework. This historic international agreement on biodiversity sets a global vision and mission to "halt and reverse biodiversity loss by 2030 and fulfill the shared vision of living in harmony with nature by 2050." Target 15 of this framework emphasizes the need for businesses and financial institutions to disclose their nature-related actions transparently.

As a global leader in sustainability, Yuanta Financial Holdings is committed to addressing biodiversity issues and actively supporting international initiatives. In 2024, Yuanta signed the "Taskforce on Nature-related Financial Disclosures (TNFD)," becoming one of the TNFD Early Adopters in the world. Additionally, Yuanta joined the "Partnership for Biodiversity Accounting Financials (PBAF)" to contribute to biodiversity conservation efforts.

This section is guided by the official framework (Version1.0) released by the TNFD ⑯ in September 2023, along with its "Sector guidance: Additional guidance for financial institutions v1.0" ⑰ . The LEAP (Locate, Evaluate, Assess, Prepare) approach was applied to assess the dependencies and impacts of the Group's investment and financing activities on nature. This analysis also includes evaluating associated risks and opportunities to enhance future response actions.

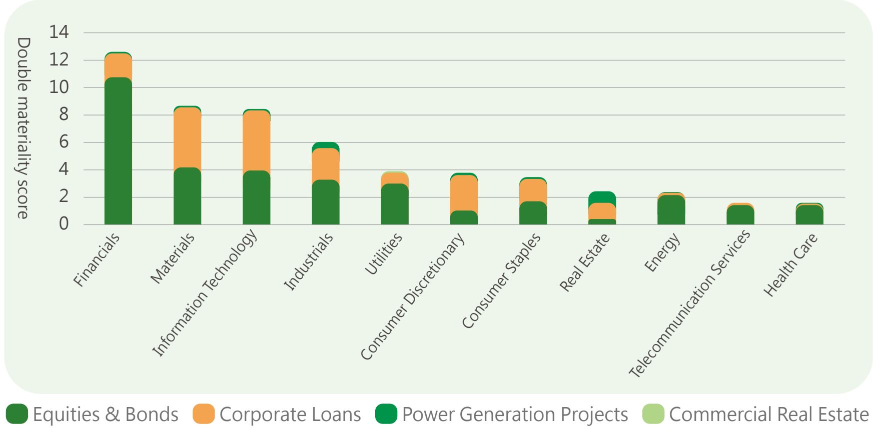
● The LEAP Approach

Locate The interface with nature	**Evaluate** Dependencies & impacts	**Assess** Risks & opportunities	**Prepare** To respond & report
L1: Span of the business model and value chain	E1: Identification of environmental assets, ecosystem services and impact drivers	A1: Risk and opportunity identification	P1: Strategy and resource allocation plans
L2: Dependency and impact screening	E2: Identification of dependencies and impacts	A2: Adjustment of existing risk mitigation and risk and opportunity management	P2: Target setting and performance management
L3: Interface with nature	E3: Dependency and impact measurement	A3: Risk and opportunity measurement and prioritisation	P3: Reporting
L4: Interface with sensitive locations	E4: Impact materiality assessment	A4: Risk and opportunity materiality assessment	P4: Presentation

6.1 Evaluation of Nature-related Dependencies & Impacts

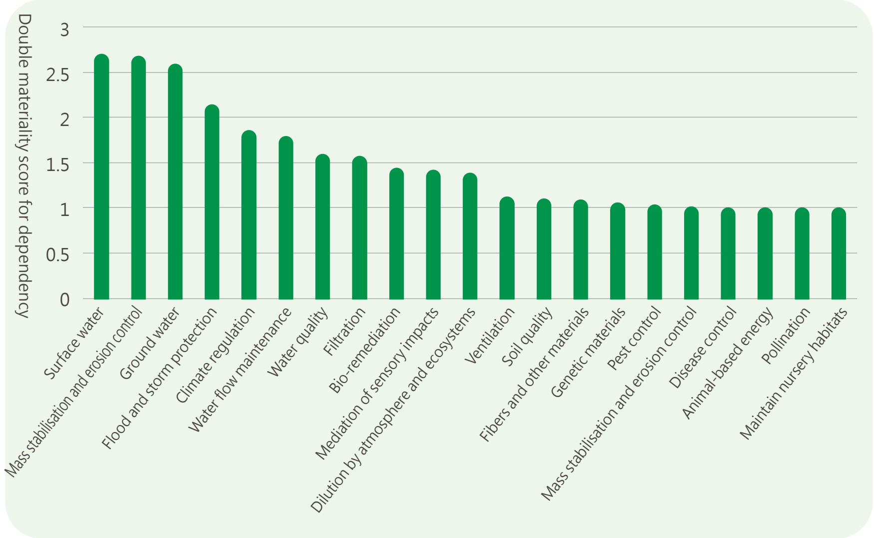
The Group turned to the ENCORE database to understand which sectors within our investment and financing portfolio are more likely to impact the natural environment, which helped us identify the dependency and impact of investment and financing targets on natural capital. The scope of this year's pilot assessment includes equity and bond investments, corporate loans, commercial real estate loans, and power generation project financing acquired and held with proprietary funds. Evaluations were based on investment and financing amounts and revealed that among the 21 ecosystem services defined by ENCORE ⑱ , the Group's investment and financing targets are most dependent on three ecosystem service drivers: surface water, mass stabilisation and erosion control, and ground water; while the top three impact drivers were identified as solid waste, water pollutants, and soil pollutants. Considering the double materiality concept (financial materiality and impact materiality), the cross-analysis of dependency and impact levels with the exposed investment and financing activities indicates that the financial sector, materials sector, and information technology sector are the top three sectors, as defined by GICS, with the highest dependency and impact on the natural environment. According to the TNFD's Sector Guidance, Sector guidance: Additional guidance for financial institutions v1.0, financial sector should prioritize 16 priority sectors to understand how their investment and financing targets positively and negatively impact nature. Our analysis showed that 40.32% of the evaluated investment and financing positions are in priority sectors, while the natural capital assets our investment and financing positions are most dependent on are habitats, species, and water. Further exploration into the dependency and impact levels of investment and financing targets in priority sectors led to the identification of the plastics industry, semiconductor industry group, and utilities industry as industries with high dependency and impact. This was based on internal industry classification and double materiality considerations. Moving forward, we will continue to deepen the assessment of dependencies and impacts related to ecosystem service drivers and impact drivers, exploring the interrelationships between these factors and risk exposure to provide more detailed information on internal decision-making.

Dependency and Impact of Financial Assets on Nature



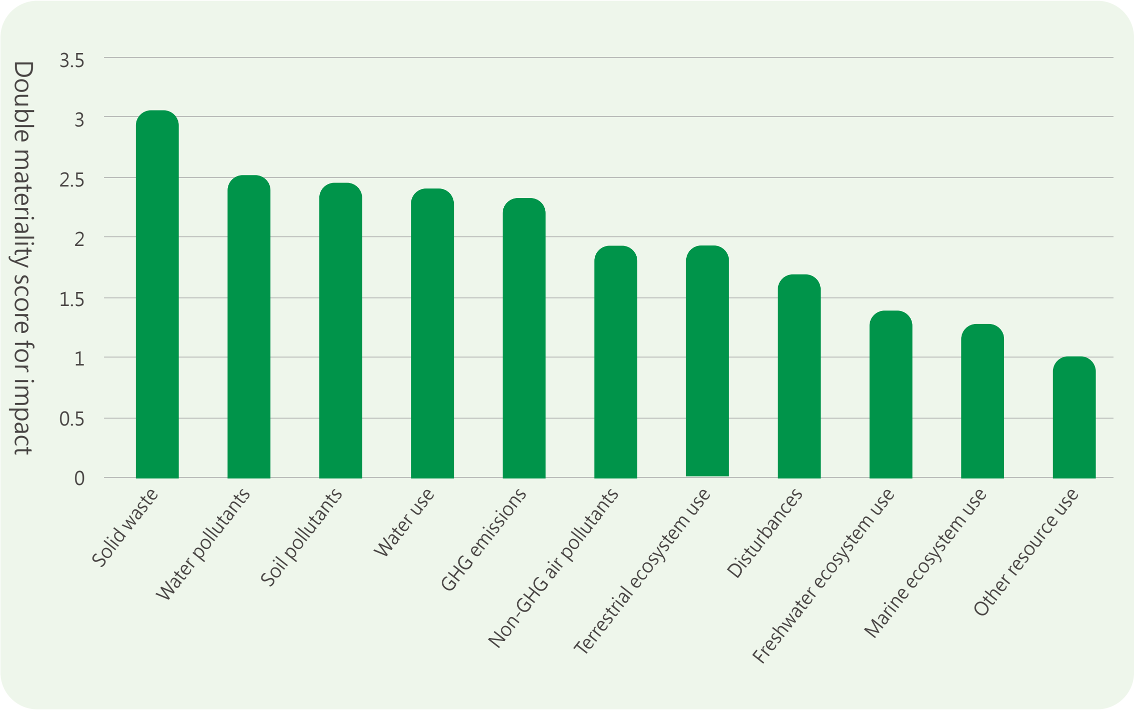
Note 1: Uses sectors under the GICS industry classification. There are 11 sectors, which are identified based on two-digit codes.

Ecosystem Service Drivers Relevant to Financial Assets by Dependency Level



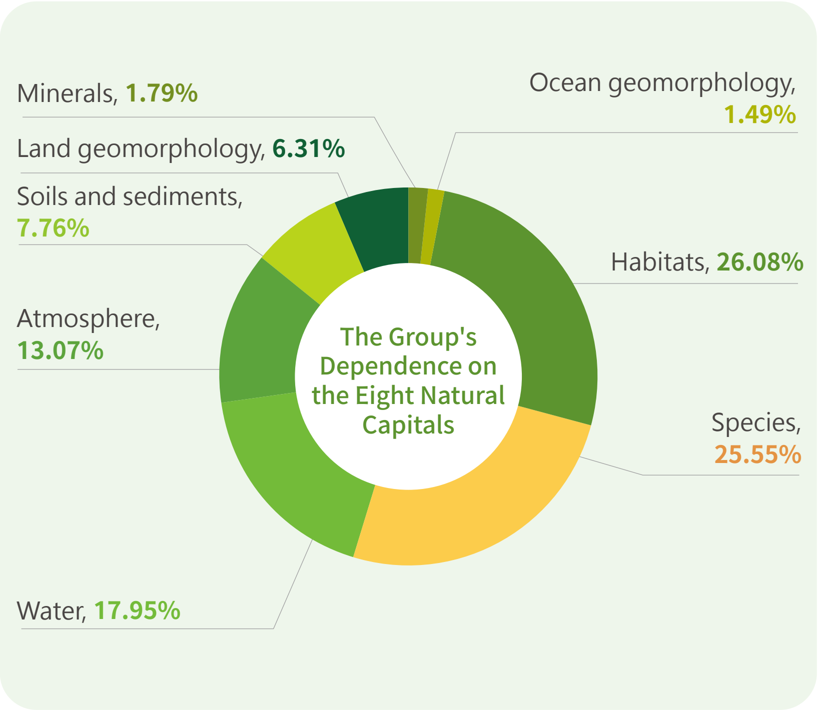
Note 1: Double materiality (financial & impact materiality) concept adopted for dependency level; scope covers all sectors

Impact Drivers Relevant to Financial Assets by Impact Level



Note 1: Double materiality (financial & impact materiality) concept adopted for impact level; scope covers all sectors.

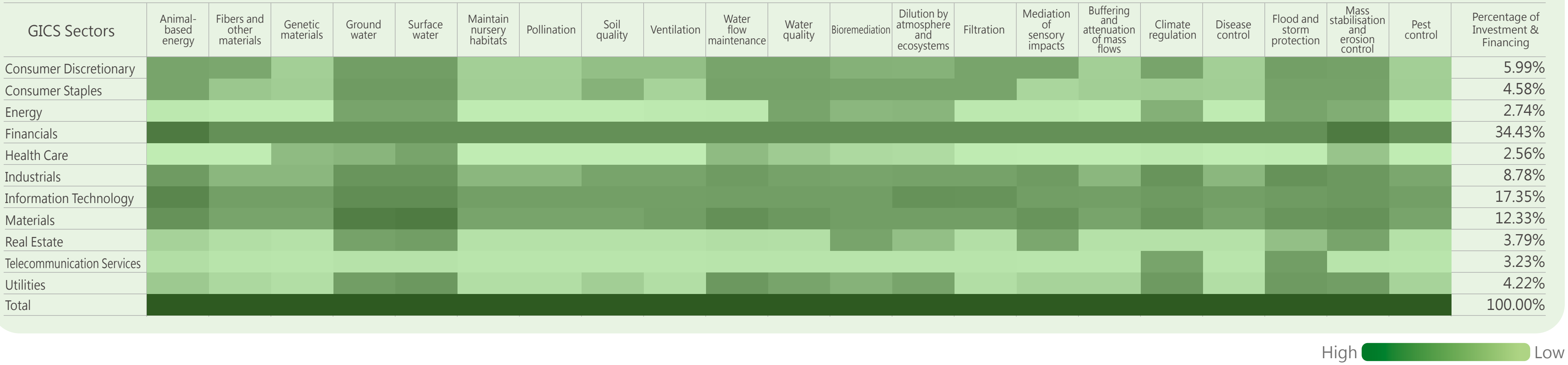
The Group's Dependence on the Eight Natural Capitals



Heat Map of Dependency & Impact of Financial Assets on Nature

Total Sensitive Industries 40.32%

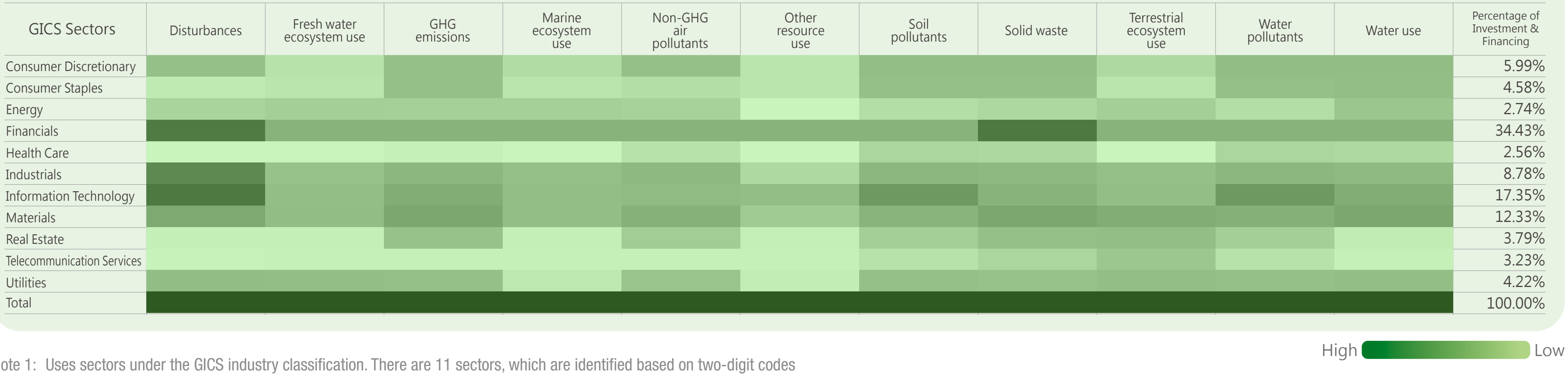
Dependency



GICS Sectors	Percentage of Investment & Financing
Consumer Discretionary	5.99%
Consumer Staples	4.58%
Energy	2.74%
Financials	34.43%
Health Care	2.56%
Industrials	8.78%
Information Technology	17.35%
Materials	12.33%
Real Estate	3.79%
Telecommunication Services	3.23%
Utilities	4.22%
Total	100.00%

Total Sensitive Industries 40.32%

Impact



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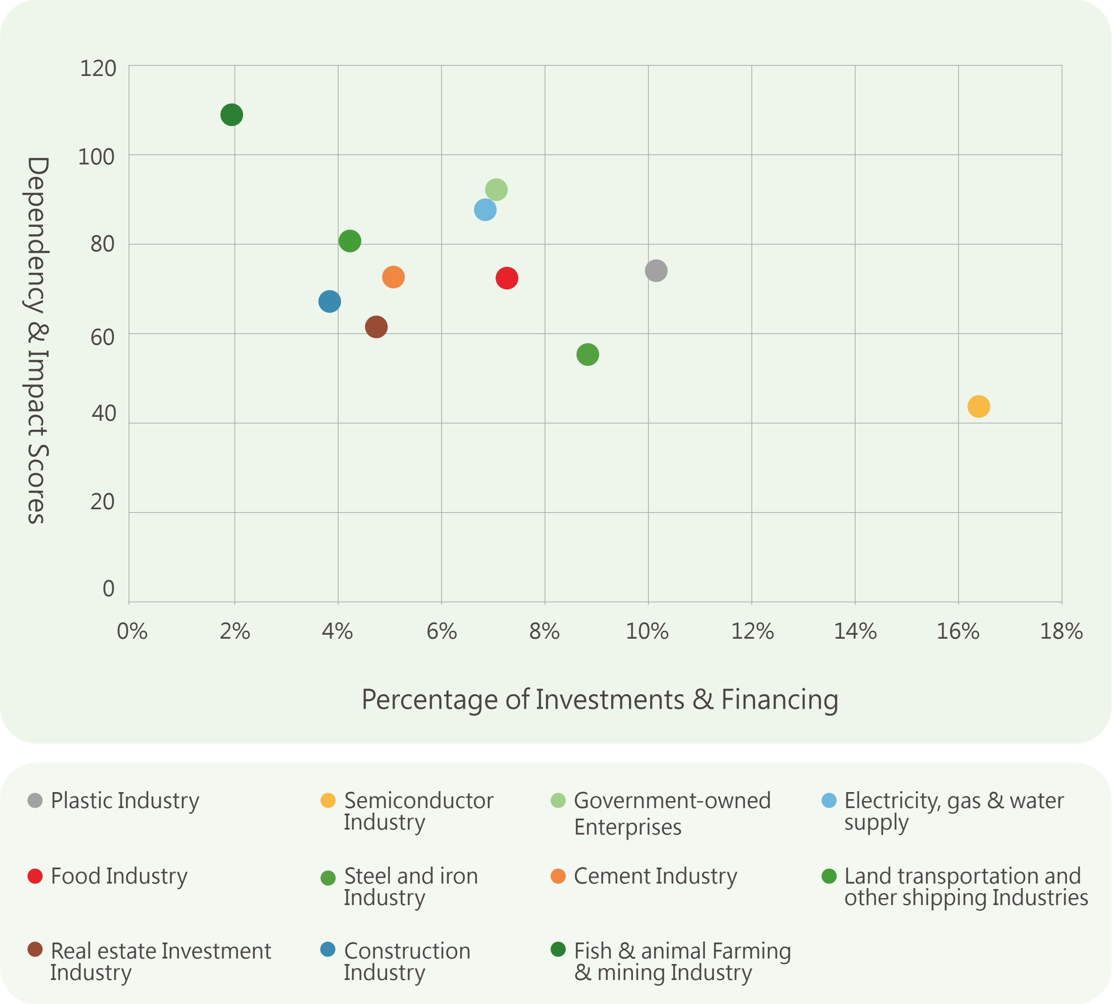
Telecommunication Services	3.23%
Utilities	4.22%
Total	100.00%

Note 1: Uses sectors under the GICS industry classification. There are 11 sectors, which are identified based on two-digit codes

Note 2: The qualitative ratings provided by ENCORE for both dependency and impact levels have been converted into quantitative scores for assessment. For dependency levels, VH(Very High) is now 6 points, H(High) is 5 points, M(Medium) is 4 points, L(Low) is 3 points, VL(Very Low) is 2 points, and N/A is 1 point. For impact levels, VH(Very High) is now 5 points, H(High) is 4 points, M(Medium) is 3 points, L(Low) is 2 points, and N/A is 1 point.

Note 3: The graphs illustrate the analysis results of the financial assets of the Group within the scope of this inventory.

Matrix of Dependency & Impact of Priority Sectors on Nature



Note 1: Using the Group's internal Industries classification to classify Industries.
Note 2: Graph shows analysis of financial assets in priority sectors.

Definitions

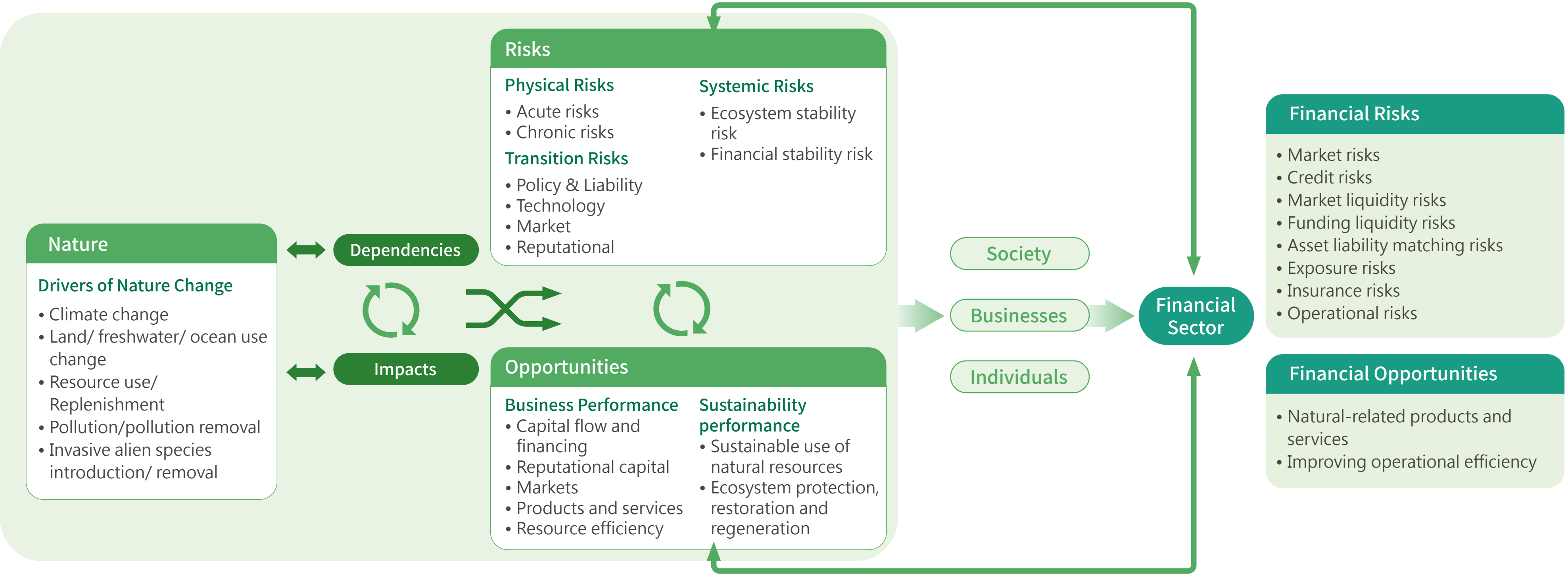
1. ENCORE
   Developed by Global Canopy, UN Environment Programme Finance Initiative (UNEP FI), and UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool to help businesses assess their dependencies and impacts on nature.
2. Natural Dependency and Impact
   Dependency: Aspects of environmental assets and ecosystem services that a person or an organization relies on to function. A company's operations, for example, may be dependent on water resources.
   Impact: Changes in the state of nature (quality or quantity) may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative.
3. Ecosystem Service Drivers
   The contributions of ecosystems to the benefits that are used in organizational or manufacturing processes.
4. Impact Drivers
   A measurable quantity of a natural resource that is used as an input to production (e.g. the volume of sand and gravel used in construction) or a measurable non-product output of a business activity (e.g., a kilogram of NOx emissions released into the atmosphere by a manufacturing facility).
5. Priority Sectors
   Priority sectors recommended by TNFD and its partners as investment/financing targets potentially having material dependency and impact on nature.
6. Global Industry Classification Standard (GICS)
   Global Industry Classification Standard is an industry taxonomy developed by MSCI and Standard & Poor's based on primary business activities.

6.2 Identification of Nature-related Risks & Opportunities

The Group assessed the natural dependencies and impacts of our asset portfolio, referencing the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations, the Network for Greening the Financial System (NGFS), and the Natural Capital Coalition's relational pathways to understand the potential risks and opportunities arising from these dependencies and impacts.

For the financial sector, there are two primary relational pathways. The first pathway is through indirect influence on financial activities, where dependencies and impacts on nature affect society, businesses, and individuals, which in turn influence the financial sector through their connection to financial services. The second pathway is through direct influence on operations in the financial sector, where the financial sector is directly impacted by nature dependencies, impacts, risks, and opportunities in its operations. As such, we consider all these scenarios in our strategic planning.

● The relationship between the finance sector and natural capitals



Nature

Drivers of Nature Change

- Climate change
- Land/ freshwater/ ocean use change
- Resource use/ Replenishment
- Pollution/pollution removal
- Invasive alien species introduction/ removal

Dependencies

Impacts

Risks

Physical Risks

- Acute risks
- Chronic risks

Transition Risks

- Policy & Liability
- Technology
- Market
- Reputational

Systemic Risks

- Ecosystem stability risk
- Financial stability risk

Opportunities

Business Performance

- Capital flow and financing
- Reputational capital
- Markets
- Products and services
- Resource efficiency

Sustainability performance

- Sustainable use of natural resources
- Ecosystem protection, restoration and regeneration

Society

Businesses

Individuals

Financial Sector

Financial Risks

- Market risks
- Credit risks
- Market liquidity risks
- Funding liquidity risks
- Asset liability matching risks
- Exposure risks
- Insurance risks
- Operational risks

Financial Opportunities

- Natural-related products and services
- Improving operational efficiency

Compiled from the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations, Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors ⑲ , and Connecting Finance and Natural Capital: A Supplement To The Natural Capital Protocol ⑳

Nature-related Risks

Risk		Potential Impacts	Value chain stages covered by nature-related risk assessment
Physical Risks	Acute	• Wetland and/or forest degradation from typhoons, floods, and forest fires; pest infestations.	Investment and financing targets Own operations
	Chronic	• Ecological degradation from changes such as air pollution and less rainfall.	Investment and financing targets Own operations
Transition Risks	Policy and Liability	• Stricter policies and regulations may increase transitional costs and risk of potential litigation and fines.	Investment and financing targets Own operations
	Technology	• New products or services developed with new technologies may reduce dependency and/or impact on natural capital.	Investment and financing targets Own operations
	Market	• Changes in market demands for products and services may lead to more emphasis on natural conservation actions.	Investment and financing targets Own operations
	Reputational	• Delayed responses to natural crises or even causing natural crises could attract criticism and harm reputation.	Own operations
Systemic Risks		• Extinction of critical species could lead to ecosystem collapse, affecting businesses and society.	Investment and financing targets Own operations

Nature-related Opportunities

Opportunities		Potential Impacts	Value chain stages covered by nature-related opportunities assessment
Business Performance	Capital flow financing	• Investing in sustainability actions and developing nature-related sustainable products and services can increase company revenue and support the growth of sustainable finance markets.	Investment and financing targets Products and services
	Reputational capital	• Participating in nature-friendly initiatives or sustainability ratings can gain recognition and cooperation opportunities from the public and stakeholders.	Own operations Suppliers
	Markets	• Raising consumer attention and involvement in nature-related issues can enhance the visibility of products and services. • Developing products or services that avoid or reduce nature-related risks.	Investment and financing targets Products and services
	Products and services		
	Resource efficiency	• Improving resource use efficiency in company operations can reduce dependencies on nature. • Strategically transitioning to or consciously adopting recycled or nature-friendly materials can protect natural resources and generate positive environmental benefits.	Own operations
Sustainability Performance	Sustainable use of natural resources		
	Ecosystem protection, restoration and regeneration	• Engaging in protection and restoration activities, such as funding green infrastructure or protecting endangered species.	Products and services Own operations

6.3 Nature-related Scenario Analysis

This year, the Group conducted an evaluation of dependencies and impacts on nature within the Group's asset portfolio and identified the semiconductor industry as having high natural risk. To evaluate the semiconductor companies in our investment and financing portfolio, we follow the LEAP framework recommended by the TNFD. This approach recognizes that an organization's dependencies and impacts on nature, along with the associated risks and opportunities, can vary significantly by location. Therefore, the LEAP methodology places great emphasis on the importance of geographic location in identifying, assessing, and managing nature-related risks and opportunities. For this analysis, we referenced the World Resource Institute (WRI) database and TNFD's scenario analysis methodology to further explore the natural risks and opportunities within the semiconductor industry and their implications for the Group, with the goal of refining and improving our future response strategies.

● LEAP Analysis of Impacts from Priority Sectors (Example: Semiconductor Industry)

L

Locate : The interface with nature

Locate interaction level of investment/financing target's semiconductor manufacturing sites with surrounding natural environments.

A

Assess: Risks & opportunities

Based on the dependency and impact analysis results, we conducted scenario analysis workshops with various business units within the Group to discuss the potential risks and opportunities posed by water stress under different scenarios.

E

Evaluate: Dependencies & impacts

Evaluations based on ENCORE's database reveals that the semiconductor industry has the highest dependency and impact on water resources. As such, we used the World Resource Institute's (WRI) database to assess water stress across manufacturing sites of our semiconductor investees and borrowers.

P

Prepare: To respond & report

Reflect on the Group's current strategies of based on this year's analysis results and expand the analysis of sectors within our investment and financing portfolio in the coming years, gradually implementing a more comprehensive assessment of nature-related issues.

Locate: The interface with nature

The Group utilized the WRI Aqueduct Water Risk ㉑ tool to analyze the water stress at the production sites of semiconductor companies within our financial asset portfolio. This year, the Group analyzed 28 target companies, with manufacturing sites primarily located in Asia, followed by the Americas and Europe.

Note 1: Uses WRI Aqueduct Water Risk Atlas

Evaluate: Dependencies & impacts

The evaluation revealed that one production site located in Ho Chi Minh City, Vietnam, is situated in an extremely high water risk area. Additionally, 11 manufacturing sites are located in high water risk areas (mainly concentrated along the eastern coast of China, Vietnam, Israel, and the southwest U.S.).

Assess: Risks & opportunities

To proactively and effectively manage potential risks, the Group focused on water resources, a major impact driver to the semiconductor industry, and further analyzed how these drivers impact the financial sector's semiconductor-related activities and exacerbate traditional financial risks. Simultaneously, we conducted internal workshops to discuss risks, opportunities, and mitigation measures under different TNFD's four scenarios (uncertainties matrix, with four possible physical and transition risk variations).

● Drivers' impacts on investment/financing targets & relationship with financial sector risks, using the semiconductor industry as an example

Transmission channels of nature risks

1 Drivers

2 Potential Risks

3 Investment/ Financing Targets

4 Financial Sector Risks

Drivers	Potential Risks			Investment/Financing Targets	Financial Sector Risks
	Risks	Risk Factor	Risk Description		
Water	Physical Risks	Climate - Acute	Torrential rain, droughts, water shortages	1. Semiconductor companies may experience production interruptions or declines due to extreme weather events, leading to reduced revenues and subsequently lower profits. 2. Extreme weather events may damage production facilities, necessitating response or repair costs, which increase operational expenditures and reduce profitability.	1.Investment/financing targets may experience decreased revenues or increased costs due to extreme weather events, leading to lower profitability and heightened credit risk, which could result in losses for the Group. 2.Real estate collateral provided by borrowers may depreciate in value due to damage from heavy rain or floods, impacting the Group's P&L. 3.Investee that lack proper response measures may face downgraded industry outlooks or credit ratings. This may cause investor concern and potential divestment, reducing available funds for investments. 4.Investment/financing targets with operations in high-risk areas may experience business interruptions and reduced income during disasters, increasing credit risk and affecting the Group's P&L.
		Climate - Chronic	Changes in rainfall patterns affecting accessibility of water withdrawal	Semiconductor plants located in high water risk areas may be deemed high-risk by insurers, resulting in increased insurance premiums and higher operational costs.	
		Changes in land use	Water shortage	Changes in landscapes due to land development can weaken local water retention capacity, creating water stress for semiconductor companies. To ensure stable manufacturing processes, companies may need to pay more to purchase water.	
		Overdevelopment of natural resources	Water shortage	If semiconductor companies are located in areas with high water risks, the areas may face reduced water availability over time due to excessive water usage. Semiconductor companies in these regions will need to pay more for water resources to maintain stable production processes.	
		Pollution	Water pollution	The semiconductor manufacturing process produces wastewater containing chemicals. If not properly treated, this can cause environmental pollution (e.g., soil and groundwater contamination), potentially leading to the following events: 1.Pollution of local water resources may necessitate purchasing clean water from other regions, increasing costs. 2.Costs incurred for cleaning up contaminated areas can reduce profitability. 3.Companies may suffer reputational damage or face fines.	

Drivers	Potential Risks			Investment/Financing Targets	Financial Sector Risks
	Risks	Risk Factor	Risk Description		
Water	Transition Risks	External policies and laws	Water policies including reasonable water rates and water rights fees as well as trading of water resources	Policies such as rising water prices or water usage fees can increase the cost of water for semiconductor companies, further cutting into their profits.	Stricter water resource regulations may impose additional water costs on investment/financing targets, reducing their profitability or increasing credit risk, which could result in asset reduction for the Group.
		Reputational risk	Stigma from competing for water resources with the public and high pollution.	If semiconductor companies use excessive amounts of water, significantly affecting local residents' water supply, they may face protests from the community, resulting in reputational risks.	Investee that fail to install water facilities may cause water pollution and other environmental issues, leading to fines or negative impacts on local communities. This could result in reputational damage or credit rating downgrades, prompting investor withdrawal and affecting the Group's asset management.
		Market	Customers demanding better water efficiency	Clients may demand higher water efficiency standards from businesses, necessitating investments in new technologies and processes to meet these expectations.	Investment/financing targets may incur additional costs to install or upgrade water facilities, reducing profitability or increasing credit risk, potentially resulting in asset reduction for the Group.
		Technology	Increasing prevalence of water recycling technologies	Semiconductor companies must meet market expectations, including those from clients who prioritize suppliers with high water efficiency. If R&D efforts to improve water resource utilization fall behind schedule, it could affect income from orders and reduce profits.	If investment/financing targets incur additional costs due to a lack of water resource management technologies, they may incur additional costs, which will reduce their profitability and increase their credit risk, thereby reducing the Group's assets.

Four Scenarios Analysis

Significance

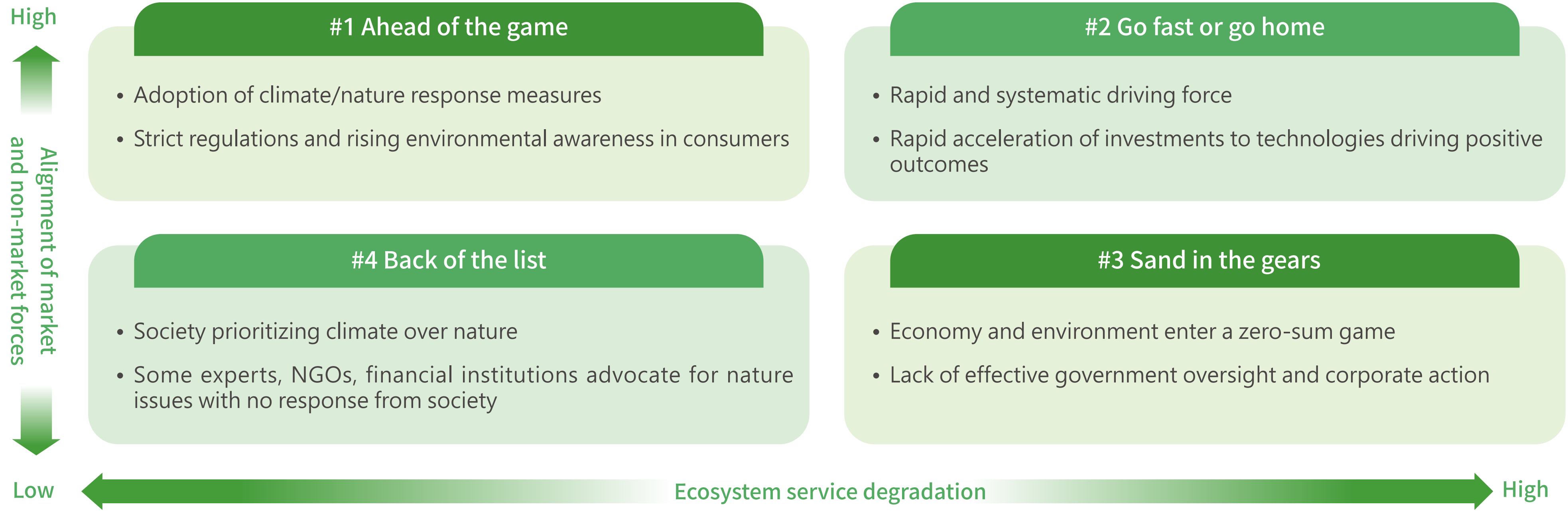
Nearly 68% of global semiconductor chips are manufactured in Taiwan. The production process in this sector consumes significant amounts of water, but Taiwan's water supply heavily relies on monsoon seasons, making it susceptible to seasonal fluctuations. Stable water resources are crucial for managing operational costs and revenue streams. Any disruption in water supply can lead to a supply chain crisis, impacting global markets and posing credit and market risks to the financial sector.

Scope

The Group's investment and financing positions in the semiconductor industry, which is high dependency and impact on water.

Methodology

Four scenarios (uncertainties matrix, with four possible physical and transition risk variations) set forth in the TNFD's Guidance on Scenario Analysis V.1.0.



#1 Ahead of the game

- Adoption of climate/nature response measures
- Strict regulations and rising environmental awareness in consumers

#2 Go fast or go home

- Rapid and systematic driving force
- Rapid acceleration of investments to technologies driving positive outcomes

#4 Back of the list

- Society prioritizing climate over nature
- Some experts, NGOs, financial institutions advocate for nature issues with no response from society

#3 Sand in the gears

- Economy and environment enter a zero-sum game
- Lack of effective government oversight and corporate action

Period

To effectively manage and anticipate future operational changes, we have established three distinct planning horizons: short-term is within three years; midterm, defined as five years; and long-term, defined as seven to ten years.

Results

Scenar	Potential Risks	Adaptation/Response Measures
#1 Ahead of the game	While the natural environment remains relatively stable, there is a risk of "greenwashing" among investment, financing, or underwriting targets, which could expose our Group to reputational risks for failing to exercise adequate oversight.	In this relatively stable market situation, we will maintain existing business and operational strategies while enhancing review of customers' environmental impacts.
#2 Go fast or go home	As government regulations on water resources become stricter, companies might need additional funds to comply. Without corresponding products or services, we could potentially lose customers.	Actively understand customer needs and plan blue finance according to market demand to attract relevant customers in need.
#3 Sand in the gears	The level of environmental degradation is high, but stakeholders' concern for nature varies. For instance, there is a higher international emphasis on water resources, while domestically, there may be no relevant policies. If the Group does not actively manage investment and financing targets, we may be perceived as neglecting our management responsibilities, leading to reputational risks.	1. Adjust internal credit investigation process to strengthen review of customers' environmental impacts. 2. Advocate for natural and environmental protection by engaging with investment/financing targets and SMEs that do not prioritize water resources.
#4 Back of the list	In scenarios where natural degradation is not severe and there is no risk of water shortages, society's attention may shift more towards carbon-related issues over water resources. This could divert the focus of our investment and financing targets from water-related preparations and responses.	Investment and financing targets must continue to focus on water resource management to avoid neglecting this critical issue.

6.4 Conservation of Natural Environments & Biodiversity

Yuanta Group remains committed to environmental issues, striving to protect natural environments and biodiversity. In 2024, we joined the TNFD as one of the early adopters globally and became a member of the PBAF, contributing to global efforts in environmental and biodiversity conservation.

Starting from within, we actively involve our employees and suppliers in activities such as beach clean-ups and tree planting. Our corporate volunteers play a significant role in safeguarding the earth's ecosystems and marine biodiversity. In 2024, we launched the "Yuanta 188 Sustainability Relay Program," which integrates biodiversity and local historical and cultural issues, making the complex topic of biodiversity more relatable to our employees. This initiative is supported by our eight subsidiaries, and dedicated to eight United Nations Sustainable Development Goals (SDGs). The number eight symbolizes infinity, reflecting the Group's commitment to sustainability and the common good.

The "Yuanta 188 Sustainability Relay Program" includes explorations of Taiwan's first cultural ecological park - Zhishan Cultural and Ecological Garden, which features rich prehistoric ecological landscapes and clearly showcases each layer of soil strata and the relationship between Zhishanyan and the surrounding Taipei City. The cultural landscape of Zhishan Cultural and Ecological Garden is akin to a palimpsest covered in Taiwan's history from prehistoric times to post-World War II. The cultural and ecological resources in the suburbs of Taipei inspired participating employees, encouraging them to practice environmental protection in their daily lives.

Looking ahead, we will continue to plan educational activities related to environmental and natural conservation. We aim to ignite a sense of mission within our employees and extend these efforts to all stakeholders, encouraging them to invest themselves in green initiatives and contribute to environmental and natural conservation.

6.5 Natural Environment Risk Management

● Risk Management Process

In the Company's daily operations, we adhere to risk management procedures that include risk identification, assessment, monitoring, and reporting to conduct environmental risk assessments and monitoring. Additionally, we regularly track changes in nature-related regulations or regulatory requirements and engage relevant departments for discussion if necessary.

The key difference between natural environment risks and climate change risks lies in the localized impact of natural environment risks on physical sites. Financial sectors typically operate out of commercial districts and are generally less likely to cause direct impacts on the environment. Conversely, the financial sector's investment and financing activities, products, and services involve counterparties whose industry and business models or geographic locations may present varying levels of risk. These risks can indirectly affect the Company's financial performance and represent a critical risk gap that requires our priority.

● Natural Risk Management

The Company primarily manages asset portfolio risks by focusing on country risks and industry risks. We have established several policies related to the natural environment, such as the "Sustainable Finance Guidelines" and the "Industry-Specific Environmental and Social Risk Management Rules." All subsidiaries integrate ESG factors into relevant operational processes for risk assessment and monitoring in compliance with these policies.

Risk Level	Yuanta Financial Holdings & Subsidiary Roles
Country Risk(s)	**Yuanta Financial Holdings** • Major news may affect risk ratings and risk limits. In the event of negative press, refer to S&P and TEJ databases, which are systematically tracked 24/7 throughout the year.
Industry Risk(s)	• Identifies industry risks according to Moody's risk report and considers factors such as carbon transition, physical climate risks, water management, waste and pollution, natural capital, etc.
Company Risk(s)	**Subsidiary** · Before investing: > Apply different evaluation policies and rules to investment projects based on their nature and characteristics. > Conduct ESG risk assessment on potential targets. One of the critical components of ESG risk assessments is nature-related scores based on ESG databases such as TEJ, Bloomberg, MSCI, etc. · After investing: > The Company will continuously monitor and manage investment targets' ESG performances through a systematic database. If investment target's ESG performance fails to meet expectations or if there is sudden negative press on the investment target, the Company will review investment target's response plan and progress for climate change and natural environments, engaging when necessary.

Nature-related Policies & Focus

Policies	Focus
Sustainable Finance Guidelines	Primarily regulates the Yuanta Financial Holding and subsidiaries' operations and business activities, mandating that all businesses under the Group should consider their positive and negative environmental impacts associated with climate change, biodiversity, water and wastewater management, packaging materials and waste management, toxic substance emissions, etc.
Industry-Specific Environmental and Social Risk Management Rules	Primarily applies to the steel and iron, semiconductor and plastics material manufacturing. It spotlights environmental issues such as water resources, environmental pollution, climate change, and other natural impact factors but also underscores the importance of social issues such as community relations, labor rights, and human rights.
Yuanta Bank's Guidelines for Managing Equator Principles Financing Cases	Primarily applies to credit business, for example, considerations such as communication with local residents, adherence to local environmental regulations, and the presence of mitigation plans for potential community health risks. For more information, please refer to Yuanta Bank Climate and Nature-related Financial Report 2023.

● Management & Response to Natural Risks

In managing risks related to the natural environment, the Company upholds the principles of "avoid, reduce, restore, regenerate, and transform" to address potential harm from commercial activities. We are committed to bringing positive natural impacts to society. We will continue to strengthen the governance framework for natural risks at the management level and gain deeper insights into the financial impacts of climate and natural risks and opportunities. This understanding will serve as a strategic reference for operational planning.

7

Future Outlook

Future Outlook

Climate change has garnered significant attention from different sectors. The COP28 in 2023 conducted a "Global Stocktake" centered around climate action to explore the gradual phaseout of fossil fuels and other related issues. The Group recognizes that the financial sector must integrate financial resources to support net-zero transition in businesses. In addition to responsible investment and engagement, we have also committed to developing diverse green financial products to exert our influence on sustainability. As a member of the Coalition of Movers and Shakers on Sustainable Finance, we keep abreast of international sustainability trends, continue to cultivate sustainability talents and compile ESG and climate information. Beyond that, we also manage climate risks through carbon footprint verifications over financial assets, leveraging financial resources to direct industries and society toward a low-carbon future and encourage industries to develop sustainably.

In 2023, the Group secured two major achievements in climate management. Firstly, we revised the "Sustainable Finance Guidelines[8]," which was approved by the board of directors, to include group-level policies on sustainable investment and financing. Subsidiaries are encouraged to establish regulations and guidelines, specific to their businesses, to incorporate ESG into their investment and financing processes. Secondly, we formulated the "Climate Finance Operations Guidelines[2]" to put forward our decarbonization commitments upon investment and financing activities in the coal and unconventional oil and gas industries, and built strategies and emissions reduction pathways for each of our core businesses.

This report follows the "IFRS S2 Climate-related Disclosures ④ " set forth by the International Sustainability Standards Board (ISSB) in June 2023. It aims to disclose the Group's climate actions and performance in 2023, strengthen GHG disclosures, and outline the Group's climate change initiatives, including the formulation of low-carbon transition plans, to enhance the Group's climate resilience and risk adaptation capabilities. To actively address the challenges of climate change, the Group adopted internal carbon pricing (ICP) mechanisms to promote low-carbon operations and leverages the power of funding to drive sustainable transformation across industries, striving towards net zero.

As international climate-related risk assessment and management methods continue to evolve, and domestic regulatory requirements from supervisory authorities become increasingly stringent, the Group acknowledges the presence of many uncertainties and limitations in the assessment and quantification of climate-related financial impacts. Nonetheless, we continue to develop relevant management measures, study international trends and methodologies, establish scenario analysis methodologies and financial quantification models, and make rolling adjustments based on real-life conditions. In addition, we continue to disclose how our organization is responding to climate risks and opportunities, evaluate the financial impacts of climate change on the organization, and develop mitigation measures and management policies.

The Group will continue to improve climate and nature-related financial disclosures and risk management to rigorously review our organization's ability to adapt to climate risks while strengthening operational resilience. In addition, we will continue to leverage our role, as a financial institution, in the market and develop financial products and services committed to sustainability that can encourage society to pursue sustainable development. Yet, we are aware of our limitations. Yuanta alone cannot achieve this revolutionary transition plan so we invite our stakeholders to work with us an strengthen climate risk awareness and mitigation measures across industries, strengthen climate resilience, and build a sustainable environment. Join us as we commit to delivering a better future for our children.

Appendix

Appendix 1 Reference and Data

① Recommendations of the Task Force on Climate-related Financial Disclosures (Task Force on Climate-Related Financial Disclosures, 2017)

② Recommendations of the Taskforce on Nature-related Financial Disclosures (Taskforce on Nature-related Financial Disclosures, 2023)

③ IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (ISSB, 2023)

④ IFRS S2 Climate-related Disclosures: https://www.ifrs.org/projects/completedprojects/2023/climate-related-disclosures/

⑤ Science Based Targets: https://sciencebasedtargets.org/

⑥ Partnership for Carbon Accounting Financials: https://carbonaccountingfinancials.com/

⑦ Financial Sector Science-based Targets Guidance (Science Based Targets, 2022)

⑧ Carbon Disclosure Project: https://www.cdp.net/en/scores

⑨ RE10X10: https://cloud.greentw.greenpeace.org/campaign-climate-re10x10

⑩ The Equator Principles: https://equator-principles.com/

⑪ Principles for Sustainable Insurance: https://www.unepfi.org/psi/

⑫ Principles for Responsible Investment: https://www.unpri.org/

⑬ The Working Group I contribution to the Sixth Assessment Report, Climate Change 2021: The Physical Science Basis (Intergovernmental Panel on Climate Change, 2020)

⑭ ESG–Global: Heat map: Sectors with $3.4 trillion in debt face heightened environmental credit risk (Moody's Investors Service, 2020)

⑮ The Global GHG Accounting and Reporting Standard for the Financial Industry (Partnership for Carbon Accounting Financials ,2020)

⑯ Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (Version 1.0): https://tnfd.global/publication/recommendations-of-the-taskforce-on-nature-related-financial-disclosures/#publication-content

⑰ Additional guidance for financial institutions (Version 1.0): https://tnfd.global/publication/additional-disclosure-guidance-for-financial-institutions/

⑱ Exploring Natural Capital Opportunities, Risks and Exposure, ENCORE: https://www.encorenature.org/en

⑲ Nature-related Financial Risks: a Conceptual Framework to guide Action by Central Banks and Supervisors: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_conceptual-framework-on-nature-related-risks.pdf

⑳ Connecting Finance and Natural Capital: A Supplement To The Natural Capital Protocol: https://capitalscoalition.org//wp-content/uploads/2018/04/Connecting-Finance-and-Natural-Capital_Supplement-to-the-Natural-Capital-Protocol-1.pdf

㉑ WRI Aqueduct Water Risk: https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&indicator=w_awr_def_tot_cat&lat=30&lng=-80&mapMode=view&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&threshold&timeScale=annual&year=baseline&zoom=3

Appendix 2 Climate Policies, Reports and Publications of Yuanta Financial Holdings

[1] Yuanta Financial Holding Co., Ltd. Net-Zero Declaration: https://www.yuanta.com/Res/Doc/Policies/ES/Net_Zero_Declaratio_EN.pdf

[2] Yuanta Financial Holding Co., Ltd. Climate Finance Operations Guidelines: https://www.yuanta.com/Res/Doc/Policies/ES/Climate_Finance_Operations_Guidelines_EN.pdf?=123

[3] Yuanta Financial Holding Co., Ltd. Industry-Specific Environmental and Social Risk Management Rules: https://www.yuanta.com/Res/Doc/Policies/ES/Industry-specific_Environmental_and_Social_Risk_Management_Rules_EN.pdf

[4] Yuanta Financial Holding Company Statement on Lobbying and Policy Engagement: https://www.yuanta.com/Files/ESGReport/2023/EN/2023_ESG_Report.pdf (P.16)

[5] Yuanta Financial Holding Co., Ltd. Integrity Management Guidelines: https://www.yuanta.com/Res/Doc/Policies/CG/Integrity_Management_Guidelines_EN.pdf

[6] Yuanta Financial Holdings Group Supplier Sustainable Procurement Guidance: https://www.yuanta.com/Res/Doc/Policies/ES/Yuanta_Group_Supplier_Sustainable_Procurement_Guidance_EN.pdf

[7] Yuanta Financial Holding Company and Subsidiaries Guidelines of Supplier Management: https://www.yuanta.com/Res/Doc/Policies/ES/Guidelines_of_Supplier_Management_EN.pdf

[8] Yuanta Financial Holding Co., Ltd. Sustainable Finance Guidelines: https://www.yuanta.com/Res/Doc/Policies/ES/Sustainable_Finance_Guidelines_EN.pdf

[9] Yuanta Bank Guidelines for Managing Equator Principles Financing Cases: https://www.yuanta.com/Res/Doc/Policies/ES/Yuanta_Bank's_Guidelines_for_Managing_Equator_Principles_Financing_Cases_EN.pdf

[10] Yuanta Financial Holding Company and Subsidiaries Environment and Energy and Climate Change Management Policy: https://www.yuanta.com/Res/Doc/Policies/ES/Environment_and_Energy_and_Climate_Change_Management_Policy_EN.pdf

[11] Yuanta Financial Holdings ESG Report 2023: https://www.yuanta.com/EN/ESG/ESG-Report

[12] Yuanta Financial Holding Co., Ltd. Risk Management Policy: https://www.yuanta.com/Res/Doc/Policies/RM/Risk_Management_Policy_EN.pdf

[13] Yuanta Securities Stewardship: https://www.yuanta.com.tw/eYuanta/agent/Node/Index?MainId=00409&C1=2018032205866021&C2=2023052904178906&ID=2023052904178906&Level=2&rnd=72994

[14] Yuanta Bank Stewardship: https://www.yuantabank.com.tw/bank/companyGovernance/list5.do

[15] Yuanta Life Principles for Sustainable Insurance and Stewardship Report: https://www.yuantalife.com.tw/EC/operation/index.html

[16] Yuanta Funds Stewardship: https://www.yuantafunds.com/srz

Appendix 3 TCFD Index Comparison Table

Level	Recommended Disclosures for All Sectors	Chapter
Governance	a Describe the board's oversight of climate-related risks and opportunities.	2.1 Board Oversight of Climate and Nature-related Risks and Opportunities
	b Describe management's role in assessing and managing climate-related risks and opportunities.	2.2 Management of Climate and Nature-related Risks and Opportunities
Strategy	a Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	3.2 Short-, Medium- and Long-term Risks and Opportunities
	b Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.3 Quantitative Financial Analysis of Climate Change
	c Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 ℃ or lower scenario	CH3 Climate Transition Strategy 4.3 Quantitative Financial Analysis of Climate Change
Risk Management	a Describe the organization's processes for identifying and assessing climate-related risks	3.1 Climate Risk and Opportunity Management Procedure
	b Describe the organization's processes for managing climate-related risks	4.1 Identify, Measure and Manage Processes
	c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	4.1 Identify, Measure and Manage Processes 4.2 Climate Risk Management for Core Businesses
Metrics and Targets	a 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 Metrics and Targets for Low-carbon Operation Management 5.2 Metrics and Targets for Low-carbon Transformation Management
	b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	5.1 Metrics and Targets for Low-carbon Operation Management 5.2 Metrics and Targets for Low-carbon Transformation Management
	c Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	5.1 Metrics and Targets for Low-carbon Operation Management 5.2 Metrics and Targets for Low-carbon Transformation Management

Level	Supplemental Guidance for Banks	Chapter
Strategy	a Banks should describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.2 Climate Risk Management for Core Businesses 4.3 Quantitative Financial Analysis of Climate Change
Risk Management	a 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	4.1 Identify, Measure and Manage Processes
Metrics and Targets	a 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. Banks should also provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities	5.1 Metrics and Targets for Low-carbon Operation 5.2 Metrics and Targets for Low-carbon Transformation Management

Level	Supplemental Guidance for Insurance Companies	Chapter
Strategy	b Insurance companies should describe the potential impacts of climate-related risks and opportunities as well as provide supporting quantitative information where available, on their core businesses, products, and services, including (1) information at the business division, sector, or geography levels (2) how the potential impacts influence client or broker selection (3) whether specific climate-related products or competencies are under development	3.2 Short-, Medium- and Long-term Risks and Opportunities
	c Insurance companies that perform climate-related scenario analysis on their underwriting activities should provide the following information: (1) description of the climate-related scenarios used, including the critical input parameters, assumptions and considerations, and analytical choices (2) time frames used for the climate-related scenarios, including short-, medium-, and long-term milestones	The Group only has life business. However, due to current methodologies and data availability, it has not yet conducted climate-related scenario analysis for the underwriting activities of the life business. In the future, it will be planned and handled in accordance with the development process of domestic and foreign methodologies.

Level	Supplemental Guidance for Insurance Companies	Chapter
Risk Management	a Insurance companies should describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks: (1) physical risks from changing frequencies and intensities of weather-related perils (2) transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation (3) liability risks that could intensify due to a possible increase in litigation	The Group only conducts risk identification and assessment for its life business; as there are no property and casualty insurance operations, no relevant processes for identifying and assessing climate risks on property and casualty insurance and reinsurance portfolio, such as liability risks, physical risks, and transition risks.
	b Insurance companies should describe key tools or instruments, such as risk models, used to manage climate-related risks in relation to product development and pricing. Insurance companies should also describe the range of climate-related events considered and how the risks generated by the rising propensity and severity of such events are managed	The Group runs life business only. Compared with property and casualty insurance business, the impact of climate change on product design or pricing for life insurance is not significant.
Metrics and Targets	a Insurance companies should provide aggregated risk exposure to weather-related catastrophes of their property business	4.3 Quantitative Financial Analysis of Climate Change
	b Insurance companies should disclose weighted average carbon intensity or GHG emissions associated with commercial property and specialty lines of business where data and methodologies allow	5.2 Metrics and Targets for Low-carbon Transformation Management

Appendix 4 TNFD Index Comparison Table

Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (Version 1.0) ⑯	Additional guidance for financial institutions (Version 1.0) ⑰	Chapter
Governance		
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	No additional guidance for financial institutions	2.1 Board Oversight of Climate and Nature-related Risks and Opportunities
B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	No additional guidance for financial institutions	2.2 Management of Climate and Nature-related Risks and Opportunities
C. Describe the organization'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	For more information, please refer to the additional guidance for financial institutions	2.1 Board Oversight of Climate and Nature-related Risks and Opportunities 3.5 Climate and Nature Actions and Engagements

Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (Version 1.0) ⑯	Additional guidance for financial institutions (Version 1.0) ⑰	Chapter
Strategy		
A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term	No additional guidance for financial institutions	6.1 Evaluation of Nature-related Dependencies & Impacts 6.2 Identification of Nature-related Risks & Opportunities 6.3 Nature-related Scenario Analysis
B. 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	For more information, please refer to the additional guidance for financial institutions	6.1 Evaluation of Nature-related Dependencies & Impacts 6.2 Identification of Nature-related Risks & Opportunities 6.3 Nature-related Scenario Analysis 6.5 Natural Environment Risk Management
C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios	For more information, please refer to the additional guidance for financial institutions	6.3 Nature-related Scenario Analysis 6.5 Natural Environment Risk Management
D. 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	For more information, please refer to the additional guidance for financial institutions	6.3 Nature-related Scenario Analysis
Risk management		
A. (i)Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations	No additional guidance for financial institutions	6.5 Natural Environment Risk Management
A. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)	For more information, please refer to the additional guidance for financial institutions	6.1 Evaluation of Nature-related Dependencies & Impacts 6.3 Nature-related Scenario Analysis 6.5 Natural Environment Risk Management
B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities	No additional guidance for financial institutions	6.5 Natural Environment Risk Management
C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes	For more information, please refer to the additional guidance for financial institutions	6.3 Nature-related Scenario Analysis 6.5 Natural Environment Risk Management
Metrics and targets		
A. 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	For more information, please refer to the additional guidance for financial institutions	Continuously improve and update
B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature	For more information, please refer to the additional guidance for financial institutions	6.1 Evaluation of Nature-related Dependencies & Impacts
C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these	No additional guidance for financial institutions	Continuously improve and update

Appendix 5 IFRS S2 Index Comparison Table (Version: June 2023; IFRS Sustainability Disclosure Standard Climate-related Disclosures)

Aspect	S2 recommended disclosures	Chapter
Objective	Item 1 ~ Item 2	Whole report
Scope	Item 3~ Item 4	Whole report
Governance	Item5 ~ Item7	2.1 Board Oversight of Climate and Nature-related Risks and Opportunities 2.2 Management of Climate and Nature-related Risks and Opportunities 2.3 Education & Training
Strategy	Item8 ~ Item9	3.1 Climate Risk and Opportunity Management Procedure
	Item10 ~ Item12	3.1 Climate Risk and Opportunity Management Procedure 3.2 Short-, Medium- and Long-term Risks and Opportunities 4.3 Quantitative Financial Analysis of Climate Change
	Item13	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.3 Quantitative Financial Analysis of Climate Change
	Item14	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.2 Climate Risk Management for Core Businesses 4.3 Quantitative Financial Analysis of Climate Change
	Item15 ~ Item21	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.2 Climate Risk Management for Core Businesses 4.3 Quantitative Financial Analysis of Climate Change
	Item22 ~ Item23	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.3 Quantitative Financial Analysis of Climate Change
Risk Management	Item24 ~ Item26	3.2 Short-, Medium- and Long-term Risks and Opportunities 4.1 Identify, Measure and Manage Processes 4.3 Quantitative Financial Analysis of Climate Change
Metrics & Targets	Item27 ~ Item28	5.1 Metrics and Targets for Low-carbon Operation 5.2 Metrics and Targets for Low-carbon Transformation Management
	Item29 ~ Item32	3.3 Low-carbon Operations 3.4 Low-carbon Transformation 4.3 Quantitative Financial Analysis of Climate Change 5.1 Metrics and Targets for Low-carbon Operation 5.2 Metrics and Targets for Low-carbon Transformation Management Appendix
	Item33 ~ Item37	1.3 Science-based Emissions Reduction Pathway 5.1 Metrics and Targets for Low-carbon Operation 5.2 Metrics and Targets for Low-carbon Transformation Management Appendix

Appendix 6 IFRS S2 Industry Index Comparison Table

Investment Banking & Brokerage

Code	Metric	Disclosed information
FN-IB-410a.1	Revenue from underwriting, advisory and securitization transactions incorporating integration of ESG factors, by industry	Appendix 7 < Cumulative approval of bond underwriting cases through the Sustainable Finance Guidelines > Appendix 7 < Cumulative approval of consulting services cases through the Sustainable Finance Guidelines > Note: The Group has no securitisation business in 2023
FN-IB-410a.2	Number and total value of investments and loans incorporating integration of ESG factors, by industry	Appendix 7 < Cumulative approval of investment cases through the Sustainable Finance Guidelines > Appendix 7 < Cumulative approval of financing cases through the Sustainable Finance Guidelines >
FN-IB-410a.3	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	1.3 Science-based Emissions Reduction Pathway 3.4 Low-carbon Transformation 4.2 Climate Risk Management for Core Businesses
FN-IB-000.A	Number and value of underwriting, advisory, and securitisation transactions	139 bond underwriting cases, bond underwriting income of 113,445,410 thousand; a total of 117 consultation cases Note: The Group has no securitisation business in 2023
FN-IB-000.B	Number and value of proprietary investments and loans by sector	Appendix 7 <Number and value of proprietary investments by sector > Appendix 7 <Number and value of proprietary loans by sector >
FN-IB-000.C	Number and value of market making transactions in fixed income, equity, currency, derivatives, and commodity products	Appendix 7 <Total value and number of market making transactions in 2023 >

Commercial Banks

Code	Metric	Disclosed information
FN-CB-410a.2	Description of approach to incorporation of ESG factors in credit analysis	4.2 Climate Risk Management for Core Businesses 4.3 Quantitative Financial Analysis of Climate Change
FN-CB-000.A	Number and value of checking and savings accounts by segment: personal and small business	Appendix 7 <Number and value of deposit accounts by segment>
FN-CB-000.B	Number and value of loans by segment: personal, small business, and corporate	Appendix 7 <Number and value of loans by segment >

Appendix 7 Sustainable Finance Performance

Cumulative approval of bond underwriting cases through the Sustainable Finance Guidelines

Unit: NT$ thousand

Industries	Number	Amount	Percentage
Semi-conductor industry	6	12,690	52.68%
Public business	4	3,952	16.40%
Financial insurance	7	2,299	9.54%
Other	6	5,150	21.38%
Total	23	24,091	100.00%

Note: 1. Industry classification refers to the industry classification within the Group.
2. Data coverage includes Yuanta Securities.

Cumulative approval of consulting services cases through the Sustainable Finance Guidelines

Unit: NT$ thousand

Industries	Number	Underwriting Amount	Percentage
Electronic	20	4,005,361	31.51%
Plastic industry	1	2,805,600	22.07%
Semiconductor-related	6	1,182,868	9.31%
Electrical machinery-related	6	1,149,240	9.04%
Biotechnology and medical	5	527,847	4.15%
Financial insurance	2	450,000	3.54%
Telecommunications network-related	4	446,901	3.52%
Automotive industry-related	4	280,350	2.21%
Optoelectronics-related	2	264,937	2.08%
Information services-related	3	212,825	1.67%
Other	15	1,385,866	10.90%
Total	68	12,711,795	100.00%

Note: 1. Industry classification refers to the industry classification within the Group.
2. Data coverage includes Yuanta Securities.
3. Total consulting service value is defined as underwriting amount.

Cumulative approval of investment cases through the Sustainable Finance Guidelines

Unit: NT$ thousand

Industries	Number	Amount	Percentage
Government agencies	63	35,778,953	37.31%
Financial insurance	94	24,710,992	25.77%
Semi-conductor industry	23	4,984,318	5.20%
Communication network	7	2,792,231	2.91%
Steel	4	2,409,738	2.51%
Public business	4	2,400,000	2.50%
Plastic industry	3	1,850,000	1.93%
Food industry	4	1,280,675	1.34%
Shipment service	2	669,624	0.70%
Cement industry	2	391,250	0.41%
Other	83	18,616,814	19.42%
Total	289	95,884,596	100.00%

Note: 1. Industry classification refers to the industry classification within the Group.
2. Data coverage includes Yuanta Securities, Yuanta Bank, and Yuanta Life.
3. All cases approved by the Industry-Specific Environmental and Social Risk Management Rules are evaluated by the Sustainable Finance Guidelines.

Cumulative approval of financing cases through the Sustainable Finance Guidelines

Unit: NT$ thousand

Industries	Number	Amount	Percentage
Financial services and securities futures	408	301,911,825	36.55%
Real estate development and operation industry	163	70,225,512	8.50%
Computer, electronic products and optical products manufacturing industry	78	45,377,324	5.49%
Wholesale industry	138	40,574,196	4.91%
Electronic component manufacturing industry	121	33,301,105	4.03%
Semiconductor manufacturing industry	34	28,847,929	3.49%
Plastic materials manufacturing	54	26,915,518	3.26%
Metal product manufacturing	74	21,535,526	2.61%
Retail	58	20,676,530	2.50%
Steel manufacturing	31	19,716,405	2.39%
Other	903	217,040,285	26.27%
Total	2,062	826,122,155	100.00%

Note: 1. Industry classification refers to the industry classification within the Group.
2. Data coverage includes Yuanta Bank's corporate banking lending business.
3. All cases approved by the Industry-Specific Environmental and Social Risk Management Rules are evaluated by the Sustainable Finance Guidelines.

Number and value of proprietary investments by sector

Unit: NT$ thousand

Business Type	Industries	Number	Total Investment Size at the End of the Year	Percentage
Proprietary Investment (Bonds)	Government agencies	13	11,729,898	24.58%
	Plastic industry	11	8,405,878	17.62%
	Public business	10	6,600,000	13.83%
	Semiconductor industry	12	4,300,000	9.01%
	Finance & insurance	18	4,245,483	8.90%
	Electronic components	2	1,900,000	3.98%
	Cement industry	3	1,700,000	3.56%
	Communication network	3	1,652,785	3.46%
	Real estate investment	4	1,550,680	3.25%
	Investment	3	1,100,000	2.31%
	Other	17	4,529,829	9.49%
Total		96	47,714,553	100.00%

Note: 1. Industry classification refers to the industry classification within the Group.
2. The total investment size and the number of investments of Yuanta Securities as of December 31, 2023.

Number and value of proprietary loans by sector

Unit: NT$ thousand

Business Type	Number	Amount
Margin purchase	6,411,224	47,747,238
Short sale	958,095	6,001,334
Non-restricted lending	64,778	37,003,670
Total	7,434,097	90,752,242

Note: Total loan balance and number of loans of Yuanta Securities as of December 31, 2023.

Total value and number of market-making transactions in 2023

Unit: NT$ thousand

Market Making Targets	Number	Amount
Derivatives (futures/options)	23	846,876,339
Derivatives (warrants)	19,633	159,371,786
ETN	15	3,544,625
ETF	198	1,283,038,184

Note: The Group has no fixed income and currency market-making transactions in 2023.

Number and value of deposit accounts by segment

Unit: NT$ thousand

Item	Individual	Small Businesses
Number of deposit accounts	6,141,983	348
Total deposit balance	9,167,356,005	8,953,940

Number and value of loans by segment

Unit: NT$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of loan accounts (including small business entity loan programs)	244,833	1,292	6,360
Total loan balance	529,295,321	346,581	187,665,591

Note:
1. The loan information does not include overseas bank branches and bank subsidiaries.
2. Small business is defined as an enterprise that meets one of the following criteria.
   (1) The enterprise has been established for less than 5 years.
   (2) The number of employees is less than 20.
   (3) Less than NT$5 million in capital.
   (4) Less than NT$10 million in annual revenue.
3. Small businesses and general businesses are calculated based on a single credit line.

Appendix 8 TCFD Conformity Statement

Conformity Statement

Climate related Financial Disclosure

This is to confirm that

Yuanta Financial Holding Co., Ltd.
No. 66, Sec. 1, Dunhua S. Rd.
Songshan Dist.
Taipei City 10557
Taiwan

元大金融控股股份有限公司
臺灣
台北市
松山區
敦化南路一段 66 號
10557

Holds Statement Number CFD 808187

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

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

For and on behalf of BSI

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2024-06-20 Expiry date: 2025-06-19

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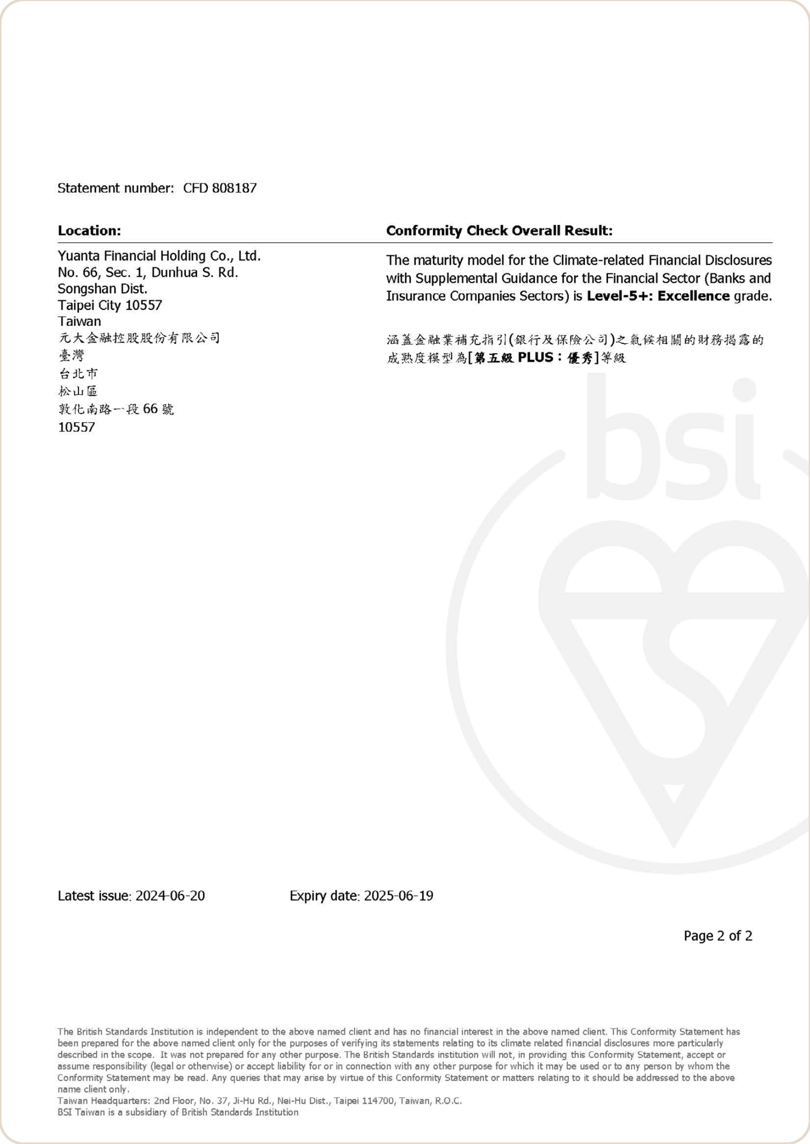

Statement number: CFD 808187

Location:	**Conformity Check Overall Result:**
Yuanta Financial Holding Co., Ltd. No. 66, Sec. 1, Dunhua S. Rd. Songshan Dist. Taipei City 10557 Taiwan 元大金融控股股份有限公司 臺灣 台北市 松山區 敦化南路一段 66 號 10557	The maturity model for the Climate-related Financial Disclosures with Supplemental Guidance for the Financial Sector (Banks and Insurance Companies Sectors) is **Level-5+: Excellence** grade. 涵蓋金融業補充指引(銀行及保險公司)之氣候相關的財務揭露的成熟度模型為[**第五級 PLUS：優秀**]等級

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