凱基銀行
KGI BANK

2025
TCFD&TNFD Report

Contents

About The Report

To facilitate comprehensive communication with stakeholders regarding actions taken in response to climate and nature-related risks and opportunities, KGI Bank Co., Ltd. (the Bank) has prepared this report in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD) framework established by the Financial Stability Board (FSB) and with reference to the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. With the Bank as the reporting entity, this report delineates specific actions across four core pillars: Governance, Strategy, Risk Management/Risk and Impact Management, and Metrics and Targets.

Scope of Disclosure

KGI Bank Co., Ltd. (hereinafter referred to as KGI Bank or the Bank), as referenced in this report, encompasses all domestic and overseas operating sites and subsidiaries of the Bank. Unless otherwise specified, the scope of disclosure for relevant information is based on the Bank's overall operations.

Reporting Period

The reporting period for the information disclosed in this report is from January 1, 2025, to December 31, 2025.

Contact Information

KGI Commercial Bank Co., Ltd.
Headquarters Address: 9-11F & 18F, No. 135, Dunhua N. Rd., Songshan Dist., Taipei City
Bank Website: https://www.kgibank.com.tw
Contact Number: +886-2-2175-9959

Zhongtun Wind Power Station

01

Overview and Summary of Implementation Results

1.1 Overview

Climate change and nature-related risks have evolved from emerging issues into structural risks for the financial system, and regulatory frameworks across various countries have incorporated them into the scope of normalized risk governance. The Bank deeply recognizes that as a financial intermediary, its credit and investment decisions not only bear climate and nature-related risks but also directly influence the carbon emission pathways and natural capital stocks of the real economy. Based on its dual role as a risk bearer and a transition driver, the Bank has deeply embedded the identification, assessment, and management of climate and nature-related risks and opportunities into its business strategies, operating models, and resource allocation decisions. The Bank is committed to constructing an operating model that possesses both resilience and transition-driven momentum, while collaborating with corporate clients and cross-sector partners to advance toward low-carbon and nature positive directions.

To achieve the public commitment of KGI Financial Holding Co., Ltd. (KGI Financial or the Group) to reach net-zero carbon emissions for its total portfolio by 2045, the Bank signed and joined the Partnership for Carbon Accounting Financials (PCAF) in February 2022. In June 2023, the Bank participated in the alliance under the name of KGI Financial, continuously introducing international financed emissions management standards and incorporating calculation results into climate change risk management mechanisms. Leveraging its core banking business, the Bank assists corporate clients in promoting low-carbon transitions while gradually integrating nature-related risk assessments into credit decision-making processes to deepen the connection between capital allocation and sustainability goals.

This Climate and Nature-related Financial Disclosure Report details the Bank's key initiatives across four major pillars: Governance, Strategy, Risk Management/Risk and Impact Management, and Metrics and Targets.

Governance

The Bank has established the "Climate Risk Management Guidelines," with the Board of Directors serving as the highest supervisory body responsible for approving climate risk management policies and strategies and managing climate risks through a three-lines-of-defense framework.

Strategy

Strategy 1 - Responsible Investment

Establish pre-investment assessment and post-investment management procedures and avoid investing in industries or companies that do not meet the Bank's ESG principles.

Strategy 2 - Sustainable Lending

Incorporate the ESG impacts of borrowers' business activities into consideration, leveraging the banking industry's influence to facilitate sustainable social development.

Strategy 3 - Stewardship and Engagement

Position stewardship and engagement as an extension of responsible investment and sustainable lending strategies. Through continuous dialogue and engagement with enterprises after investment and financing, the Bank translates risk assessment results into practical actions for investee companies and credit clients, guiding them to establish concrete decarbonization pathways and strengthen their sustainability management capabilities.

Strategy 4 - Promoting Green Deposits

Upholding the spirit of sustainable development and environmental conservation, the Bank fulfills its corporate social responsibility while developing its business. All deposit funds are used for lending or related lending needs within the scope of the green deposit program, channeling corporate funds toward sustainable development

Risk Management / Risk and Impact Management

1. Establish "Climate Risk Management Guidelines" to manage climate risks, defining management procedures such as climate risk identification, risk assessment, and risk control.
2. Identify key focus industries for investment and lending operations, and based on this, gradually enhance the Bank's responsiveness to climate change and nature-related changes while mitigating potential financial impacts.
3. Conduct climate scenario analysis in accordance with the competent authorities' scenario analysis requirements to measure changes the expected losses of investment and financing assets resulting from climate risks and evaluate the degree of impact and corresponding management measures.
4. The Bank conducts climate-related flood risk scenario analysis for its own operations, investment properties, and real estate collateral. Combined with nature-related risk and opportunity assessments, the Bank evaluates potential climate and nature-related risks through analysis of industrial dependence and impact on natural capital, as well as overlay analysis of natural sensitive areas for key locations. The results of these analyses are further quantified to grasp the potential financial impacts of climate change and natural environment changes on business operations and asset values, serving as the basis for formulating corresponding management and response strategies.

Metrics and Targets

Set climate management metrics and targets across four dimensions: greenhouse gas (GHG) emissions, green operations management, green investment and financing strategies, and corporate governance, actively planning low-carbon transition pathways.

1.2 Sustainability Journey

To operationalize the climate and nature-related risk management framework and sustainability strategy, the Bank has progressively advanced institutional development, information disclosure, business development, and operational management. In alignment with international sustainability trends, the Bank continues to deepen its integrated management capabilities for climate and nature risks. The following section outlines the Bank's sustainability progress in recent years and its future carbon reduction targets and commitments.

Key Progress in Sustainable Development

2022

- Formally signed and joined the PCAF in February, introducing methodologies for calculating financed emissions and establishing a foundation for asset portfolio carbon footprint.
- Launched Taiwan's first Green Deposit program to direct capital toward environmental sustainability.

2023

- Released the first TCFD Report in June, following the international TCFD framework to comprehensively disclose the Bank's implementation and results across the pillars of climate governance, strategy, risk management, and metrics and targets.

2024

- Published the first TCFD&TNFD Report. In addition to deepening disclosures onclimate-related issues,the Bank further incorporated nature-related dependencies and impacts into its risk management framework in line with international sustainable development trends, strengthening its integrated management capabilities for climate and nature-related risks.
- The green deposit program received the "Best Product Category" award at the National Brand Yushan Award.
- The headquarters building obtained ISO 14068-1 Carbon Neutrality verification, serving as a model case for the financial industry.

2025

- KGI Financial received SBTi validation for its science-based targets. with the Bank simultaneously establishing decarbonization pathways.
- Received the "Climate Leadership Award" at the Taiwan Corporate Sustainability Awards (TCSA).
- From 2023 through the latest base year of 2025, the Kaohsiung, Chikan, and Dongmen branches consecutively obtained ISO 50001 Energy Management System certification, enhancing operational energy management efficiency.

Future Goals and Commitments

2030

Achieve a 42% reduction in carbon emissions from operations.

2045

Achieve Net Zero emissions across the total portfolio.

1.3 Summary of Achievements in 2025

Greenhouse Gas Emissions

Comply with ISO 14064-1 greenhouse gas inventory standards and requirements, pass the third-party verification (PwC), and achieve near-term carbon reduction targets.

Green Operations Management

Credit card e-statement usage rate

67.29%

Renewable energy consumption approximately

1.66 million kWh

Expenditure on energy-saving action plans approximately

NT$ 340 million

Green Investment and Financing

The proportion of high-carbon emission industries in total investment and lending is

9.78%

which is well below the 24.5% limit set by KGI Bank.

Growth rate of green lending: Increased by

137.63%

compared to the 2022 baseline year.

Continued growth of green deposits: Since inception, the size of green deposits has reached

NT$ 43.9 billion

In collaboration with the Small and Medium Enterprise Credit Guarantee Fund (SMEG), the lending balance for the Low-carbon Intelligent Management Loans reached

NT$ 725 million

Governance Achievements

ESG-related training, including sustainable finance topics, was planned according to job functions for the Board level, senior management, and general staff, with average training hours per person reaching 3 hours.

Facing the challenges of climate change and the nature-related issues, the Bank actively promotes response strategies and takes adaptation actions. Demonstrating outstanding performance, the Bank was honored with the "Climate Leadership Award" in the individual performance category of the 2025 Taiwan Corporate Sustainability Awards (TCSA) organized by the Taiwan Institute for Sustainable Energy (TAISE).

02 Governance

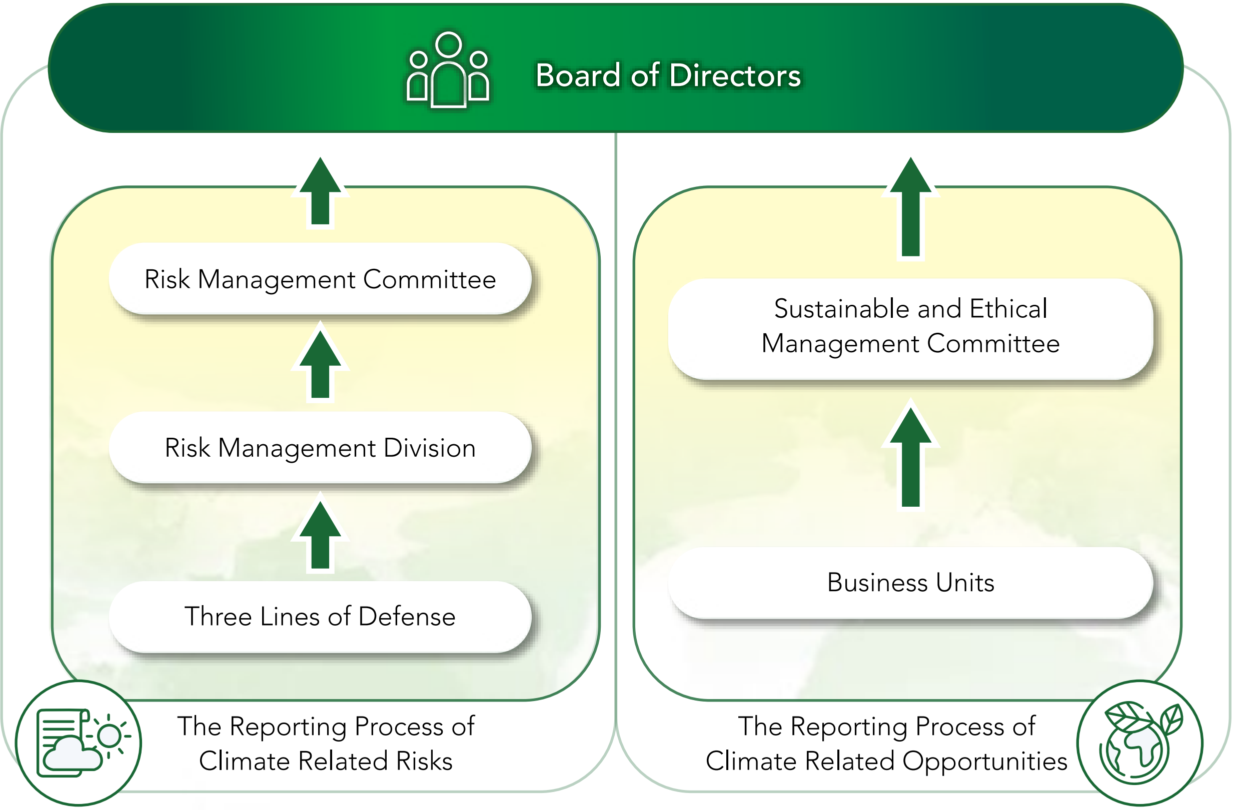
Tree frogs of Taiwan

To ensure the Bank maintains a safe, stable, and resilient operational structure in the face of climate change and natural environmental impacts, and to reflect the Board of Directors' and senior management's strong commitment and policy-driven determination regarding climate change and nature-related issues, the Bank continuously refines its governance framework to embody the core values of sustainable governance. In accordance with the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" issued by the Financial Supervisory Commission (FSC), the Bank has established the "Climate Risk Management Guidelines." The Board of Directors serves as the highest supervisory and governance body, responsible for approving policies and strategies related to climate risk management and overseeing climate risk management through the Three Lines of Defense Framework. Beyond the proper management of climate risks, achieving nature positive outcomes and enhancing operational resilience remain key focus areas for the Bank. The Bank will focus on assessing dependencies and impacts related to overall nature-related risks and optimizing operational strategies to achieve sustainable operations.

The Bank has established the Sustainable and Ethical Management Committee under the Board of Directors. Based on the sustainability development strategy of the financial holding group, the Committee formulates the Bank's annual sustainability plans, strategic directions, and action plans, while performing performance tracking and reviews. The Sustainable and Ethical Management Committee has established six task forces based on the nature of their mandates: the Corporate Governance Task Force, the Social Philanthropy Task Force, the Environmental Sustainability Task Force, the Responsible Finance Task Force, the Customer Rights Task Force, and the Employee Care Task Force. The Chairperson of the Committee is appointed by the Board and serves as the chair, selecting one individual from the relevant senior management to serve as the leader of each task force to coordinate task execution and formulate sustainability-related plans and track their performance. Among these, the "Corporate Governance Task Force" formulates recommendations to strengthen corporate transparency, risk management, and integrity management, implements regulatory compliance and internal audits and controls, and tracks the development of external factors related to corporate operations. The "Environmental Sustainability Task Force" establishes specific goals and practices for environmental protection, energy conservation, and carbon reduction, actively promoting and co-creating a sustainable living environment. It aligns with the Group's climate issues, strategic planning, and targets related to its own operations, develops mitigation and adaptation plans, and evaluates implementation progress. The "Responsible Finance Task Force" progressively promotes and supports sustainable economic activities through the two pillars of responsible finance: the United Nations Principles for Responsible Investment (PRI) and the Principles for Responsible Banking (PRB). It manages climate issues related to investment and financing, plans strategies and targets, promotes relevant action plans, and evaluates implementation progress.

The Risk Management Committee under the Board is responsible for reviewing the adequacy of the Bank's climate risk management mechanisms and risk management framework. It assists the Board in supervising the Bank's climate governance and balancing risks and opportunities to adjust the Bank's overall response strategies. The Bank's senior management and departments related to climate risk management are responsible for establishing various climate risk governance mechanisms and procedures, communicating and coordinating climate risk management matters, and regularly reporting climate risk-related information to the Risk Management Committee and the Board of Directors.
The Bank also follows the climate governance mechanisms of KGI Financial's Sustainable and Ethical Management Committee and Risk Management Committee, as well as the climate goals and development strategies promoted by the Climate and Nature Management Council. Within the Group, the Bank collaborates to collect and establish metrics and targets for climate-related risks and opportunities, establishes climate mitigation and adaptation measures, and integrates climate change assessments into current business and risk management processes, advancing related operations in line with the financial holding group's TCFD strategic direction.

2.1 Governance Structure



Explanation of Governance and Management Responsibilities

| Board of Directors

The Board of Directors serves as the highest oversight and governance body for the Bank's climate risk management mechanism and bears ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective climate risk management system. The Board is responsible for approving climate risk management policies and strategies, and supervising management in effectively managing climate risks and opportunities.

| Sustainable and Ethical Management Committee

Authorized by the Board of Directors, the Sustainable and Ethical Management Committee exercises the following powers to ensure that climate and natural factors are incorporated into overall business considerations:

1. Based on the Group's sustainability development, the Bank formulates its annual sustainability development plan, strategic direction, and action plans, ensuring the integration of climate risk factors into its strategies and operational plans.
2. Track and review of the effectiveness of the above implementation.
3. Regularly review the Sustainability Report, Greenhouse Gas, or Climate and Nature-related Reports.
4. Oversee sustainability information disclosures required by applicable laws, regulations, or policies.
5. Handle matters assigned by the parent financial holding company or the Board of Directors.

The Sustainable and Ethical Management Committee meets at least twice a year to discuss and resolve matters authorized by the Board of Directors and reports the minutes of the meetings to the Board of Directors.

Risk Management Committee or Senior Management

1. Responsible for overseeing the establishment of climate risk management mechanisms.
2. Review climate risk management reports.
3. Review climate risk management policies, risk appetite, and significant climate-related risk issues.

Organization	Chairperson	Members	Meeting Frequency	Climate Risk-Related Responsibilities
Board of Directors	Chairperson of the Board	6 Directors and 3 Independent Directors	At least once per quarter	Serves as the highest supervisory and governance body for climate risk management-related matters.
Sustainable and Ethical Management Committee	Director (President)	1 Director and 3 Independent Directors	At least twice per year (Once per quarter in 2025)	The Committee has established six task-oriented working groups—Corporate Governance, Social Philanthropy, Environmental Sustainability, Responsible Finance, Customer Rights, and Employee Care—to formulate, track, and review the Bank's annual Sustainable Development plans, strategic directions, projects, and activity plans, and reports to the Board of Directors.
Risk Management Committee	Independent Director	1 Director and 3 Independent Directors	At least once per quarter	Oversees the establishment of climate risk management mechanisms; reviews climate risk management reports; and reviews climate risk management-related policies, risk appetite, and significant climate risk issues.

Risk Management Unit

As the second line of defense, the Risk Management Unit is responsible for regularly compiling and submitting climate risk management reports to the Bank's Risk Management Committee and Board of Directors. It also reports the status of climate risk management to senior management. For a detailed explanation of its responsibilities within the three lines of defense framework, please refer to the following section, "Three Lines of Defense Framework."

Three Lines of Defense Framework

First Line of Defense

All the Bank's Business Units

These units are responsible for continuously identifying, assessing, controlling, and mitigating all types of climate risks arising from their operations. They also align with the Bank's climate risk management objectives and conduct their business in accordance with the Bank's climate risk management policies, regulations, and procedures.

Second Line of Defense

Climate Risk Management Unit

This unit is responsible for integrating climate risk into the Bank's internal risk management policies and related regulations and procedures. It ensures that the risks within business units are appropriately managed and effectively monitors the First Line of Defense's implementation of climate risk management.

Third Line of Defense

Audit Unit

Operating independently and objectively, it performs audit functions to assist the Board of Directors and senior management in verifying and evaluating whether the risk management and internal control systems are operating effectively.

2.2 Risk Reporting Mechanism

To assist the Board of Directors and senior management in overseeing the Bank's climate governance, the Bank established its "Climate Risk Management Guidelines". These guidelines establish a climate information reporting mechanism to balance risks and opportunities. If significant anomalies or exceptional circumstances are identified, measures are immediately taken in accordance with internal regulations to adjust the Bank's overall response strategies.

Reporting Responsibility Units

The Risk Management Department regularly compiles climate risk management reports and presents them to relevant functional committees and the Board of Directors regarding climate governance-related matters. They also report on the status of climate risk management to senior management, aiming to ensure the effective operation of the Bank's climate risk management framework.

Reporting Frequency

The Risk Management Committee and the Board of Directors: Annually reviews the implementation status of climate governance-related policies and response strategies, the achievement of key climate risk indicators and targets, and potential climate opportunities.

Sustainable and Ethical Management Committee: Annually reviews the TCFD&TNFD reports.

Senior Management: Annually review the status of climate risk management.

Irregular Information Reporting Mechanism

When significant domestic or international climate policies or regulations are issued or updated, the Bank will assess their impact on its business and operations and respond in a timely manner. If there's a material impact, or if key climate risk indicators and targets aren't meeting expected progress, the situation will be reported to the general manager, who will then determine whether to immediately report to the Board of Directors.

If significant unexpected events or major risk events occur due to changes in climate and the natural environment that could impact the financial institution's normal operations, the Bank will follow its existing internal reporting procedures to report them in a timely manner.

To ensure the proper management of sustainability information, enhance reporting quality, and prevent greenwashing, the Bank established internal controls for sustainability information management. The Bank formulated, and the Board of Directors approved the "Sustainability Information Management Guidelines." The reporting and disclosure of climate-related information also adhere to the stipulations of these guidelines, ensuring the completeness, reliability, and effectiveness of relevant information governance and utilization

2.3 The Enhancement of Governance Ability and Knowledge

Enhance Governance and Risk Management Capabilities

To address the increasingly diverse and rapidly changing trends in issues such as Corporate Governance and Risk Management, KGI Financial regularly convenes educational training and guidance meetings to strengthen the Group's overall awareness and response capabilities regarding sustainable development issues. The Bank also encourages management and relevant personnel to participate in training courses or obtain professional certifications related to sustainability and net zero transition industry trends, aiming to continuously refine professional knowledge and practical capabilities in climate- and nature-related issues. Furthermore, the Bank promotes a sustainability certification subsidy program to support employees in actively participating in professional certifications. During the reporting year, 53 employees passed the basic level test, and 6 employees obtained advanced certifications, demonstrating the Bank's long-term commitment to sustainability talent cultivation and professional capacity building.

Director Participation in Training

The Bank arranges for Directors to participate in courses on corporate governance and ESG-related issues organized by the Taiwan Stock Exchange (TWSE), the Chung-Hua Institution for Economic Research (CIER), the Financial Law and Crime Prevention Center, the Accounting Research and Development Foundation (ARDF), the Securities and Futures Institute (SFI), the Financial Examination Bureau of the FSC, the Taiwan Corporate Governance Association (TCGA), and the Bank's internal units.

	Course Content	Course Hours	Number of Participants
Director Participation	2025 Climate-related Issues for Directors: Sustainable Finance Trends Training	2	9
	Cathay Sustainable Finance and Climate Change Summit	6	1
	Climate Change in Thailand Current Situation, Impacts, and Adaptation Measures (Climate Change)	3	1
	New ESG Landscape: IFRS Sustainability Disclosure and Tariff Challenges	3	6
	Fair Treatment of Customers, Financial Inclusion, and the Convention on the Rights of Persons with Disabilities (CRPD)	3	9
	2025 ESG Summit	6	2
	2025 Insider Trading Compliance Awareness Seminar	3	1
	2025 Prevention of Insider Trading Seminar	3	1
	Seminar on Internal Audits for Financial Holding Companies (FHCs) and Domestic Banks	3.5	2
	How the Board Supervises Post-Merger Integration and the Establishment of Management Mechanisms	3	1

Employee Participation in Training

Facing the expanding influence of ESG on the Bank's operations and in response to international climate and nature risk management trends, the Bank allocates sufficient manpower to manage climate- and nature-related risks and opportunities. Appropriate training is provided, and relevant personnel are assigned to attend training courses organized by KGI Financial, the Chung-Hua Institution for Economic Research (CIER), Giver, and the Bank. To ensure that all personnel possess a foundational knowledge of climate and nature risks, thereby facilitating the promotion of the Bank's various climate strategies and goals and enhancing overall operational resilience, the Bank also commissions external consultants to conduct online courses for all staff.

Course Content		Course Hour Title	Training Unit
Physical Courses / Online Course	ESG Course for Directors and Senior Executives of the Bank (Analysis of IFRS Sustainability Disclosure Standards and Tariffs)	3	Department head level and above
	2025 Environmental Sustainability Seminar of the Bank	1.5	Optional for all employees
	IFRS Sustainability Disclosure Standards Practical Workshop	3	All employees
	Sustainable Investment and Financing Practices—Taiwan Sustainable Taxonomy 2.0	1.5	All employees
	2025 ESG Seminar of the Bank	3	Optional for all employees
Online Course	2025 Sustainable Economic Activities and Climate- and Nature-related Finance Practices	1	All employees
	2025 Global Climate- and Nature-related Regulatory Trends and Response Recommendations	1	All employees
	2026 ISO 14064-1:2018 Greenhouse Gas Requirements	1.5	All employees
	2026 PCAF Financed Emissions	1.5	All employees

2.4 Natural Environment and Human Rights Governance

The Bank follows to the official framework published by the TNFD and the "Sector guidance: Additional guidance for financial institutions Version 2.0." Following the four pillars of Governance, Strategy, Risk and Impact Management, and Metrics and Targets, the Bank evaluates and responds to nature-related dependencies, impacts, and resulting risks and opportunities. Based on the Human Rights Policy, which respects the rights of indigenous peoples, local communities, affected parties, and other stakeholders, the Bank further incorporated the spatial relationship between its operational footprint and Indigenous reserved land into the assessment this year.

The Bank has established a "Human Rights Policy" to support the principles set forth in international human rights conventions, eliminate any acts that infringe upon or violate human rights, and fully embody the responsibility to respect, support, and protect human rights. Furthermore, in accordance with the "Human Rights Policy," the Bank formulated the "Supplier Sustainability Responsibility Letter of Commitment " and "Supplier Sustainability Management Guidelines," requiring partners to adhere to the same standards. This includes prohibiting any acts that infringe upon or violate human rights, jointly focusing on and prioritizing human rights risk management, and regularly conducting education and training to enhance awareness of human rights issues and the identification and management of related risks.

The international human rights norms supported by the Bank are as follows:

- Universal Declaration of Human Rights (UDHR)
- The Ten Principles of the UN Global Compact (UNGC)
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The OECD Guidelines for Multinational Enterprises
- International Labor Office Tripartite Declaration of Principles (ILO Tripartite Declaration of Principles)

Nature-related issues and human rights issues are closely interrelated. An enterprise's dependencies on and impacts on the natural environment may indirectly or directly affect the living environment and cultural rights of indigenous peoples, local communities, and other stakeholders. In line with the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Bank conducted a preliminary assessment of the relationship between its operational activities and the rights of indigenous peoples, utilizing geospatial analysis methods to examine the spatial relationship between the Bank's own operational footprint and indigenous reserved land.

Indigenous reserved land are designated according to the "Regulations on Development and Management of the Indigenous reserved land" to safeguard the livelihoods and cultural continuity of indigenous peoples. Land use primarily consists of forestry land, agricultural and pastoral land, and land for national land relationships, which are closely related to the rights to survival, culture, and economy of indigenous peoples. While the proximity of a financial institution's operating sites to such areas does not necessarily constitute a direct human rights risk, the Bank recognizes the importance of Stakeholder Engagement in the TNFD disclosure recommendations and proactively identifies and evaluates potential correlations. Using the boundaries of indigenous reserved land as the base map, the Bank performed a spatial overlay analysis for all operating sites and investment properties across Taiwan, using a one-kilometer buffer zone. The results of the overlay analysis indicate that the Bank's Taitung Branch and Tucheng Branch are located within a one-kilometer buffer zone around Indigenous reserved land, while all other sites and investment properties are located outside this range. The premises of the two sites were acquired through leasing and are situated within existing commercial clusters in local urban areas. Surrounding land use primarily consists of residential, commercial, and public facilities. Although adjacent to indigenous reserved land, they are not located in ecologically sensitive areas or conservation lands. Upon assessment, the establishment and operation of these sites do not involve the use, development, or transfer of indigenous reserved land, nor have they produced direct negative impacts on the land rights of local indigenous communities.

Although the assessment results indicate that the human rights risk of the Bank's own operating sites is low, the Bank maintains the spirit of stakeholder engagement and prioritizes the rights and needs of neighboring indigenous communities. Taitung is one of the counties in Taiwan with the highest proportion of indigenous population, encompassing various ethnic groups such as the Amis, Puyuma, Paiwan, Bunun, Rukai, and Yami (Tao) peoples, and possessing rich and diverse cultural traditions and natural knowledge systems. Historically, the Tucheng area was the activity range of the Paichieh Society of the Plains Indigenous Peoples. Despite urban development, it still carries a certain local historical and cultural context. Financial service sites should not merely be satisfied with "not causing negative impacts" but should also consider how to actively respond to community needs through local operations. To this end, the Bank will subsequently evaluate the feasibility of providing more inclusive financial services through existing service sites and will appropriately incorporate content related to indigenous cultural awareness into employee human rights education and training to enhance colleagues' understanding of and respect for local community contexts.

Based on the comprehensive assessment, the risk of the Bank's own operational activities adversely impacting the human rights of indigenous peoples is low, and no circumstances requiring the initiation of human rights due diligence remediation procedures have been identified. The Bank will continue to follow the TNFD disclosure recommendations and deepen relevant assessments with an attitude of respect and mutual prosperity.

Alishan Forest Railway

03

Strategy and Finance Transition

Climate change and changes in the natural environment have an increasingly profound impact on the business strategies and resource allocation of the financial industry. The Bank integrates climate and nature-related risks and opportunities as core considerations within its operating strategies, regularly reviewing relevant policies and assessing the appropriateness of business strategies. Concurrently, the Bank continuously adjusts its operating guidelines and formulates forward-looking and feasible response measures to mitigate potential risks and seize market opportunities.

Accordingly, the Bank has established four major strategies— "Responsible Investment," "Sustainable Lending," "Stewardship and Engagement," and "Promotion of Green Deposits"—as the core pillars of its sustainable development, integrating climate action with business operations. Information regarding the Bank's climate and nature-related risk management framework and processes, as well as the impact of identified climate and nature-related risks on the Bank's business and the corresponding response strategies, is detailed in "Chapter 4 Risk Management." The TNFD LEAP analysis for nature-related risks is provided in "Chapter 5 Nature-Related Risk Analysis."

3.1 The Identification of Climate and Nature-related Opportunities

Climate and Nature-related Opportunities

In promoting climate change adaptation and natural environment protection actions, the Bank refers to the IFRS S1 and S2 Sustainability Disclosure Standards and the TNFD framework to actively identify and assess potential climate- and nature-related opportunities, while continuously developing sustainable financial products and innovative solutions with growth potential. Sources of climate-related opportunities encompass improvements in energy efficiency, the expansion of the green finance market, and the demand for low-carbon transition services. Regarding nature-related opportunities, as global emphasis on biodiversity and natural capital protection continues to rise, nature-related investment and financing, along with eco-friendly financial products, are gradually becoming emerging areas of opportunity. For a detailed analysis of nature-related risks and opportunities, please refer to Chapter 5, Nature Risk Analysis.

STEP 01 Opportunity Identification

We actively identify and assess potential climate and nature-related opportunities by referencing the IFRS S1/S2 Sustainability Disclosure Standards, TCFD and TNFD framework, peer reports, investor concerns, external ratings, and industry research reports.

STEP 02 Measurement and Evaluation

The Bank has established a standardized process. It convenes relevant departments to use questionnaires to evaluate potential opportunities related to operations and business. This involves assessing and prioritizing these opportunities based on relevant issues, their potential financial impacts in the current and future periods, likelihood of occurrence, and level of investor attention. The Bank regularly measures the impact of climate and nature-related opportunities on its operations.

STEP 03 Strategy Integration

Based on the results of the measurements and evaluations, relevant departments are asked to formulate climate and nature opportunity strategies. These strategies include developing new products or services, adjusting business models, and collaborating with other organizations.

STEP 04 Target Execution

After formulating strategies, the Bank sets goals and concrete action plans and continues to monitor for developing business opportunities.

Opportunity Types	Opportunity Description	Positive Financial Impacts	Affected Value Chain	Financial Impact Level	Probability of Occurrence	Impact Period	Issue Domains
Significant Opportunities							
Market Opportunities	Potential benefits of green investment and financing to the Bank	By providing investment and financing services related to the circular economy, including investing in green bonds and expanding green credit and green project financing, the Bank can expand the scale of its green finance assets. This increases interest income, fee income, and investment returns while enhancing market opportunities for businesses related to the low-carbon transition.	Investment and financing business	High	High	Short, medium, and long term	Climate, Nature
Products and Services	Potential benefits to the Bank from providing green and sustainable financial products and services	By facilitating green deposits, low-carbon smart management lending, and green credit operations, the Bank can strengthen its funding sources and support green financing needs, thereby increasing the scale of green finance operations and associated interest and fee income. In response to government policy support and growing market demand, the Bank continues to increase investments in products related to green initiatives, renewable energy, and sustainable development, which is expected to enhance investment returns and expand sustainable finance opportunities.	Investment and financing business, financial products and services	High	High	Short, medium, and long term	Climate, Nature
	Potential benefits to the Bank from engaging with investment and financing targets on climate-related issues and actions	By engaging with investment and financing targets to promote their transition, the Bank can mitigate climate-related risks and enhance the resilience of its Investment and financing portfolio while capturing trends in corporate low-carbon transition and related funding needs. In line with the government's net-zero policies, financing clients may increase their demand for related fund lending and green financing due to equipment upgrades and carbon reduction transition needs, thereby driving the Bank's interest income and related business opportunities. The Bank follows its investment policy to engage with investee companies on climate-related issues, which helps increase the sustainability transition financing needs of investees, further driving revenue from investment, underwriting, and other related businesses.	Investment and financing business	Low	High	Short, medium, and long term	Climate

Opportunity Types	Opportunity Description	Positive Financial Impacts	Affected Value Chain	Financial Impact Level	Probability of Occurrence	Impact Period	Issue Domains
Other Opportunities							
Energy Efficiency Use	Potential benefits to the Bank from improving energy efficiency	By replacing legacy equipment and adopting energy-saving technologies to improveenergy efficiency, the Bank reduces operating costs and supports net-zero carbon emission goals for its own operations, while continuously promoting enhanced energy use efficiency.	Own operations	Low	High	Short, medium, and long term	Climate
Products and Services	Potential benefits to the Bank from nature- and biodiversity-related investment and financing, products, and services	Nature- and biodiversity-related investment, financing, and financial products help enhance brand value and competitiveness. Through green deposits, the Bank directs funds toward nature-related financing needs and explores emerging revenue sources in line with international trends, bringing potential innovative income and growth momentum.	Investment and financing business, financial products and services	Low	Medium	Short and medium term	Nature

Note:

1. Likelihood: Low (unlikely to occur, approaching 0%); Moderate (possible to occur, approximately 50%); High (very likely to occur, greater than 90%).
2. Financial Impact: Low (less than 1% of the average consolidated net income after tax for the last three years); Moderate (between 1% and 2.5% of the average consolidated net income after tax for the last three years); High (greater than 2.5% of the average consolidated net income after tax for the last three years).
3. Impact Period: Short-term (may occur within 3 years); Medium-term (may occur within 3 to 10 years); Long-term (may occur after 10 years).

The final analysis identified three significant climate- and nature-related opportunities, including market opportunities and products and services. The Bank has formulated response strategies and management measures for each opportunity and continues to monitor business development prospects.

3.2 Transformation Strategy

As one of the major commercial banks in Taiwan, the Bank's core business encompasses personal financial services such as deposits and remittances, lending, diversified payments, credit cards, and wealth management, as well as providing optimized financial solutions for domestic and international enterprises. As a financial intermediary, the Bank recognizes that its investment and financing decisions are closely linked to the net-zero transition of the real economy. Consequently, the Bank recognizes the necessity of formulating comprehensive management strategies and response mechanisms to address risks arising from climate change and the loss of natural capital, thereby exerting the influence of responsible finance.

To this end, the Bank has conducted cross-departmental discussions and strategic feasibility studies to formulate strategies for "Responsible Investment," "Sustainable Lending," "Stewardship and Engagement," and the "Promotion of Green Deposits," which are executed by the respective departments in charge. These transition strategies are designed not only address to the potential risks of the Bank's own operations but also to exert influence within capital markets, gradually raising awareness of sustainability issues among participants and identifying opportunities to develop sustainable business.

In the practice of green finance, the Bank continues to expand its financing support for sectors such as renewable energy, pollution prevention, and green infrastructure. Furthermore, the Bank actively extends its sustainability impact to cross-border business. Leveraging the power of green finance, the Bank successfully organized a three-year sustainability-linked syndicated lending for Far East Horizon Limited, a leader in the Hong Kong financial leasing industry. This initiative further extends the Bank's sustainable finance efforts into cross-border business and injects new vitality into sustainable finance. As a result, the Bank was honored with the "Best Green Loan" award at The Asset Triple A Sustainable Finance Awards 2025, presented by the international financial media outlet The Asset.

In addition, starting from 2024, the Bank has encouraged customers to complete the "Corporate ESG Information and Sustainable Economic Activities Self-Assessment Questionnaire" and guided them to perform self-assessment and classifications based on the "Taiwan Sustainable Taxonomy." This allows the Bank to grasp the current sustainability status of corporate customers, serving as a reference for subsequent financing decisions, risk management, and customer engagement. In the same year, the Bank completed the establishment of the ESG section within its credit inquiry, lending, and review system. By embedding ESG information collection, management, and questionnaire submission into daily credit processes, the Bank promotes the transition of enterprises toward sustainable economic models and facilitates carbon reduction actions.

3.2.1 Strategy I: Responsible Investment

The Bank has an internal "Policy for Responsible Investment" which governs investments in equity securities measured at fair value through other comprehensive income (FVOCI) and banking book securities. Based on this policy, the Bank conducts pre-investment evaluations and post-investment management.

Establishment of an Exclusion List

Specifically, when evaluating potential investment targets, the Bank considers key Environmental, Social, and Governance (ESG) factors. The Bank avoids investing in entities whose primary business activities involve significant environmental pollution, social controversies, or poor corporate governance, and where there is concrete evidence of involvement in the following areas, and where they have been penalized by regulatory authorities or international organizations with no visible improvement:

1. Environmental Aspect: Coal mining industry
2. Social Aspect: Industries with concrete evidence of significant involvement in pornography, illegal drugs, money laundering, terrorist financing, slave labor, child labor, or human rights violations.
3. Corporate Governance Aspect: Industries with concrete evidence that the board of directors, in performing its duties, has violated laws, articles of incorporation, or resolutions of shareholders' meetings, thereby significantly affecting shareholders' or investors' rights and interests.

If an investment target is involved in high-carbon emission industries such as coal mining, coal-fired power generation, or thermal power generation, and has been penalized by a regulatory authority for environmental pollution within the last year, the Bank will review whether the target has developed a relevant improvement plan and evaluate whether to continue holding the investment.

Investment Target Evaluation Procedures

The Bank also continues to monitor, analyze, and evaluate relevant information regarding its investment targets post-investment. Should an investment target meet the exclusion criteria during the investment period, the Bank will immediately review and assess whether the target has relevant improvements or plans in place. The evaluation report will then indicate whether the Bank's investment strategy should be adjusted. The assessment and management process is as follows:

STEP 01 Screening

- Comply with international sustainability frameworks, such as PRI and PRB.
- ESG negative exclusion list: Exclude potential targets involving high ESG risk or controversial industries/activities.
- Review and evaluation of specific industry conditions: Prudently evaluate targets involved in highly ESG-sensitive industries/activities.

STEP 02 Reviewing

- Review indicators include financial and ESG sustainability assessment factors.
- Conduct ESG due diligence on controversial companies.
- The business decision-making unit is responsible for approving the terms and conditions of the investment.

STEP 03 Management

- Gap analysis and review during the investment period.
- Monitor proposals that hinder sustainable development or have a negative impact on ESG principles.
- Exercise voting rights for investment targets and disclose voting activities at shareholders' meetings.

STEP 04 Engagement

Through communication with investment targets, guide them to reduce negative impacts on the environment and society while exploring opportunities for sustainable development.

3.2.2 Strategy II: Sustainable Lending

The Bank incorporates climate change and sustainable development issues into its lending business strategy and voluntarily follows the PRB, systematically integrating ESG factors into the risk assessment and lending decision-making process. By developing sustainable lending and green finance products, the Bank directs capital to support the low-carbon transition and sustainable development while mitigating credit risks derived from climate change. To embed our sustainable development philosophy into our lending business, the Bank has established "Lending Policies" and "Sustainable Lending Guidelines." These clearly stipulate that during the application and review process of credit cases, business, credit investigation, and review personnel should incorporate the impact of the borrower's business activities on ESG dimensions into the evaluation. This is combined with the "5Ps of Credit" for comprehensive judgment to strengthen credit risk control, reduce potential climate and sustainability-related risks, and guide funds toward sustainable development. To further support borrowers in achieving net-zero targets, the Bank, building upon its existing sustainable lending framework and in accordance with the "Taiwan Sustainable Taxonomy," "Recommended Items for Transition Plans," and the "Reference Guide for Transition Lending Review" jointly issued by the FSC and other ministries, formulated the "Operational Guidelines for Transition Lending Review" in December 2025. This established an information exchange mechanism between the Bank and transition entities to evaluate the feasibility and credibility of transition plans, guiding enterprises to actively participate in the net zero transition through lending decisions.

Sustainable Lending Management Process

To align with international sustainable development trends and KGI Financial's "Sustainable Finance Commitment," the Bank has adopted the following lending strategies and corresponding measures for relevant industries:

1. For industries and activities deemed highly controversial—including tropical rainforest logging, tobacco, PCBs (polychlorinated biphenyls), illegal gambling, pornography, illegal drugs, nuclear weapons, money laundering,terrorist financing, slave labor, child labor, or human rights violations—the Bank will not engage in any new business. For existing exposures, relationships will be terminated within a specified period.
2. For industries identified as highly sensitive—including energy, mining, forestry, transportation, agriculture, and animal husbandry—the Bank will conduct a prudent evaluation prior to engagement. Following engagement, the Bank will continuously monitor the management of ESG-related issues.
3. The Bank will cease support for project financing of new extraction projects and the continued expansion of existing projects in fuel coal-related industries and unconventional oil and gas-related industries.
4. For other high-carbon emission industries, the Bank should gradually reduce its lending exposure in accordance with decarbonization principles. Furthermore, the borrower's plans for energy conservation and carbon reduction should be incorporated into the lending considerations.

Furthermore, if significant and notable ESG risks or severe negative information are identified, their impact should be assessed during the credit investigation and lending approval process. These findings must be documented in the credit investigation report or credit risk review report, and corresponding approval conditions may be set based on the individual case.

When processing credit applications, the Bank, in accordance with the identification principles and relevant Q&A for green lending, sustainability-linked lending, and social responsibility lending in the "Guidelines for Reporting Loan Data by Financial Institutions" by the Joint Credit Information Center (JCIC), discloses information in the credit risk review report. This includes green lending, sustainability-linked lending, social responsibility lending, ESG ratings, corporate carbon emissions and carbon intensity, and avoided carbon emissions from renewable energy project financing. The "Sustainability Risk Assessment Checklist" is used to assist in the review. If the counterparty or any group member is involved in any of the circumstances listed in the checklist, the borrower will be asked to explain whether there are improvement or transition plans:

1. Industries identified by KGI Financial as high-carbon emission industries.
2. Has been involved in highly sensitive industries and climate change-related issues within the past three years.
3. Within the past three years, there have been negative incidents related to environmental protection, corporate social responsibility, and corporate governance.

To grasp the quantitative impact of climate change on real estate value, if real estate is provided as collateral for a credit case, the physical flooding risk assessment of the real estate must be disclosed in the credit review report, and the relevant information in the "Real Estate Physical Flooding Risk Level Assessment Table" must be filled out.

Concurrently, the Bank references the "Taiwan Sustainable Taxonomy" to evaluate the sustainability of loan applications. This aligns with regulatory policy to channel funds towards sustainable economic activities, thereby driving corporate sustainable development and low-carbon transition.

Become the Best Partner of High-quality Green Enterprises

When evaluating loan applications, the Bank assesses whether borrowers fulfill their responsibilities regarding environmental protection, social responsibility, and corporate integrity commitments. The Bank will then provide appropriate preferential terms and incentives to well-performing enterprises. Our specific measures are as follows:

1. In our lending business, we prioritize supporting green energy industries such as alternative energy, water resources, and environmental pollution control. For forward-looking enterprises committed to reducing energy consumption, minimizing pollution, or introducing environmentally friendly facilities, the Bank will provide appropriate financing assistance and preferential terms. Regarding general enterprises outside the green energy sector, we also encourage loan applicants to dedicate efforts towards environmentally friendly products or equipment, energy-saving or energy-storage equipment, green production mechanisms, and pollution reduction. We will extend appropriate assistance and incentives for these endeavors as well.
2. For land and buildings provided as collateral for credit facilities, we encourage borrowers to offer collateral that has a positive impact on the environment or resource utilization, such as green buildings. Conversely, if the collateral has a potential negative impact on the ecological environment, we will carefully evaluate and avoid accepting it.
3. For enterprises that fail to meet environmental regulations, are involved in labor disputes, or have corporate governance issues, and lack a concrete improvement plan, the Bank will generally not approve new lending. For existing clients, we will require the enterprise to make improvements. If a non-cooperative enterprise is assessed to have a significant impact on the Bank's operations and its loan exposure, we will not provide additional loans or will gradually recall existing loans, thereby assisting and encouraging enterprises to strengthen their commitment to environmental protection and corporate social responsibility.

Furthermore, following the establishment of the "Operational Guidelines for Transition Lending Review" in 2025, the Bank incorporates concrete and feasible transition plans submitted by borrowers in high-carbon industries into its credit assessments, leveraging financial support to assist enterprises in advancing the net zero transition.

Specific Project Lending

For large credit exposures of USD 10 million to industries identified as high water consumption and high pollution.

All credit investigation reports must include a feasibility analysis of environmental regulations.

For project financing cases involving mining, infrastructure,oil and gas, and energy sectors,with a lending exposure of USD 50 million or more.

If our assessment identifies environmental and social risks, the Bank will proceed in accordance with the Equator Principles 4.0 (as announced by the Bankers Association). This approach aligns with our green finance and industry sustainable development goals, actively encouraging industries to pursue sustainable development and achieve carbon

Supporting the Development of National Key Industries

The Bank actively aligns with government industrial policies, leveraging project financing to guide capital toward supporting the development of national key industries. Regarding the Six Core Strategic Industries, the Bank "Project Lending for Six Core Strategic Industries." For the year 2025, the Bank executed a total of 9,283 cases, with the outstanding credit balance reaching NT$218.597 billion. This initiative assists the information and digital, cybersecurity excellence, Taiwan precision health, national defense and strategic, green power and renewable energy, and strategic stockpile industries in securing the capital necessary for their operational development.

Industry Category		Number of Cases	Outstanding Credit Balance (NT$100 million)
Information and Digital Industry		1,162	408.21
Cybersecurity Excellence Industry		2,314	240.03
Taiwan Precision Health Industry		149	48.79
National Defense and Strategic Industry		2,590	362.46
Green Energy and Renewable Energy Industry	Manufacturing Related to Green Power and Renewable Energy	1,467	538.29
	Electricity and Gas Supply, Construction		
	Transportation and Storage		
	Professional, Scientific, and Technical Services		
Strategic Stockpile Industry		1,601	588.19

In response to the "12 Key Strategies" outlined in the government's "Taiwan's Pathway to net zero emissions in 2050," the Bank actively supports industries related to the net zero transition through green lending. As of December 31, 2025, outstanding green lending balance reached NT$38.16 billion, representing a growth of 28.61% compared to December 31, 2024. The financing targets encompass key strategic areas such as wind and solar power, power systems and energy storage, energy conservation, and net-zero green lifestyles, thereby continuously advancing national net-zero transition goals through green credit. Furthermore, the syndicated lending cases for coal-fired power plants previously involving the Bank have matured, and the Bank does not intend to participate in any renewals.

Taiwan Sustainable Taxonomy and Transition Management

To further monitor borrowers' sustainable economic activities and transition progress, the Bank leverages corporate ESG information and the results of sustainable economic activity self-assessment questionnaires to assess whether borrowers' economic activities are eligible, aligned, or classified as supporting activities. These findings serve as a basis for credit assessment, risk management, client engagement, and transition tracking. For enterprises that fall within the scope of the "Taiwan Sustainable Taxonomy" but have not yet achieved "alignment," the Bank encourages the formulation of concrete transition actions, including carbon reduction targets, energy transition, process improvements, or the adoption of low-carbon technologies. Depending on individual cases, the Bank incorporates these factors into subsequent credit assessments and engagement tracking. Regarding enterprises not yet covered by the "Taiwan Sustainable Taxonomy," the Bank facilitates the gradual establishment of climate change response measures and carbon reduction plans through credit interactions, engagement, and financial services, thereby enhancing their sustainability management capabilities and future transition resilience.

Furthermore, the Bank continues to monitor financing needs related to supportive economic activities as defined in the "Taiwan Sustainable Taxonomy." Through financial services such as green lending, sustainability-linked lending, low-carbon transition financing, and renewable energy project financing, the Bank supports enterprises in developing the infrastructure and supporting capabilities essential for the net-zero transition.
As of December 31, 2025, the eligibility ratio, alignment ratio, and alignment-to-eligibility ratio for corporate credit cases classified by the Bank in accordance with the "Taiwan Sustainable Taxonomy" are as follows:

Taiwan Sustainable Taxonomy	
Eligibility ratio	31.82%
Alignment ratio	14.06%
Alignment-to-Eligibility ratio	44.18%

Low-carbon and Intelligent Management Lending Program

The Bank continues to align with government policies to promote low-carbon transition finance, guiding enterprises toward low-carbon development through capital allocation. By participating in the "Low-Carbon and Intelligent Management Lending Program" offered in collaboration with the Small and Medium Enterprise Credit Guarantee Fund the Bank provides the necessary funds for small and medium-sized enterprises (SMEs) and regulated factories to perform low-carbon equipment upgrades, process improvements, and operatio nal transformations. Concurrently, the Bank leverages interest rate subsidies and high-ratio credit guarantee mechanisms to lower the capital threshold for corporate transformation, facilitating industrial development toward low-carbon and intelligent operations. In addition to assisting enterprises in enhancing energy efficiency and reducing carbon emissions, this program helps companies respond to future net-zero transition and climate-related regulatory trends, strengthening the low-carbon transition capabilities and operational resilience of SMEs while driving the real economy toward sustainable development.
As of December 31, 2025, the Bank's lending balance for the Low-carbon and Intelligent Management Lending Program reached NT$725 million. This demonstrates the Bank's achievements in continuously directing capital to support the net-zero transition of the real economy and serves as a significant practice in capturing sustainable finance opportunities arising from the climate transition.

3.2.3 Strategy III: Stewardship and Engagement

Strategies I and II establish ESG assessment mechanisms for the Bank's investment and lending activities, respectively, to ensure that capital is directed toward targets aligned with sustainability principles. However, the Bank believes that its financial influence should extend beyond investment and financing decisions. Through ongoing dialogue with enterprises after investment and financing, the Bank seeks to encourage stronger ESG risk management and accelerate their sustainable transition. Accordingly, the Bank positions stewardship and engagement as an extension of its Responsible Investment and Sustainable Lending strategies. Through ongoing dialogue and engagement with enterprises after investment and financing, the Bank translates its risk management insights into support for the transition of investee companies and borrowers, guiding them in developing concrete decarbonization pathways and strengthening their sustainable transition capabilities.

Stewardship Principles

The Bank adheres to the "Stewardship Principles for Institutional Investors" and has outlined six key principles for its implementation. Here's a summary of the main points:

Stewardship Principles	Summary of Key Implementation Points
Principle 1 Establish and Disclose a Stewardship Policy	The Bank publicly affirms its adherence to the "Stewardship Principles for Institutional Investors." Our comprehensive stewardship policies are transparently disclosed on our official website, specifically within the Corporate Governance section under "Institutional Investor Stewardship." (https://www.kgibank.com.tw/zh-tw/about-us/corporate-governance)
Principle 2 Establish and Disclose a Conflict-of-Interest Management Policy	The Bank publicly affirms its adherence to the "Stewardship Principles for Institutional Investors." To ensure that the Bank conducts its operations solely in the best interest of shareholders and to prevent conflicts of interest, its relevant conflict of interest management policy is disclosed on its official website, specifically within the Corporate Governance section under "Institutional Investor Stewardship." For example, this policy stipulates that, unless otherwise provided by law, the Bank shall not acquire for its own account any securities that it underwrites or distributes during the underwriting period. Regarding conflict-of-interest management for employees, the Bank's personnel are prohibited from engaging in any activities in their own name or on behalf of others that create a conflict of interest. This includes actions such as lending funds, significant asset transactions, providing guarantees, or other transactional dealings that could lead to such conflicts.

Stewardship Principles	Summary of Key Implementation Points
Principle 3 Continuously Monitor Investee Companies	To ensure that the Bank obtains sufficient and effective information for assessing the nature, timing, and extent of conversation and interaction with invested businesses, and to establish a solid foundation for the Bank's investment decisions, we focus on invested businesses includes various aspects such as relevant news, financial performance, industry overview, operational strategies, environmental conservation efforts, social responsibility and labor rights, as well as corporate governance issues.
Principle 4 Engage and Interact Appropriately with Investee Companies	Through appropriate conversation and interaction with the invested companies, the Bank can further understand and communicate the risks and strategies the management faces in the industry as well as to commit to achieving a consensus with the invested companies. Every year, the Bank communicates with the management of the invested company through phone conferences, face-to-face meetings, participation in investor conferences, or sending staff to participate in shareholders' regular meetings or important extraordinary shareholders' meetings.
Principle 5 Establish and Disclose a Clear Voting Policy and Voting Records	To best serve the interests of our capital providers, the Bank has established a clear voting policy. We actively participate in voting on proposals at shareholder meetings and do not automatically support those put forward by management. The detailed regulations have been publicly disclosed in the Corporate Governance section of the Bank's official website.
Principle 6 Periodically Disclose the Execution of Stewardship Responsibilities	The Bank discloses the performance of stewardship governance on its website or annual report, which is updated at least once a year.

Investment Engagement Actions

In order to utilize stewardship governance resources effectively, the Bank invests with its own funds or acts as a trustee with the right to exercise decision-making power over trust assets. It also invests in securities of domestic companies (including but not limited to listed companies, OTC companies, emerging OTC companies, or public offering companies), holding more than 5% (including 5%) of issued shares; it also holds invested stocks of financial assets at fair value through other comprehensive income (FVOCI) for more than one year and the amount of which reaches NTD$300 million and should perform stewardship governance actions.

Lending Engagement Actions

In its lending business, the Bank, through its business units, utilizes diverse channels such as on-site visits, telephone interviews, web conferences, participation in investor briefings, and joint engagement with multiple financial institutions to conduct systematic dialogues regarding the ESG and cross-cutting ESG issues of credit clients. Engagement topics encompass the status of carbon emission management, progress in setting carbon reduction targets, energy efficiency, climate risk response strategies, and sustainability management practices related to corporate governance and social issues. As the sustainability challenges faced by enterprises become increasingly multifaceted, the Bank has gradually transitioned from individual communication on a single ESG dimension toward integrated engagement across multiple dimensions, enabling a more comprehensive understanding of borrowers' overall sustainability risk profiles. The long-term goal of the Bank is to deeply integrate the engagement mechanism with the credit decision-making process, ensuring that engagement outcomes inform risk management and asset allocation decisions, effectively guiding capital flows toward low-carbon and sustainable directions.

3.2.4 Strategy IV: Promoting Green Deposits

The Bank upholds the spirit of sustainable development and environmental protection. While expanding our business, we also aim to fulfill our corporate social responsibility. Therefore, we've launched a green deposit program. All funds from these deposits are fully allocated to loans or related lending needs within the scope of the green deposit program, guiding corporate capital towards sustainable development.

Green Deposit Program and Projected Use of Funds

The Bank utilizes funds from Green Deposits for green investment projects that comply with the Green Bond Principles (GBP) of the International Capital Market Association (ICMA). Adhering to the "Green Credit" labeling regulations of the JCIC, the Bank has formulated the KGI Bank green deposit framework . The Framework explicitly stipulates the use of green deposit funds, eligibility criteria for financing targets, and fund management mechanisms. The Framework has undergone assurance and review by an independent third-party accounting firm. Furthermore, the Bank conducts annual assurance on the allocation and use of funds and discloses relevant reports to ensure that the use of funds achieves substantial green benefits and maintains information transparency.
The lending categories, projects, and planned expected environmental benefits for Green Deposits are detailed in the table below:

Category	Project Item	Expected Environmental Benefits	Actual Allocation Ratio (%)	Amount Allocated (NT$100 million)
Renewable Energy and Energy Technology Development	Renewable Energy Project Financing	In alignment with the government's 2025 target of increasing renewable energy generation capacity to 20% of total installed capacity, the Bank allocates funds to renewable energy project financing cases that comply with the renewable energy development Act. By leveraging renewable energy generation to green the national power grid, the Bank aims to achieve environmental benefits through carbon emission reduction. The funds raised were extended to a total of 38 renewable energy-related projects, resulting in a carbon reduction of approximately 160,000 metric tons of CO_2e.	86.78%	29.08
Pollution Prevention and Control	Sewage Treatment Equipment Financing	To facilitate the development of the water reclamation and reuse sector, the Bank invests funds in financing projects that enhance wastewater treatment and recycling capabilities and reduce wastewater discharge, thereby achieving the environmental benefit of reducing water resource waste. The financed projects primarily include the construction of sewage treatment plants, water reclamation plants, and water transmission and distribution pipelines.	13.22%	4.43
Total			100%	33.51


Taijiang National Park Administration

04

Risk Management

The banking industry primarily operates in deposit, lending, and investment businesses; therefore, when executing risk management, the Bank focuses on the identification, assessment, and management of existing risks such as credit risk, market risk, operational risk, and interest rate risk. As global climate change and natural capital loss garner increasing attention, the frequency and intensity of extreme weather events continue to rise. Nature-related risks, including biodiversity loss, ecosystem degradation, and the depletion of natural resources, are also gradually exerting long-term and extensive impacts on the real economy and the financial system. Climate change and natural environmental risks may affect the operational stability of enterprises and the repayment capacity of the Bank's borrowers through channels such as supply chain disruptions, increased operating costs, asset devaluation, declining collateral value, and expanding insurance losses. Furthermore, as governments worldwide tighten policies and regulations in response to the net-zero transition and Sustainable Development Goals (SDGs), corresponding transition risks have emerged, placing pressure on high-carbon and high nature-dependent industries to adjust their business models and undergo transformation.

The climate and nature-related risks are characterized by high uncertainty, an intertemporal nature, and complexity, with impacts that may span across different industries and risk types. Adhering to the overarching risk management framework of KGI Financial, the Bank continuously monitors trends in climate and nature-related risks. The Bank is progressively integrating these issues into existing risk management mechanisms and assessment processes, conducting regular risk identification, impact assessments, and scenario analysis to grasp the potential impact of emerging risks on the Bank's operations and asset quality. To strengthen risk management, the Bank has established the "Climate Risk Management Guidelines" as the basis for climate risk management, in accordance with the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" issued by the FSC and with reference to the "Climate-related Risk Management Practice Manual for Domestic Banks" recommended by the Bankers Association. These guidelines stipulate management procedures for climate risk identification, risk assessment, risk control, and scenario analysis. Based on the results of risk assessments, the Bank implements differentiated management measures and adaptation mechanisms to enhance its resilience against climate change and natural environmental shifts, ensuring stable operations and sustainable development.

Climate risk management has adopted the three lines of defense principle. Each line of defense executes climate risk control according to its role and responsibilities to ensure the smooth operation of the overall risk management mechanism.

The Three Lines of Defense Risk Management Responsibilities

First Line of Defense
Business Unit

Business units involved in the Bank's operational activities—including corporate banking, retail banking, financial markets and investment trading.

Identifying, assessing, managing, and mitigating climate and nature-related risks arising from their operations.

Aligning operational activities with the Bank's climate and nature risk management objectives. Implementing relevant policies, standards, and procedures established under the Bank's climate risk management framework.

Second Line of Defense
Management Unit

Comprising departments such as risk management, operations management, compliance, finance, credit/investment management, human resources, and other functional management units.

Integrating climate and nature-related risks into the Bank's internal risk management policies, procedures, and governance frameworks within their respective areas of oversight.

Facilitating internal coordination and communication on climate and nature risk management issues.

Closely collaborating with business units to monitor and ensure the effective execution of climate and nature-related risk controls.

Third Line of Defense
Audit Unit

Auditing and evaluating the effectiveness of the risk management and internal control systems, and offers improvement recommendations where necessary.

The Board of Directors and senior management retain ultimate accountability for the effectiveness of the three-lines principle. They are responsible for ensuring that the organizational structure supports this principle and for overseeing its proper implementation and continual enhancement.

4.1 Climate and Nature Risk Management Structure and Process

In accordance with international mainstream disclosure frameworks, including TCFD and TNFD, the Bank identifies and assesses climate and nature-related risks, which are categorized into two major types: The first category, "Physical Risk," refers to threats where climate change or changes in the state of the natural environment led to an increase in the frequency and intensity of extreme weather events (such as typhoons, floods, droughts, and heatwaves), subsequently causing damage to physical assets, business interruptions, or supply chain disruptions. This category also encompasses chronic impacts triggered by long-term changes in natural states, such as ecosystem degradation and biodiversity loss.

The second category, "Transition Risk," refers to structural changes derived from various aspects to achieve low-carbon economic transition and nature protection goals. These include tightening policies and regulations (such as carbon pricing and environmental information disclosure requirements), rising legal liability risks, industrial substitution effects brought by the development of low-carbon technologies, and shifts in market preferences and consumer behavior. Such changes may exert significant operational and financial pressure on industries with high carbon emissions or high dependence on nature.

Within the risk identification and risk management process, the Bank identifies potential climate and nature-related risk types by reviewing credit portfolios and business activities. The Bank links these risks with existing risk frameworks, such as credit risk, market risk, and operational risk, gradually integrating climate and nature risk considerations into existing operating procedures, including credit review, risk assessment, and internal management. The Bank has established a comprehensive risk management process covering identification, assessment, control, and monitoring, and regularly conducts scenario analysis to quantitatively evaluate the potential impact of climate and nature-related risks on the Bank's finances and operations. While pursuing stable operations and reasonable profits, the Bank is committed to minimizing the negative impacts brought by environmental changes, achieving the long-term goal of coexistence between economic development and environmental sustainability.

STEP 01 Risk Identification

The Bank identifies and assesses potential climate- and nature-related risks by referencing the IFRS S1/S2 Sustainability Disclosure Standards, the TCFD and TNFD guidance, peer reports, investor concerns, external ratings, and industry research reports, in order to identify potential climate- and nature-related risks.

STEP 02 Measurement and Evaluation

The Bank has established standardized processes and evaluation criteria. It convenes relevant departments to use questionnaires to assess potential risks related to its operations and business activities. Based on relevant issues, the Bank evaluates and prioritizes the potential financial impacts, likelihood of occurrence, and investor attention associated with these risks across the current period as well as the short-, medium-, and long-term future. The Bank regularly measures the impacts of climate- and nature-related risks on its operations.

The Bank also conducts scenario analyses for both physical and transition risks to assess the impacts of climate- and nature-related risks on its business.

STEP 03 Risk Management

Based on the results of the measurements and evaluations, the Bank requests relevant departments to adopt strategies to avoid, mitigate, transfer, or control identified risks, including:

- Developing response strategies and management measures.
- Monitoring the implementation of business continuity management.
- Implementing strategies to avoid, mitigate, transfer, or control identified risk factors.

STEP 04 Information Disclosure

The Bank regularly reports the results of climate- and nature-related risk management to the Risk Management Committee and the Board of Directors. It also discloses its identification, assessment, and management results for climate- and nature-related risks through external reporting, enabling stakeholders to better understand the Bank's approaches to managing climate- and nature-related risks.

Based on the assessment results, the Bank adopts differentiated management measures for investment and financing counterparts with varying levels of transition maturity. These measures include engagement, risk limit adjustments, and the provision of transition finance products and services, leveraging financial influence to accelerate the transition of high-carbon industries.

Risk Type	Significant Risks Description	Negative Impacts	Affected Value Chain	Financial Impact Level	Probability of Occurrence	Impact Period	Responses	Issue Domains
Significant Risk								
Regulatory and Policy Risks	Impact of climate regulations, market preferences, and low-carbon technology transitions on the Bank's investment and financing business and financial products/services.	Failure to respond promptly to climate-related regulations and supervisory requirements may result in penalties, additional management costs, or increased compliance costs. Furthermore, as the low-carbon transition and market preferences evolve, the operations and debt-servicing capacity of certain clients in high-carbon industries may be affected, leading to losses in investment and financing assets.	Investment and financing business	High	Low	Short, medium, and long term	The Bank has established a comprehensive climate risk response mechanism covering lending policies, the Sustainable Lending Guidelines, and the Policy for Responsible Investment. This ensures that investment and financing business align with low-carbon transition requirements, effectively mitigating the risk of penalties due to regulatory non-compliance. Furthermore, the Bank continues to conduct climate scenario analysis to grasp the potential impact of transition risks on various asset portfolios.	Climate
Regulatory and Policy Risks	Impact of regulatory requirements for carbon emissions and other climate-related information on the Bank's own operations.	The financial impact of stricter regulations on the Bank's own operations is primarily reflected in three areas: increased expenditures for green power procurement, replacement costs for energy-saving equipment, and potential penalties from competent authorities.	Own operations	Medium	High	Short, medium, and long term	The Bank allocates an annual budget for the systematic replacement of energy-saving equipment, such as lighting and aging air conditioning systems, to ensure that operational facilities meet energy-saving standards. Regarding green power procurement, the Bank plans annual procurement volumes based on the unit prices of Phase 1 and Phase 2 green power in accordance with SBT, ensuring that the decarbonization progress remains consistent with committed goals.	Climate

Risk Type	Significant Risks Description	Negative Impacts	Affected Value Chain	Financial Impact Level	Probability of Occurrence	Impact Period	Responses	Issue Domains
Other Risks								
Acute and Chronic Physical Risks	Impact of the increased frequency and severity of extreme weather events on the Bank's investment and financing business.	The debt-servicing capacity and dividend income of investment and financing targets may be impaired. Additionally, the book value of investment properties and the collateral coverage ratio of retail mortgages both face downward pressure.	Investment and financing business	Low	Low	Short, medium, and long term	The Bank's investment targets are distributed across diverse global regions, ensuring the overall portfolio remains resilient when specific areas are impacted. There was no impairment in the value of investment properties this year, and all properties have implemented three or more adaptation measures. The level of hazard vulnerability is classified as low risk, and current monitoring mechanisms are operating effectively.	Climate
	Impact of extreme weather events on the Bank's operating sites.	Extreme weather events may cause impairment in the value of owned assets and lead to increased disaster prevention expenditures and post-disaster repair costs. In severe cases, this may even result in business interruption. High temperatures lead to increased operating expenses, such as office costs, IT equipment maintenance, and cleaning fees.	Own operations	Low	High	Short, medium, and long term	The Bank has implemented three or more climate adaptation measures across all operating sites. Based on the results of physical risk scenario analysis, the Bank regularly reviews the exposure status of each site to ensure that response measures are adjusted in sync with changes in risk.	Climate

Risk Type	Significant Risks Description	Negative Impacts	Affected Value Chain	Financial Impact Level	Probability of Occurrence	Impact Period	Responses	Issue Domains
Other Risks								
Acute and Chronic Physical Risks	Impact of extreme weather events affecting the supply chain on the Bank.	If suppliers are unable to provide services as scheduled, the Bank may need to urgently source from other vendors, resulting in additional incremental expenditures and affecting normal operations.	Supply chain	Low	Low	Short, medium, and long term	The Bank has established risk transfer mechanisms for supplier service interruptions through contractual terms and insurance arrangements. According to current survey data, the server rooms of key IT service providers are not located on the first floor, making the probability of direct damage from flooding relatively low. No additional procurement expenditures due to supplier service interruptions caused by extreme weather occurred this year.	Climate
Nature-related Physical and Transition Risks	Impact of investment and financing targets responding to nature-related physical and transition risks on the Bank's investment and financing business.	Nature-related physical and transition risks are indirectly transmitted to the Bank through the operational impacts on investment and financing targets.	Investment and financing business	Low	Low	Short, medium, and long term	The Bank's investment and financing units incorporate nature-related physical and transition risks into their assessment frameworks and take corresponding actions when risk events occur, effectively reducing the likelihood of losses resulting from insufficient assessment. During the engagement process with investment and financing targets, the Bank includes recommendations and considerations for nature-related and transition risk management to enhance overall risk control and sustainable resilience.	Nature

Note:
1. Probability of Occurrence: Low (unlikely to occur, approaching 0%); Medium (likely to occur, approximately 50%); High (very likely to occur, greater than 90%).
2. Financial Impact Level: Low (less than 1% of the average consolidated net income after tax for the past three years); Medium (between 1% and 2.5% of the average consolidated net income after tax for the past three years); High (greater than 2.5% of the average consolidated net income after tax for the past three years).
3. Impact Period: Short-term (likely to occur within 3 years, inclusive); Medium-term (likely to occur within 3 to 10 years); Long-term (likely to occur after 10 years). The final analysis results identified two transition risks as material risks.

The Bank has implemented appropriate response measures for each to effectively control or mitigate the potential impacts and hazards brought by these risks.

Climate Transition Assessment for High-Carbon Emission Industries

The Bank identifies listed companies belonging to high-carbon industries based on the "List of High-Carbon Industries Subject to Management" reviewed and approved by the Group's Sustainable and Ethical Management Committee. The Bank designates the long-term investment and financing positions of these companies as key assessment targets for climate-related Risk Management. The scope of inclusion covers credit and investment positions to capture the climate-related risks and opportunities that high-carbon industries may encounter during the transition process.
For the managed entities, the Bank conducts assessments across five major dimensions—vision and targets, implementation strategies, Stakeholder Engagement, metrics and performance, and governance—based on the climate transition assessment framework established by the FHC and with reference to the climate transition plan frameworks of the Glasgow Financial Alliance for Net Zero (GFANZ) and the Transition Plan Taskforce (TPT). The weighting design prioritizes actual actions and performance, with implementation strategies and metrics and performance each accounting for 35%, totaling 70% of the assessment weight. This ensures that assessment results reflect the substantive transition progress of investment and financing targets rather than merely a declaration of targets. For prioritized industries within the management list, the Bank has established additional industry-specific metrics to capture the transition characteristics of different sectors.

Assessment results are classified into four levels, from A to D, based on transition maturity

A A clear transition vision with a comprehensive strategy and proactive execution

B Transition has been initiated, with relevant measures being progressively refined

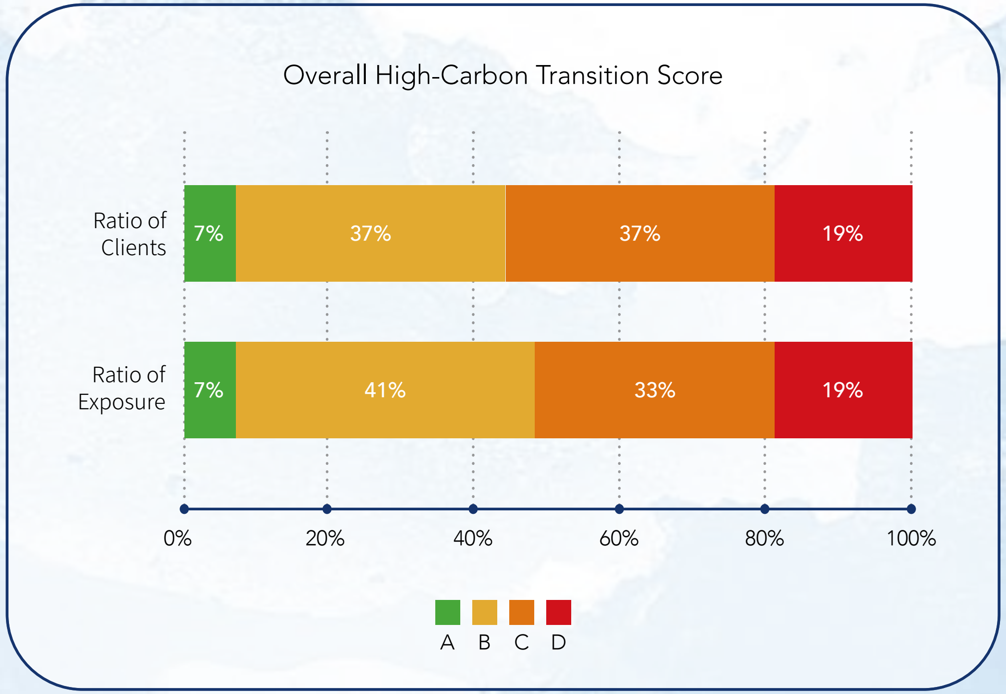
C In the initial stages of transition

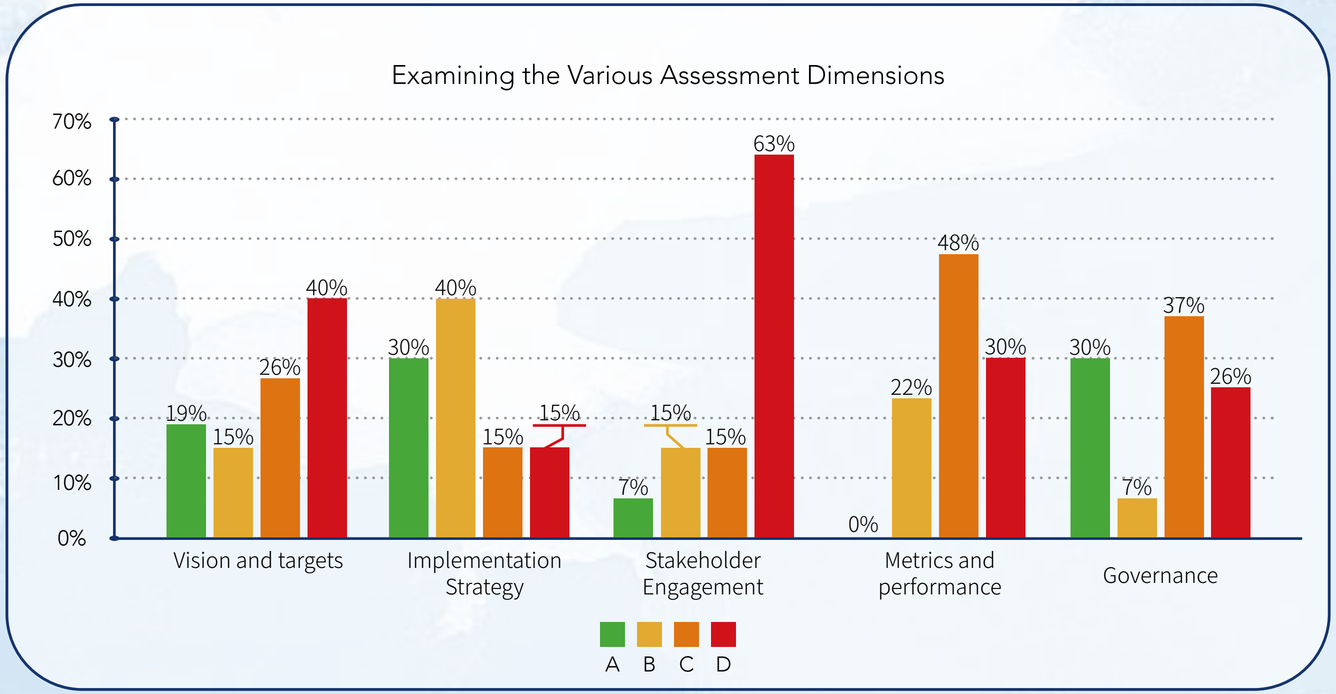
D Transition planning and actions are significantly insufficient

Assessment Results

| Overall High-Carbon Transition Score

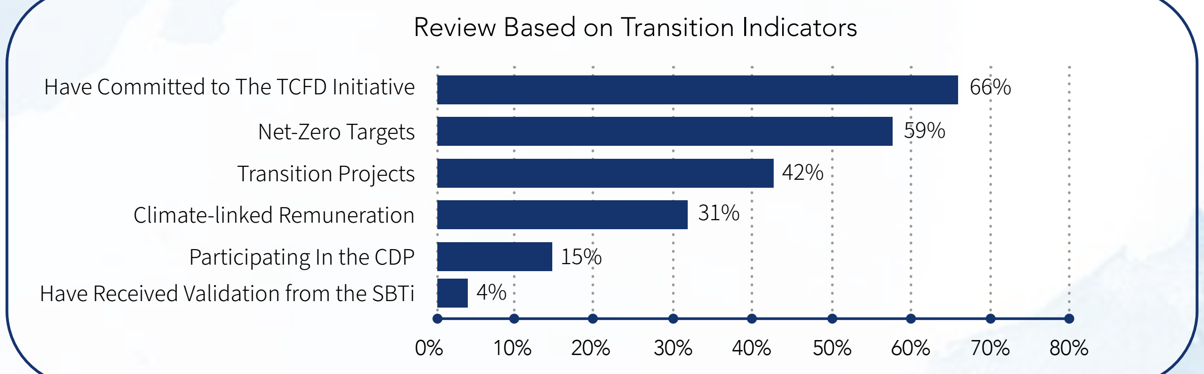
The Bank has introduced a transition assessment framework for its high-carbon investment and financing portfolio, concurrently measuring risk distribution by the number of clients and exposure. Assessment results indicate that transition maturity is primarily concentrated in Levels B and C, reflecting that most clients in high-carbon industries have initiated or are currently in the process of transitioning. Further analyzing the various assessment dimensions, approximately 70% of exposure in "Stakeholder Engagement" and "Metrics and Targets" is concentrated in Levels C and D, indicating that there remains room for enhancement in quantitative carbon emission management and external communication for certain financing targets.





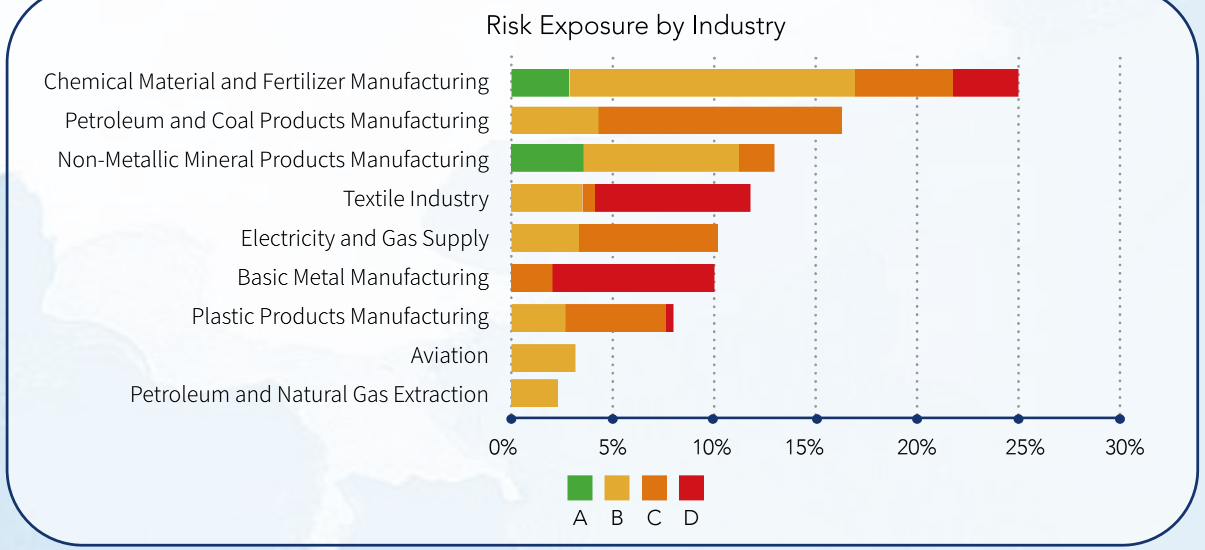
Review based on transition indicators

1. Among the Bank's high-carbon emission exposure, 66% of the enterprises have committed to the TCFD initiative, and another 15% of the exposure corresponds to enterprises participating in the Carbon Disclosure Project (CDP).
2. Within the high-carbon emission investment and financing portfolio, 59% of the exposure corresponds to enterprises that have established Net-Zero targets, reflecting the continuous rise in market emphasis on climate issues; however, enterprises that have received validation from the Science Based Targets initiative (SBTi) account for only 4%, indicating that the majority of enterprises have yet to complete external validation of their targets. This gap will serve as a key tracking item for subsequent due diligence and client Engagement.



Review by Industry Sector

From an industry perspective, the Non-metallic Mineral Products Manufacturing and Chemical Raw Materials Manufacturing Industries demonstrated relatively stronger performance, with nearly 5% of exposure distributed in Grade A. However, an assessment of the top three industries with the highest carbon emission exposure—specifically Chemical Raw Materials Manufacturing, Petroleum and Coal Products Manufacturing, and Non-metallic Mineral Products Manufacturing—indicates that Grade B and Grade C still constitute the majority. Accordingly, the Bank will continue to monitor the industrial transition status of these sectors.



Management, Utilization, and Future Directions

Following the direction of the Financial Holding Group, the Bank utilizes the transition ratings and relevant indicator results of high-carbon industries as a reference for internal risk management and engagement planning to review the exposure structure of high-carbon industries and establish engagement priorities. For investment and financing targets with ratings of C or D, the Bank prioritizes their inclusion in the climate engagement list. By strengthening the collection of self-assessment questionnaires on sustainable economic activities, the Bank encourages enterprises to enhance the completeness of GHG inventories and information disclosure, while promoting the formulation of specific climate transition plans and carbon reduction targets. Regarding those with ratings of A or B, the Bank uses transition finance needs as the entry point for communication, supporting enterprises in advancing the adoption of low-carbon technologies and equipment upgrades.

Major Climate Disaster Response Measures and Business Continuity Mechanisms

To reduce the impact of extreme weather and major disasters, the Bank has established the Business Crisis Response Measures and Operational Continuity Management and Major Disaster Response Guidelines, ensuring a comprehensive response and business continuity system for swift action and operational stability.
Annual Business Impact Analysis (BIA) and Risk Assessment (RA) evaluate disruption impacts and mitigation plans. Regular training and on-site drills enhance staff readiness and inform improvements. The Bank will continue strengthening its response capabilities to improve resilience and support sustainable development.
Clear protocols for pre-disaster prevention, emergency response, damage assessment, reporting, and recovery minimize facility damage and operational disruptions, maintaining stable operations.

Pre-Disaster Measures

For forecastable events (e.g., typhoons, heavy rain), the Bank activates disaster response procedures based on weather alerts and completes pre-disaster checklists.

For sudden events (e.g., earthquakes), preventive measures are reinforced during normal operations to reduce impact.

Emergency Response

During disasters, the Bank implements phased responses, including flood control, personnel evacuation, equipment shutdowns, and damage monitoring to protect staff and assets.

Damage Assessment and Reporting

Post-disaster, each unit inspects equipment, completes post-disaster checklists, and reports via internal and regulatory channels to enable timely response.

Recovery and Restoration

Departments assess damage and arrange repairs to restore operations promptly and enhance recovery capacity.

Establishment of Climate Risk Management at the Hong Kong Branch

As the Bank actively expands its overseas operations, ensuring that overseas locations simultaneously implement climate risk governance remains a critical aspect of governance capacity building.The Hong Kong Branch of the Bank commenced operations in July 2025. During the initial stage of its establishment, the Hong Kong Branch of the Bank engaged professional consultants to conduct a gap analysis in accordance with the requirements of the Hong Kong Monetary Authority (HKMA) Supervisory Policy Manual (SPM) GS-1 “Climate Risk Management,” thereby establishing a climate risk management framework compliant with local regulatory standards.
The scope of this implementation encompasses climate risk identification and measurement methodologies, customer KYC questionnaire templates, climate risk stress testing, and carbon emission calculation methodologies. These elements are integrated with the Bank’s existing management mechanisms to ensure that climate risk governance standards are consistently extended to overseas operating units, thereby enhancing overall climate risk management capabilities and governance consistency.

4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio

Purpose of Analysis

To grasp the potential impact of climate change on the Bank's asset positions, the Bank conducts climate scenario analysis in accordance with the requirements of the "Climate Change Scenario Analysis Planning for Domestic Banks" (hereinafter referred to as the "Scenario Analysis Planning") issued by the competent authority. Considering domestic transition conditions and climate risk levels, the Bank has established stress scenarios across two distinct time scales—long-term and short-term—to facilitate subsequent climate scenario analysis. Within this framework, long-term scenarios account for climate change time scales and banking business cycles, primarily focusing on 2030 and 2050, while short-term scenarios utilize climate events occurring within the next year as the assessment scale.

Long-term Scenarios

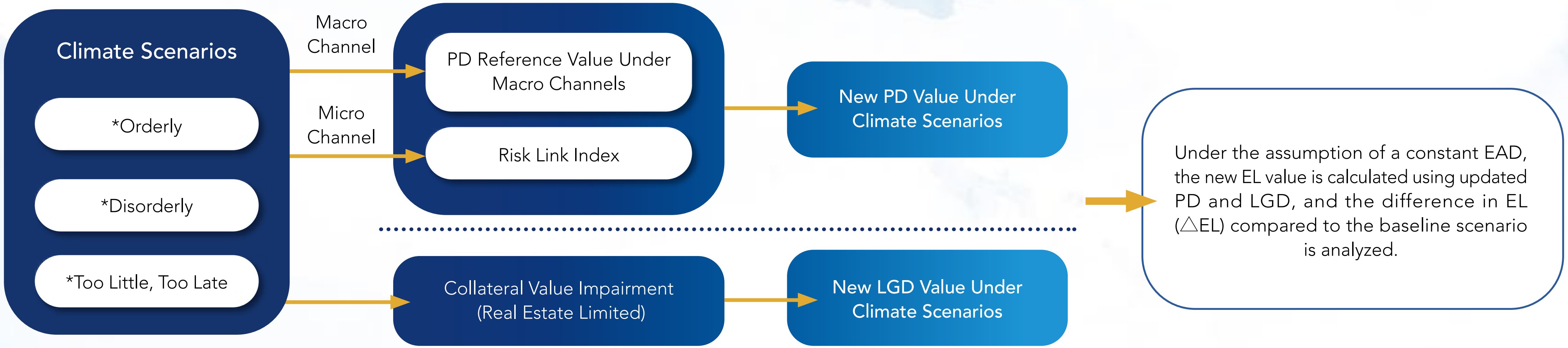
The scope of analysis covers four categories of investment and financing assets: domestic-corporate lending, domestic-retail lending, overseas-lending, and banking book investments. Based on various long-term stress scenario assumptions and corresponding numerical factors, the Bank evaluates the impact values of climate change on individual entities.

Climate Scenarios	Orderly	Disorderly	Too Little, Too Late
NGFS Scenario	Net Zero 2050	Delay Transition	Fragmented World
IPCC AR6 Scenario	SSP 1-1.9	SSP 1-2.6	SSP 2-4.5
The Description of Scenario Assumption	Implementing timely and gradual transition policies now to achieve net-zero emissions by 2050.	Continuing current policies with more stringent climate actions only starting around 2030. The transition is delayed or faces greater implementation challenges, though it still seeks to limit global warming to below 2°C by the end of the century.	Significant delays in climate action lead to heightened transition and physical risks. Due to the late start, emissions targets are not met, resulting in more severe global warming outcomes.
Expected Temperature Rise by the End of This Century	1.4°C	1.7°C	2.3°C
Transition Risk[Note]	Medium Risk	High Risk[Note]	High Risk[Note]
Physical Risk[Note]	Low Risk	Medium Risk	High Risk[Note]

Source: The Bank compiled the information according to Domestic Bank's Climate Change Scenario Analysis Conduction Plan, NGFS Scenarios for central banks and supervisors.

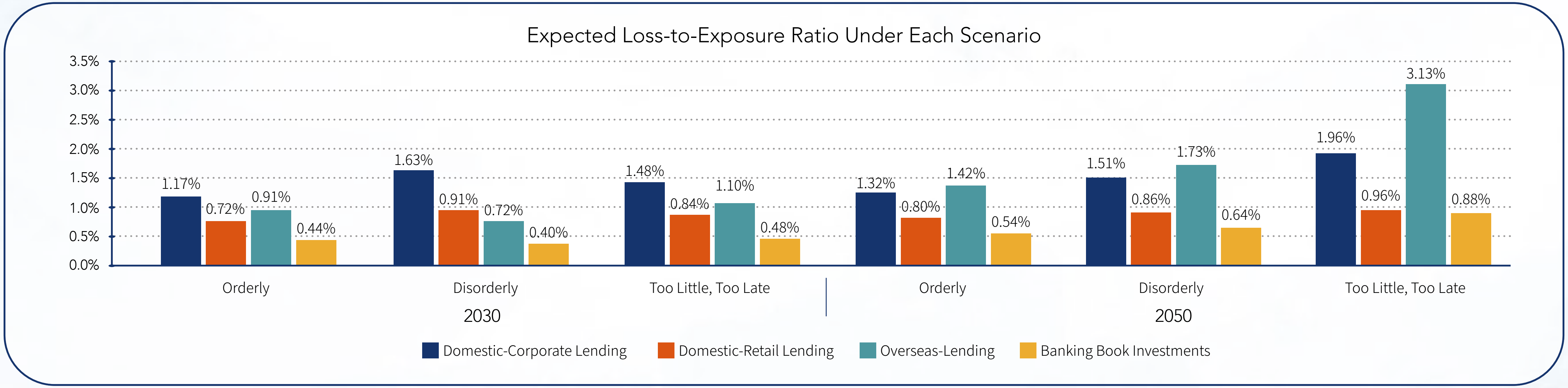
Notes: This analysis is based on climate scenario data provided by the NGFS and assesses the relative levels of physical and transition risks under three climate scenarios. The disorderly transition scenario reflects high transition risk due to delayed early action, requiring rapid policy shifts that disrupt industrial structures and financial markets, increasing uncertainty around economic adaptation. The Too Little, Too Late scenario is also high risk, driven by postponed and fragmented policy implementation, which amplifies transition pressures across sectors and regions. Continued emissions growth further elevates physical risks, making overall risk exposure more complex and less predictable.

Analysis Process



Financial Quantitative Analysis

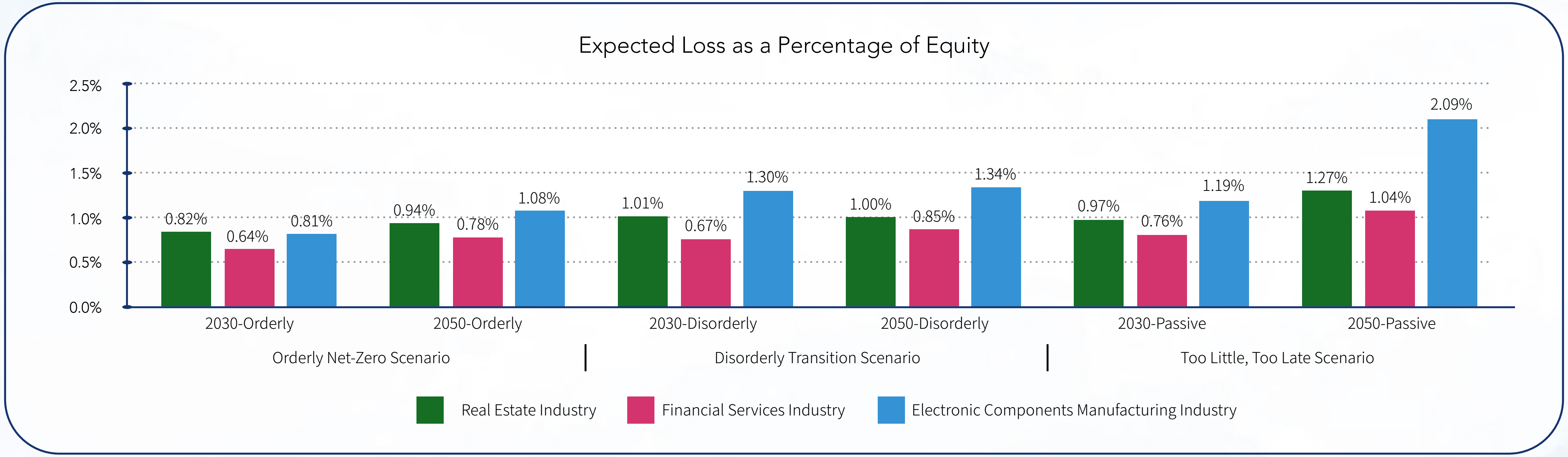
The analysis indicates that, across various scenarios in 2030, domestic-corporate lending exhibits the highest expected loss-to-exposure ratio, highlighting them as priority areas for mid-term climate risk management. As time progresses and transition scenarios become more stringent, asset loss risks driven by climate change are projected to increase. By 2050, under the Too Little, Too Late scenario, the expected loss-to-exposure ratio will be most significant for overseas-lending exposures, followed by domestic-corporate lending exposures. Overall, a failure or significant delay in global transition efforts would elevate risk levels and financial loss pressures across the Bank's asset portfolios. To mitigate long-term impacts, the Bank will continue to monitor high-risk exposures under various climate scenarios, integrate climate risk considerations into investment and lending decision-making processes, and actively manage asset portfolios that may be affected by climate-related impacts.



Notes: Due to methodological assumptions and parameter settings based on different risk scenarios, the projected values are subject to uncertainty—especially for long-term scenarios, which cover extended time horizons. As such, the estimated expected losses under each scenario may not reflect actual future outcomes. Caution should be exercised when using or interpreting the analysis results, with full consideration of their limitations.

Analysis of Industries with High Credit Concentration

Based on industry classifications announced by the Directorate-General of Budget, Accounting and Statistics, the Bank identified the top three industries with credit concentrations exceeding 8%: Electricity and Gas Supply,Financial Services (Excluding Financial Institutions),Real Estate. The Bank assesses the impacts of physical and transition risks on these high concentration sectors, calculating the expected loss (EL) as a percentage of equity under various climate scenarios as detailed below:



Notes: The analysis methodology involves assumptions and parameters estimated under different risk scenarios. Due to the long-time horizons assessed in the long-term scenarios, the expected loss estimates carry inherent uncertainties and do not represent actual future outcomes. Users should be aware of these limitations when interpreting and using the results. Additionally, the Scenario Analysis Operational Plan applies higher stress intensities to account for climate impacts on real estate collateral and the construction industry, resulting in relatively higher EL for the real estate sector.

Short-term Scenario

The short-term analysis focuses on domestic credit and investment exposures, evaluating the potential financial impacts from climate-related physical and transition risk events within the near future.

Physical Risk Scenario Calibrated Intensity Case

This scenario assumes a temperature rise of 2°C and the recurrence—within the next year—of an extreme weather event more severe than Typhoon Morakot. The analysis assesses potential impacts from severe flooding and landslides, reflecting heightened physical risk.

Transition Risk Scenario

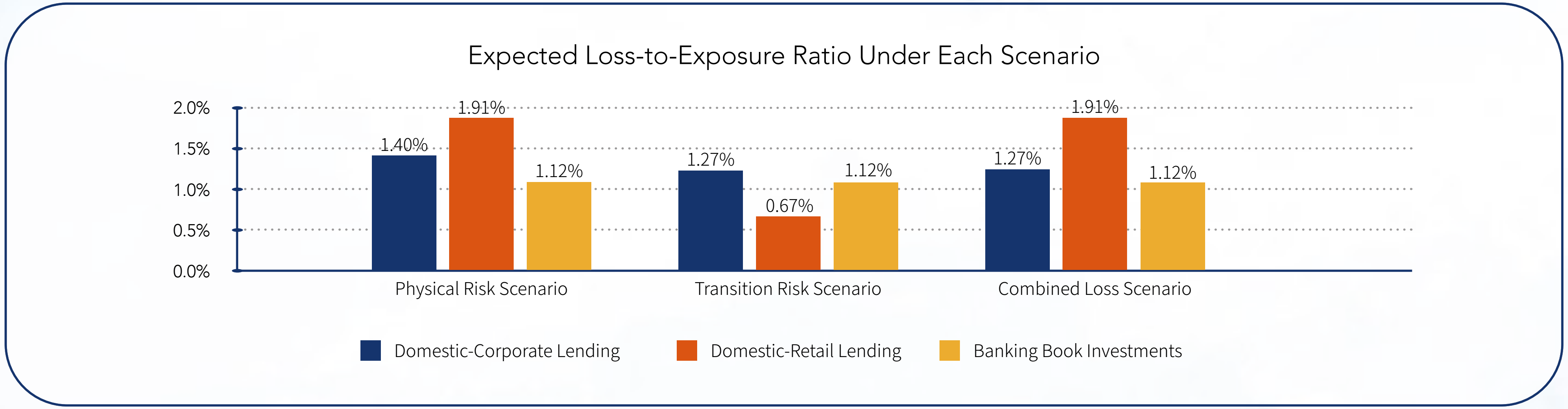
This scenario examines the potential financial implications of a more stringent domestic carbon fee regime. Based on current emission intensity across industries and projected carbon pricing in Taiwan, it assumes full economy-wide coverage and a uniform carbon fee applied to all domestic enterprises. The analysis estimates the resulting one-year financial impact.

Combined Loss Scenario

Considers the joint impact of both physical and transition risks occurring simultaneously, estimating overall potential losses.

Financial Quantitative Analysis

Analysis results indicate that under the occurrence of extreme weather events (physical risk scenarios), the ratio of expected loss to exposure for the domestic-retail lending is the highest. If collateral such as residential real estate encounters flooding disasters, leading to a significant impairment in market value, it will weaken the financial stability and willingness to repay of borrowers, thereby increasing default risk and exerting a significant impact on customers' debt-servicing capacity; this constitutes a potential risk position that the Bank should prioritize in the short term. Under transition risk scenarios, should sudden policy implementation or rising carbon prices cause significant fluctuations in energy prices in the future, the sensitivity of domestic-corporate lending to the impact of transition policies is higher than that of other portfolios. Overall, when comprehensively considering both physical and transition climate impacts within the next year, potential risks still exist in the domestic-retail lending and domestic-corporat lending. The Bank will continue to strengthen short-term climate risk early warnings and conduct rolling reviews of high-exposure targets to enhance asset quality and risk management response capabilities.



Note: As the methodology of the analysis involves certain assumptions, and the relevant parameter settings are estimated values under different risk scenarios, the expected loss situations calculated for each scenario are subject to uncertainty and do not represent actual future impacts; accordingly, attention should be paid to the limitations in the use and interpretation of the analysis results.

Resilience Assessment and Response Strategies

To ensure that the business strategies formulated by the Bank are adequately prepared for the impacts of various potential climate scenarios, the Bank conducts quantitative climate risk analysis in accordance with scenario analysis operational planning and establishes risk indicators for various assets to assess the climate resilience of the current asset portfolio. Through this monitoring mechanism, the Bank effectively ensures the controllability of financial impacts on the asset portfolio under different climate scenarios and evaluates the extent of their impact on the Bank's finances.

The Bank's resilience validation primarily assesses the impact of additional expected losses under climate scenarios on existing risk tolerance and examines whether the recognized allowance for uncollectible accounts and own capital are sufficient to absorb relevant losses. Among these, own capital is evaluated based on the average level over the past five years to mitigate the impact of financial volatility in a single year, thereby more accurately reflecting the Bank's overall capital endurance. For instance, the Bank performs climate scenario analysis based on the regulatory authority's scenario analysis operational planning to estimate expected losses under different climate scenarios, measuring these against the Bank's provisioned allowance for uncollectible accounts to evaluate the extent of the impact on the Bank's finances.

Upon reviewing the results of the Bank's 2025 scenario analysis, certain climate scenarios across all evaluated conditions exert a degree of pressure on profitability performance; however, the relevant impacts have not caused significant erosion of the Bank's own capital. The overall risk remains within the internally set resilience range, demonstrating that the Bank maintains a certain level of risk absorption capacity under climate stress scenarios. Consequently, the risk indicators for all asset positions fall within the "Good Resilience" range with no significant financial impact risks observed, indicating that the Bank's current business strategies and asset allocation possess robust climate resilience. The Bank will continue to monitor trends in climate risk, refine risk identification and early warning mechanisms, and adjust Risk Management practices in a timely manner to strengthen its ability to address future climate challenges.

Resilience Validation Mechanism and Differentiated Management Measures

By considering the characteristics of various assets, the Bank develops corresponding climate resilience validation indicators. Based on the assessment results, assets are categorized into three intervals—good resilience, moderate resilience, and weak resilience—with corresponding management actions established for each status.

KGI BANK

KGI Bank Climate Resilience Rating	Corresponding Management Action
Good Resilience	Maintain current business strategy while continuing routine monitoring and management.
Moderate Resilience	Asset-holding units are required to assess and explain the underlying risk drivers to relevant supervisors or risk management teams. If risks are identified as increasing, appropriate mitigation plans should be proposed.
Weak Resilience	Immediate improvements required. Suspend additional lending or consider restructuring for high-loss clients or sectors.

4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending

In recent years, extreme weather events have occurred frequently. To mitigate the impact of climate disasters on operations and business, the Bank has conducted flood risk scenario analyses for its operating sites, investment properties, and real estate collateral, quantifying the results to grasp the financial impact of climate change on business operations and asset values. Financial impact scenario analyses for each asset category based on business attributes and holding purposes are as follows:

- Owned Operating Sites: Repair costs for asset damage caused by flooding.
- Investment Properties: Impairment of real estate value.
- Corporate Banking Real Estate Collateral and Retail Banking Real Estate Collateral: Expected value of potential loss in collateral value.

Analysis Scope and Methodology

Assessment Scope

Operating Sites, Investment Properties, Real Estate Collaterals of Corporate Banking, Real Estate Collaterals of Retail Banking.

Scenario Selection

This assessment applies climate scenarios SSP1-2.6 and SSP5-8.5, as defined in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6, 2021). Scenario-based geographic flood risk data was obtained from the Integrated Climate Physical Risk Information Platform for Financial Institutions (see table below for definitions).

Risk Factor	Flood Risk (Climate Risk)
Hazard	Probability of flood hazards under varying climate severity and geographic conditions.
Vulnerability	Potential impact of flooding across municipalities and building types.

Risk Classification

According to the risk level mapping method announced by the JCIC at the briefing for cc, hazard and vulnerability are each divided into five risk levels. The physical risk level is comprehensively determined through a matrix mapping of hazard and vulnerability (Hazard × Vulnerability). Among these, Level 1 represents the relatively lowest risk, while Level 5 represents the highest risk level. Level 5 is defined by the Group as a high-risk area, and Level 4 is defined as an area of concern. Concurrently, the Bank considers the floor levels of sites and existing adaptation measures to adjust risk levels and flood probabilities accordingly. The adjustment mechanisms are as follows:

i. Adjustment Mechanism I: For sites and real estate located above specific floors, the risk level and flood probability are appropriately downgraded.
ii. Adjustment Mechanism II: After considering existing adaptation measures, the risk level and flood probability are appropriately downgraded. Relevant adaptation measures include sump pumps, sandbags, elevated flooring/waterproof gates, disaster prevention management mechanisms, Business Continuity Management (BCM), and flood/typhoon insurance.

Analysis Process

STEP 01 Data Collection

Collect site-specific address data and relevant information for each analysis target.

STEP 02 Climate Risk Rating Assessment

Utilize flood scenario map data from the Integrated Platform for Climate Physical Risk Information in the Financial Industry to extract flood probability and property devaluation metrics. Based on this data, risk scales for hazard and vulnerability were developed, and a climate risk rating was assigned to each asset. The SSP1-2.6 and SSP5-8.5 scenarios, grounded in independent assumptions, were used to simulate varying levels of future physical climate risk.

STEP 03 Impact Assessment

Analyze the distribution of asset values (including owned assets and collateral), credit exposure, and number of affected accounts by flood risk level. The analysis leverages internal financial impact models to quantify the potential loss resulting from flood-related events.

Financial Quantitative Analysis

Operating Sites

After inventorying its operating sites, the Bank conducted evaluations by comprehensively considering floor height, existing flood prevention equipment, and relevant adaptation measures. Under the 2050 SSP1-2.6 and SSP5-8.5 scenarios, the highest risk level for operating sites is Level 3, accounting for 3.57% of relevant sites, while most other sites fall under low risk. Further assessment of potential real estate repair costs shows they account for only approximately 0.0014% of the Bank's net profit before tax, indicating that the overall impact of physical risk remains limited. Furthermore, the Bank has established relevant systems such as the "Business Crisis Response Measures, Natural Disaster Prevention and Rescue Guidelines", and the "Operational Continuity Management and Major Disaster Response Operational Guidelines" and continues to review disaster prevention and adaptation measures at operating sites to enhance operational resilience and emergency response capabilities for business interruption risks in the face of extreme climate events.

Investment Properties

The Bank inventoried its held investment properties and conducted evaluations considering floor height and existing adaptation measures. The results indicate that under the 2050 SSP1-2.6 and SSP5-8.5 scenarios, although 4.35% fall under Level 5, most sites are concentrated in low-to-medium risk levels (Level 1-3). Under these extreme scenarios, the ratio of real estate value impairment loss to the total building value (market value) is 1.042%, and the overall risk remains within a controllable range. The Bank has also adopted relevant adaptation measures for investment properties in line with those for collateral and operating sites.

Real Estate Collateral for Lending

The financial impact values evaluated in this scenario analysis are based on the expected value of potential loss in the value of credit real estate collateral under specific flood scenarios, reflecting the potential impairment of collateral due to physical risks. The Bank's actual credit amount is usually only a portion of the collateral value, and the Loan-to-Value (LTV) ratio is generally lower than the total value of the collateral. Taking retail banking credit as an example, the average LTV ratio mostly ranges between 70% and 75%; for corporate banking, due to the diverse nature of collateral, the LTV ratio ranges from approximately 30% to 80%. Therefore, even if the scenario analysis indicates potential impairment of collateral value, it does not mean the Bank will directly bear the same amount of credit loss. Actual credit risk must still be comprehensively judged based on factors such as the borrower's repayment ability, default status, and whether the collateral is sufficient to cover the outstanding lending balance after disposal. Overall, the results of this analysis are primarily used to assess the sensitivity of collateral value to climate physical risks, serving as a reference for the Bank to identify and manage the climate risk of credit assets.

Corporate Banking

The Bank inventoried the locations and building types of corporate banking real estate collateral and conducted differentiated evaluations considering floor height. The analysis results show that under the SSP1-2.6 and SSP5-8.5 scenarios, 7.26% and 7.25% of exposures, respectively, fall into the highest risk level (Level 5). However, in terms of overall financial impact, the ratio of collateral devaluation to total property value is only 2.60% and 2.58%, respectively. This indicates that while high-risk collateral accounts for a certain proportion, the potential impact on the overall collateral value is limited, and the overall risk remains within a reasonably controllable range.

Flooding Scenario Risk Level	SSP1-2.6		SSP5-8.5	
	Collateral Devaluation (% of Property Value)	Exposure Ratio	Collateral Devaluation (% of Property Value)	Exposure Ratio
Level 1	0.00%	13.98%	0.00%	13.98%
Level 2	0.38%	37.55%	0.49%	45.24%
Level 3	1.07%	25.87%	0.74%	18.61%
Level 4	2.14%	15.34%	2.18%	14.92%
Level 5	2.60%	7.26%	2.58%	7.25%

Retail Banking

The Bank inventoried retail banking credit real estate collateral and incorporated factors such as floor height into the evaluation. The analysis results show that under the SSP1-2.6 and SSP5-8.5 scenarios, 4.01% and 4.33% of exposures, respectively, fall into the highest risk level (Level 5). However, in terms of overall financial impact, the ratio of collateral devaluation to total property value is only 1.26% and 1.42%, respectively. This indicates that while high-risk collateral accounts for a certain proportion, the potential impact on the overall collateral value is limited, and the overall risk remains within a reasonably controllable range.

Flooding Scenario Risk Level	SSP1-2.6		SSP5-8.5	
	Collateral Devaluation (% of Property Value)	Exposure Ratio	Collateral Devaluation (% of Property Value)	Exposure Ratio
Level 1	0.00%	15.75%	0.00%	15.75%
Level 2	0.12%	25.24%	0.12%	25.00%
Level 3	0.29%	45.43%	0.26%	44.06%
Level 4	0.75%	9.57%	0.87%	10.86%
Level 5	1.26%	4.01%	1.42%	4.33%

Kecheng Iron Bridge, Yuli, Hualien

05

Nature Risk Analysis

5.1 The Nature Sensitivity Analysis of the Investment and Financing Portfolio

Corporate operating activities are built upon the foundation of natural capital. Natural capital includes stocks of resources in the natural environment such as land, water resources, air, soil, minerals, and biodiversity, which support economic activities through ecosystem services. Two fundamental relationships exist between enterprises and nature: dependency and impact. Dependency refers to corporate operations relying on ecosystem services provided by the natural environment—for example, the manufacturing industry requires clean water for processes, the agricultural industry requires pollination services to maintain crop yields, and the power industry requires stable water volumes to drive hydropower. Impact refers to changes caused by corporate operating activities to the natural environment—for example, wastewater discharge leading to water pollution, land development leading to habitat fragmentation, and excessive resource consumption accelerating ecological degradation. Dependency and impact are not independent but are intertwined to form nature-related risks and opportunities.

When the ecosystem services on which an enterprise highly depends undergo degradation, it will directly affect operating costs and supply stability, constituting physical risks. When an enterprise's negative impact on nature triggers regulatory restrictions or shifts in market preferences, it constitutes transition risks. For the Bank, the aforementioned risks are indirectly transmitted through investment and financing relationships. When credit subjects face operational disruptions, rising costs, or regulatory penalties due to the degradation of natural capital, these may translate into the Bank's credit risk, asset impairment, or reputational risk. Conversely, actively developing nature-friendly financial products and transition finance can also create emerging business opportunities for the Bank.

1 Natural Capital

Land | Water | Air | Soil | Minerals | Biodiversity

2 Ecosystem Services

Provisioning Services | Regulating Services | Cultural Services | Supporting Services

3A Investment and Financing Risks

Transmitted Through Counterparties

- Corporate Credit Risk
- Reputational Risk
- Investment Portfolio Risk

Nature-related risks are transmitted to the Bank through the dependencies and impacts of counterparties on natural capital.

3B Direct Operational Risks

Direct Impacts

- Branches,Public Facilities,Buildings,Data Centers
- Investment Properties
- Suppliers

The Bank's operations are directly affected by nature-related issues.

4 Impacts of Nature-related Risks and Opportunities on Financial Institutions

Physical Risks: As natural resources diminish,biodiversity is lost, and ecosystem services degrade,counterparties' operating conditions may be adversely affected, leading to an increase in credit risk and asset impairment risk.

Transition Risks: As national policies, regulations, and market preferences evolve, counterparties may incur additional compliance costs and face financing restrictions.

Opportunities: Nature-related business opportunities, green finance products, and enhanced brand value and reputation.

5 Bank Management Actions

Governance Framework | Risk and Opportunitie Management | Metrics and Targets
Information Disclosure and Stakeholder Communication

As global regulatory trends increasingly incorporate nature-related risks into disclosure requirements for financial institutions, the TNFD released its final framework in September 2023 and introduced the LEAP approach as the core methodology for nature-related assessment. The definitions of each phase and the Bank's implementation practices are presented in the table below.

	Locate	Evaluate	Assess	Prepare
Methodological Note	Identify business activities and geographic locations across the value chain that are highly relevant to nature and define the scope for subsequent analysis.	Analyze the extent of dependencies and impacts on nature and identify nature-related factors that may give rise to financial risks.	Translate dependencies and impacts into specific risk and opportunity scenarios and assess their potential financial implications for the organization.	Based on the assessment results, develop response strategies and management measures and integrate nature-related issues into governance and management processes.
Implementation by the Bank	Following the list of priority sectors recommended in the TNFD Additional Guidance for Financial Institutions as the starting point for nature-related sensitivity assessments, the Bank concurrently utilizes the ENCORE tool to conduct quantitative assessments of the dependencies and impacts of various industries on natural capital. By integrating the ranking of current-year investment and financing exposure balances, the Bank has established an Industry Nature Impact Matrix to identify counterparties with concentrated exposure and high nature sensitivity as priority targets for further assessment.	The Bank collects location information for its domestic operating sites, investment properties, key suppliers, and the major investment targets and credit clients identified in the previous section. Using nature-sensitive maps for geographic overlay analysis, the Bank identifies sites located within or adjacent to ecologically sensitive areas. Concurrently, the Bank leverages ESRI satellite imagery to support the assessment of potential ecological impacts.	Integrating the results of the Industry Nature Impact Matrix and geographic overlay analysis, the Bank identifies the dependency and impact characteristics of highly nature-sensitive industries. Based on these findings, the Bank evaluates physical risks (such as the impact of the degradation of water-related ecosystem services on counterparties' operating conditions) and transition risks (such as the impact of strengthening nature conservation regulations on credit quality).	Based on the assessment results, the Bank is developing a Nature-Sensitive Industry List to serve as a reference for future credit reviews and investment decisions.

The Bank's core business activities are investment and financing. The dependencies and impacts on nature associated with the industries in which its investment and financing counterparties operate may indirectly give rise to the Bank's nature-related risk exposure. Therefore, the first step in the Bank's nature-related risk assessment is to evaluate the level of dependencies and impacts associated with the industries represented in its investment and financing portfolio. By combining these results with the Bank's exposure to each industry, industries exhibiting both high levels of nature dependency and impact, as well as significant exposure concentration, are identified as priority sectors for further assessment, corresponding to the Locate phase of the LEAP approach.

Description of Analysis Scope and Methodology

Analysis Scope

Investment targets and borrowers.

Analysis Methodology

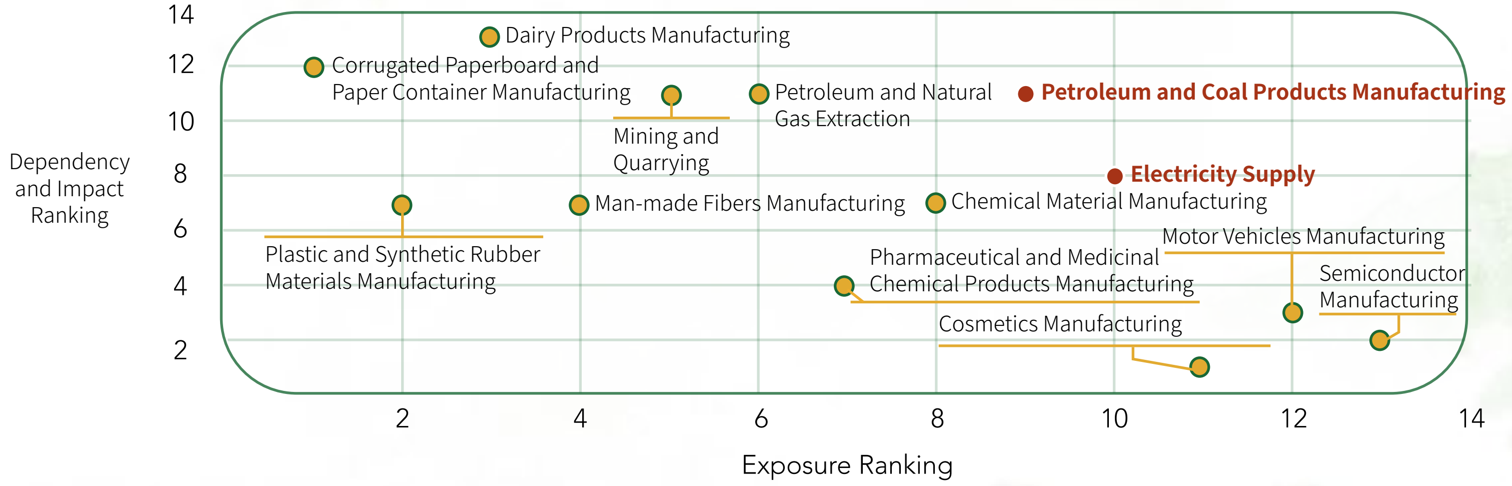
The Bank follows the list of priority sectors recommended in the TNFD Additional Guidance for Financial Institutions as the starting point for nature sensitivity assessment and identifies industries with a high degree of relevance to natural capital. At the industry level, the Bank utilizes the internationally recognized ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool to conduct a systematic and quantitative assessment of each industry's dependencies and impacts on natural capital. The Bank further incorporates the ranking of investment and financing exposure balances as of year-end 2025 to establish an Industry Nature-related Risk Scoring Matrix. By combining industry risk scores with exposure concentration, the Bank identifies counterparties with high nature sensitivity and concentrated exposure as priority targets for further assessment.

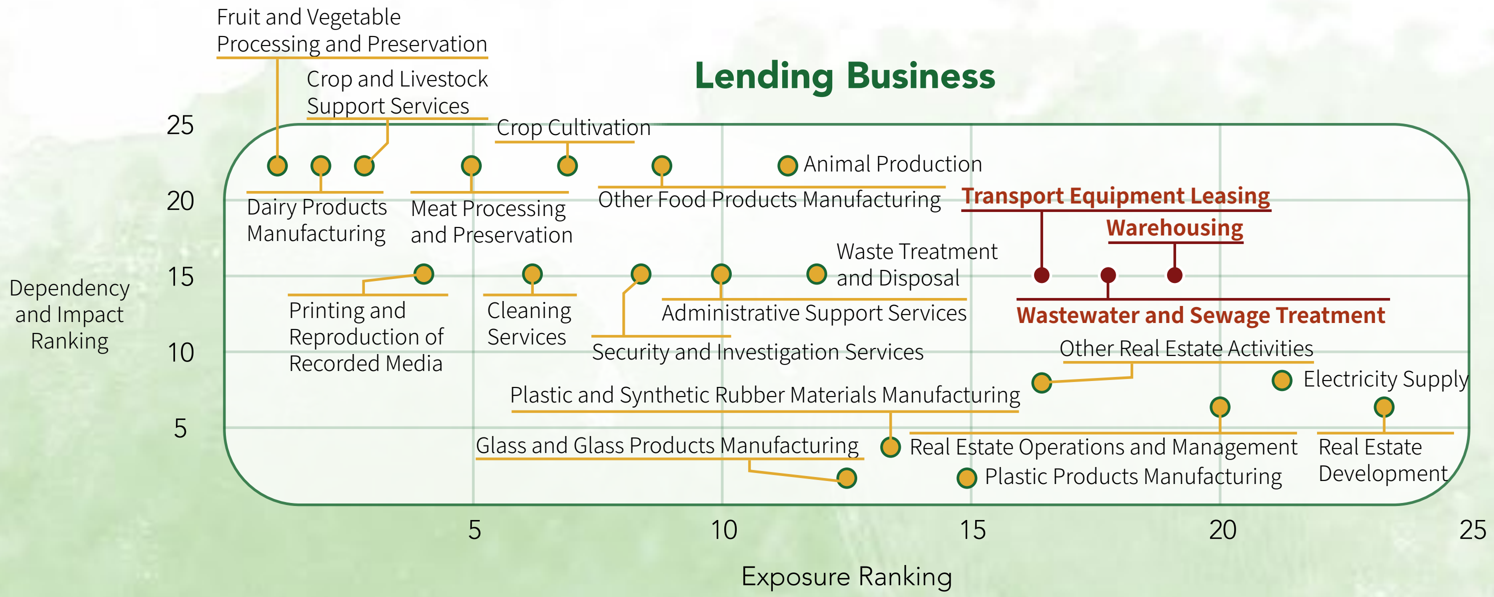
Analysis Results

- Investment business: Focus on targets in the petroleum and coal product manufacturing industry and the electricity supply industry.
- Lending business: Focus on targets in the warehousing industry, wastewater and sewage treatment industry, and transport equipment leasing industry.

As a next step, for counterparties within the priority investment and financing sectors identified above, the Bank applies four screening indicators—carbon emissions, water consumption, energy use, and exposure balance. Counterparties meeting the screening criteria are designated as the Bank's important investment targets and borrowers for subsequent geographic overlay analysis.

Investment Business





5.2 Nature Risk Assessment and Response

In addition to the Industry Nature Impact Matrix analysis conducted for the Bank's investment and lending businesses, the Bank also incorporates its own operations into the scope of nature-related risk assessment, covering domestic operating sites, investment properties, and key suppliers.

Description of Analysis Scope and Methodology

Analysis Scope

Domestic operating sites, investment properties,key suppliers, key investment and credit counterparties.

Analysis Methodology

The Bank collected operating site information for the above analysis targets and utilized QGIS tools combined with nature-sensitive maps to conduct geographic overlay analysis, identifying whether sites are located within or adjacent to (within a 1-kilometer radius of) ecologically sensitive protected areas. For sites located within or adjacent to protected areas, ESRI satellite imagery was further utilized to support the assessment of the potential impacts of operating activities on the local ecological environment.

Selected Maps

To ensure the scientific rigor and local relevance of the analysis, the Bank selected representative spatial datasets, including Key Biodiversity Areas (KBAs), the World Database on Protected Areas (WDPA), biodiversity hotspots identified under the Taiwan Ecological Network (TEN), Important Bird and Biodiversity Areas (IBAs) in Taiwan, and Water Quality and Quantity Protection Areas.

Analysis Process

STEP 01 — Collection of Analysis Target Data

Focusing on high-sensitivity industries identified in Section 5.1, the Bank screens significant investment targets and borrowers, collecting addresses and latitude/longitude information for their domestic operating sites. Concurrently, the Bank gathers site information for its own domestic operating locations, investment properties, and key suppliers.

STEP 02 — Collection of Spatial Datasets for Risk Analysis

The Bank integrates five categories of nature-sensitive mapping data KBA, WDPA, Taiwan Ecological Network Biodiversity Hotspots, Important Bird Areas in Taiwan, and Water source quality and quantity protection areas) along with ESRI satellite imagery.

STEP 03 — Geospatial Analysis

Utilizing QGIS for overlay analysis, the Bank identifies whether sites are located within or adjacent to (within a 1-kilometer radius) ecologically sensitive protected areas. Furthermore, the Bank leverages ESRI data to assist in assessing the potential impacts of operational activities on the local ecology.

Nature Risk Map Analysis Results

Domestic Operating Sites and Investment Properties

	KBA	WDPA	Biodiversity Hotspots	Important Bird Areas in Taiwan	Water Protection Areas
Within Protection Areas	1.59%	0%	0%	1.59%	6.35%
Near Protection Areas	1.59%	0%	0%	1.59%	0%
Not near Protected Area	96.82%	100%	100%	96.82%	93.65%

Some of the Bank's domestic operating sites show geographic overlap with nature-sensitive spatial datasets, such as KBAs and Important Bird Areas in Taiwan. However, based onESRI data analysis and manual on-site inspections, the overlapping sites are mostly located in highly developed areas, such as urban commercial districts or community settlements. Furthermore, as the Bank's operational nature is primarily financial services, the direct impact on the natural environment is relatively limited. Additionally, some sites are located within Water Quality and Quantity Protection Areas, mainly distributed in the Hsinchu Science Park and Hsinchu Industrial Park, overlapping with the Touqian River protection area. Considering that these parks are government-regulated industrial clusters, operating units must comply with environmental protection regulations and undergo strict monitoring and management, including discharge permits, wastewater treatment, and water source protection. Therefore, although the geographic locations overlap with protected area maps, under the current system, the potential impacts on water quality and quantity remain within a controllable range.

Key Suppliers

	KBA	WDPA	Biodiversity Hotspots	Important Bird Areas in Taiwan	Water Protection Areas
Within Protection Areas	0%	0%	0%	1.82%	7.27%
Near Protection Areas	3.64%	1.82%	0%	3.64%	0%
Not near Protected Area	96.36%	98.18%	100%	94.54%	92.73%

After investigating the locations of suppliers' operating sites,the Bank found that some supplier branch sites are adjacent to the Taipei Huajiang Bridge Protected Area. This area overlaps with a KBA, a WDPA-designated protected area, and an Important Bird Areas in Taiwan, indicating high ecological sensitivity. Further review using ESRI data determined that the relevant sites were identified as building footprints, and these sites are mostly commercial offices or service-oriented locations. The substantial impact of operating activities on the natural environment is low, and no significant negative impacts on the local ecology were identified. To strengthen the management of nature-related risks in the supply chain, the Bank has established the "Sustainable Supplier Management Guidelines," stipulating that suppliers should emphasize environmental protection and energy conservation, avoid causing significant negative impacts on the environment, and must not violate environmental regulations. Depending on the transaction status, the Bank may invite suppliers to sign the "Supplier Sustainability Responsibility Letter of Commitment" to jointly follow core principles such as labor rights protection, environmental maintenance, and Integrity Management. If a supplier violates the commitment (including but not limited to labor rights, environmental maintenance, and consumer protection) and causes substantial adverse impacts on the environment or society, the Bank may terminate or rescind the partnership. As of this analysis, no suppliers have been found to be involved in major environmental risks or regulatory violations.

Key Investment and Credit Counterparties

	KBA	WDPA	Biodiversity Hotspots	Important Bird Areas in Taiwan	Water Protection Areas
Within Protection Areas	4.67%	1.33%	6.67%	5.33%	7.33%
Near Protection Areas	4.67%	4.67%	4.67%	8.00%	2.67%
Not near Protected Area	90.66%	94.00%	88.66%	86.67%	90.00%

The Bank conducted geospatial overlay analysis on the operating sites of key investment and credit counterparties for the high-risk industries identified in the Industry Nature Impact Matrix in Section 5.1. The results show that the proportion of sites located within or adjacent to various protected areas ranges between 1.33% and 8.00%, which is higher than the proportion for the Bank's own operating sites and key suppliers. Although the identified industries (including petroleum and coal product manufacturing and electricity supply) themselves have a higher dependency on natural resources and a more significant impact on ecosystems, further review of the overlay results shows that the sites located within or adjacent to protected areas are primarily substations, hydropower plants, and drilling engineering management sites. These are related to power transmission and distribution, renewable energy generation, and engineering management activities, and their direct impact on surrounding natural habitats is relatively limited. In view of this, the Bank has adopted a multi-level evaluation for the high-exposure sites identified through the overlay. Concurrently, ESRI was used to analyze the landscape surrounding these sites to assess the possibility of operating activities harming local natural resources. The Bank also collected records of whether each site had been penalized by competent authorities according to environmental protection regulations within the past three years, tracking the subsequent improvement measures and implementation effectiveness of each borrower as a reference for risk assessment. The comprehensive evaluation results show that although the proportion of sites located within or adjacent to ecologically sensitive areas is relatively high, most of these sites are located in highly developed areas. Due to industry characteristics, they must follow strict government environmental monitoring and penalty mechanisms and are also subject to the attention of external civil society groups. Under current multi-level controls, the possibility of these sites causing significant irreversible impacts on the natural environment is relatively limited. Consequently, the nature-related risks derived by the Bank are currently within an acceptable range.

Measurement of Nature-Related Risks and Opportunities

In the Bank's investment and financing portfolio, industries with high nature sensitivity include petroleum and coal product manufacturing, electricity supply, warehousing, wastewater and sewage treatment, and transport equipment leasing. Their dependencies and impacts on natural capital include water resource supply, water purification, the discharge of toxic pollutants into soil and water bodies, and disturbances to biological habitats caused by activities such as noise and light pollution. Based these characteristics and the results of the geographic overlay analysis, the Bank evaluated potential nature-related risks and opportunities, summarized in the table below.

Nature-related Issues	Characteristics of Dependencies and Impacts	Physical Risk	Transition Risk	The Bank's Risk Assessment
Water Resources	Dependencies: Ecosystem services such as water supply and water purification. Impacts: Discharge of toxic pollutants into soil and water bodies.	Changes in water quantity or quality within Water Quality and Quantity Protection Areas, resulting from ecological degradation and climate change, affect the core production conditions of counterparties, thereby weakening their repayment capacity and indirectly impacting the Bank's credit quality.	The strengthening of water pollution control regulations has led to more stringent development controls, heightened environmental permit requirements, and escalating compliance costs, consequently triggering the tightening of financing conditions, asset impairment, or reputational risks.	Through overlay analysis, the Bank has identified that a limited number of operating sites of its investment and financing targets are located within or adjacent to Water Quality and Quantity Protection Areas. However, as the proportion remains low, the risks at this stage are within a monitorable range.
Biodiversity and Habitat	Impact: Disturbance to wildlife habitats resulting from intrusive activities such as noise and light pollution.	-	The intensification of development controls in ecologically sensitive areas and the tightening of habitat protection regulations may subject counterparties to operational constraints and environmental compliance pressures.	Based on overlay analysis, the Bank determined that the proportion of investment and financing counterparties' sites located within or adjacent to Key Biodiversity Areas (KBAs), Important Bird and Biodiversity Areas (IBAs), and biodiversity hotspots identified under the Taiwan Ecological Network (TEN) is relatively low. Consequently, current risks remain within an acceptable range.

Nature-related Issues	Potential Client Needs	Business Opportunities for the Bank
Water Resources	In response to risks related to water dependency and stricter water pollution controls, clients are expected to incur capital expenditures for improving water-use efficiency, developing alternative water sources, upgrading wastewater treatment, and constructing water recycling systems.	The Bank leverages existing Green Finance products and Sustainable Lending frameworks to develop water resource-related project financing.
Biodiversity and Habitats	In response to strengthened habitat protection regulations and development controls in ecologically sensitive areas, clients will require investments for improvements to site environmental management, low-impact manufacturing process adjustments, and ecological restoration.	The Bank expands nature-friendly project financing solutions to assist clients in mitigating exposure to habitat interference risks.

Overall, the Bank can combine existing Green Finance products and sustainable credit frameworks to further develop project financing solutions for nature-friendly investments, assisting customers in reducing nature risk exposure while expanding emerging business opportunities and strengthening the Bank's differentiated positioning in the sustainable finance market.

Strategic Response

Based on the results of the risk and opportunity assessments, the Bank will evaluate and formulate the following response strategies

1. Incorporate the results of nature-related risk assessments into existing ESG review processes. In accordance with the "Policy for Responsible Investment" and "Sustainable Lending Guidelines," the Bank has integrated ESG factors into investment assessments and lending decisions. Moving forward, the Bank will further evaluate the nature-related risk exposure of investment and financing targets located in or near ecologically sensitive protected areas to serve as a reference for decision-making.
2. Strengthen the routine tracking of environmental penalty information. For credit clients and investment targets located near water source quality and quantity protection areas, the Bank will regularly track government environmental monitoring and penalty information to determine whether penalties have been imposed by competent authorities for violations of environmental protection regulations. Furthermore, the Bank will incorporate the status of improvements into credit reviews and continuous investment monitoring.
3. Continuously refine nature-related risk analysis methodologies. The Bank will gradually expand the industrial and geographical scope of its analysis and explore feasible pathways to integrate analysis results into existing risk management mechanisms. These efforts aim to strengthen the Bank's long-term capabilities in identifying and responding to nature-related risks.

Taiwan Power Company Yantian Solar Power Plant

06

Metrics and Targets and Carbon Emission Management Results

KGI Financial passed SBTi target validation in March 2025. Using 2022 as the base year, the Bank committed to reducing Scope 1 and Scope 2 GHG emissions by 42% by 2030, with the long-term goal of achieving net zero across the full portfolio by 2045. Following the Group's carbon reduction pathway, the Bank has integrated GHG reduction targets into its operational management and continues to reduce its own operational carbon emissions. Regarding investment and financing, the Bank continues to leverage the PCAF methodology to quantify the carbon emissions of its investment and financing portfolio. This process identifies industries and counterparties with concentrated carbon emissions within the portfolio, thereby recognizing industries and enterprises with low-carbon transition potential. Through credit and investment decision-making, the Bank guides capital allocation toward a low-carbon economy. Concurrently, the Bank is gradually establishing nature-related indicators and integrating climate and nature risk management into a consistent assessment framework, advancing toward low-carbon and nature positive development.

6.1 Greenhouse Gas Emissions Metrics and Targets

Carbon Emission Target Setting	Baseline Year	Short-term Target	Mid-term Target	Long-term Target
Scope 1 and Scope 2 GHG Emissions	2022	In alignment with the Group-wide goal to achieve an annual reduction of 5.25% compared to the base year	42% reduction by 2030 in line with SBTi targets	Net-zero across the full portfolio by 2045
Scope 3 Financial Carbon Emissions	2022	By 2026 1. Reduce the Bank's financing and investment exposure to carbon-intensive industries to below 23%. 2. Achieve a 25% reduction in carbon intensity for Corporate Lending – Power Generation compared with the baseline year. 3. Achieve a 15% reduction in carbon intensity for Corporate Lending – Commercial Services compared with the baseline year. 4. Achieve a 28.3% reduction in carbon intensity for Commercial Real Estate Lending – Residential Buildings compared with the baseline year. 5. Achieve a 30% reduction in carbon intensity for Commercial Real Estate Lending – Commercial Buildings compared with the baseline year.	By 2029 1. Annually review the Bank's financing and investment exposure to carbon-intensive industries and achieve a year-on-year reduction of 0.5%–1.5%. 2. Achieve a 30%–50% reduction in carbon intensity for Corporate Lending – Power Generation compared with the baseline year. 3. Achieve a 20%–40% reduction in carbon intensity for Corporate Lending – Commercial Services compared with the baseline year. 4. Achieve a 30%–50% reduction in carbon intensity for Commercial Real Estate Lending – Residential Buildings compared with the baseline year. 5. Achieve a 35%–50% reduction in carbon intensity for Commercial Real Estate Lending – Commercial Buildings compared with the baseline year.	By 2034 1. Annually review the Bank's financing and investment exposure to carbon-intensive industries and achieve a year-on-year reduction of 0.5%–1.5%. 2. Achieve an 81.9% reduction in carbon intensity for Corporate Lending – Power Generation compared with the baseline year. 3. Achieve a 78.2% reduction in carbon intensity for Corporate Lending – Commercial Services compared with the baseline year. 4. Achieve a 70.2% reduction in carbon intensity for Commercial Real Estate Lending – Residential Buildings compared with the baseline year. 5. Achieve a 78.1% reduction in carbon intensity for Commercial Real Estate Lending – Commercial Buildings compared with the baseline year.

Operational Carbon Emissions Inventory

The Bank's GHG emissions from its own operations primarily stem from electricity consumption. The Bank conducts systematic and consistent GHG inventories in accordance with the standards and requirements of ISO 14064-1. By statistically analyzing and summarizing inventory results and undergoing third-party verification by PwC, the Bank obtained a Greenhouse Gas Verification Statement. The Bank utilizes this statement as a reference for formulating improvement plans and will continue to implement green measures, such as energy conservation and low-carbon initiatives, to fulfill its responsibility as a global citizen.

The Bank has established Scope 1 and Scope 2 GHG emission targets using 2022 as the base year, aiming for a 24% reduction in GHG emissions from its own operations by 2025.

Greenhouse Gas Emissions		2022 (Base Year)	2023	2024	2025
Category 1 (Scope 1)	GHG Emissions (Metric Tons CO_2e)	245.47	238.29	208.45	220.69
	GHG Emissions Intensity (Metric Tons CO_2e / NT$ Million)	0.02	0.02	0.01	0.01
Category 2 (Scope 2)	GHG Emissions (Metric Tons CO_2e)	6,397.13	5,759.06	5,130.10	4,806.80
	GHG Emissions Intensity (Metric Tons CO_2e / NT$ Million)	0.48	0.42	0.32	0.27
Categories 3 to 6 (Scope 3)	GHG Emissions (Metric Tons CO_2e)	2,032.81	2,210.35	1,842.20	2,017.95

Note:
1. Inventory Methodology: Based on ISO 14064-1:2018, the GHG Protocol – Corporate Accounting and Reporting Standard, and Taiwan EPA's GHG Inventory and Registration Guidelines. GWP values are derived from the 2021 IPCC AR6, and emission factors follow official announcements by Taiwan's Ministry of Environment.
2. GHG types covered: Carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3).
3. Electricity Emission Factors: 0.509 (2022), 0.495 (2023), 0.494 (2024), and 0.474 (2025) kg CO_2e/kWh.
4. Organizational Boundary: Defined by operational control and includes KGI Bank Co., Ltd.'s KGI Financial Headquarters, Zhonghe Office, Nangang Building, 51 branches nationwide, and the wholly owned subsidiaries CDIB Management Consulting Corporation, KGI Asset Management Co., Ltd., KGI Finance & Leasing Corporation, and CDIB International Leasing Corporation. Personnel and organizational boundaries exclude leased tenants. GHG emissions from areas jointly used by CDIB Management Consulting Corporation and KGI Asset Management Co., Ltd. are consolidated into KGI Bank's inventory. In 2025, the inventory boundary was expanded to include the wholly owned subsidiaries KGI Asset Management Co., Ltd. and CDIB International Leasing Corporation. Therefore, the organizational boundary is broader than that of the previous year, and year-on-year changes in GHG emissions include the impact of this boundary expansion and should not be directly compared with those of the previous year.
5. Scope 2 Emissions: Reported using the market-based method, all related to electricity usage from office buildings and business premises.
6. Scope 3–6 Coverage: Does not include indirect emissions from financed activities.

Financed Emissions Inventory of Investment and Lending Portfolios

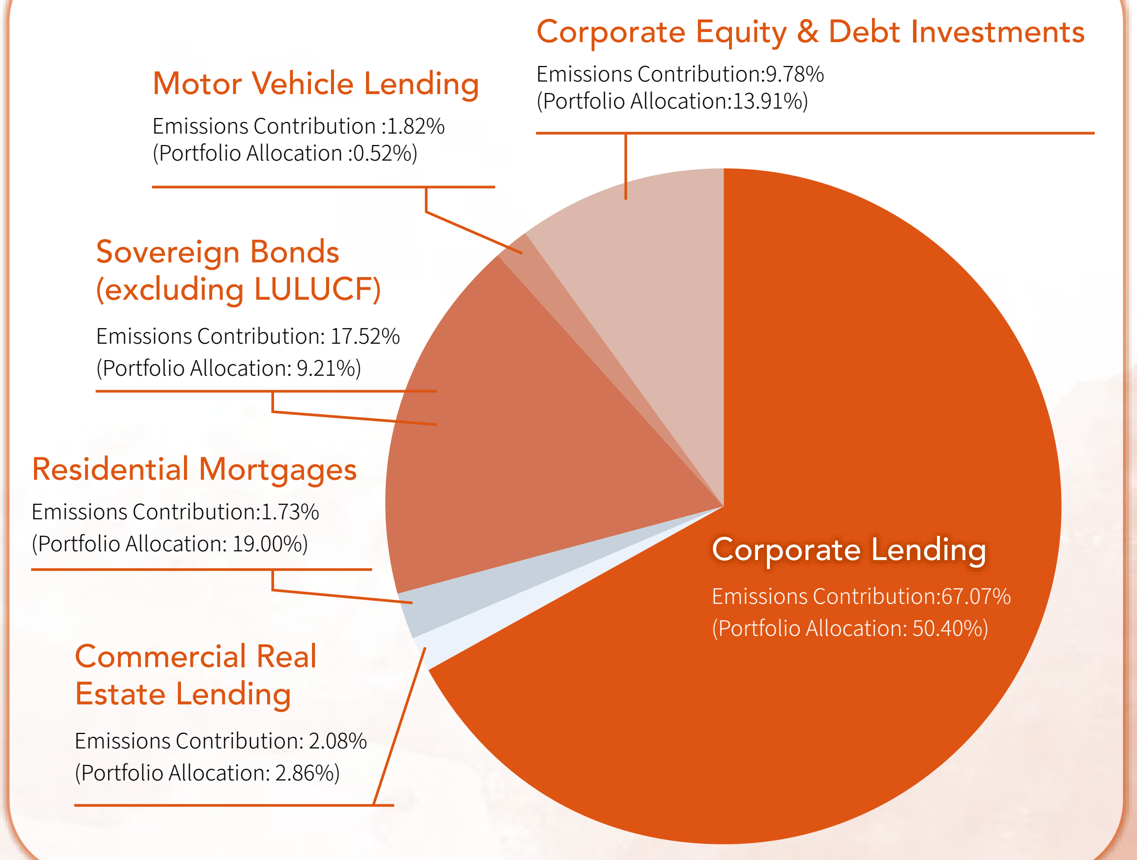
Referencing "The Global GHG Accounting and Reporting Standard for the Financial Industry" published by the PCAF and the TCFD recommendations, the Bank conducted an inventory of absolute GHG emissions and emission intensity for its investment and financing portfolios. The scope of the inventory covers asset classes including corporate equity, debt investment, corporate lending, project finance, commercial real estate lending, residential mortgages, sovereign bonds, and motor vehicle lending. Based on the inventory results, the Bank's investment and financing carbon emissions totaled 1,565,338 tCO2e, with a Carbon Footprint of 2.68 tCO2e per NT$1 million. Categorized by industry type, the top five carbon-emitting industries accounted for approximately 49.18% of the investment and financing portfolio's carbon emissions, namely: Electricity Supply; Wholesale of Machinery and Equipment; Ocean Water Transportation; Manufacture of Glass and Glass Products; and Wastewater and Sewage Treatment. Moving forward, the Bank will continue to conduct carbon emission inventories for its investment and financing portfolios to review carbon reduction targets and management strategies, thereby strengthening carbon management within these portfolios.

Financed GHG Emissions	2022 (baseline year)	2023	2024	2025
Emissions (tCO_2e)	1,307,273	1,130,606	1,287,604	1,565,338
Emissions Intensity (tCO_2e/million)	3.68	3.07	2.31	2.68

Note:
1. Financed emissions intensity (carbon footprint) = Total emissions / Assets in scope (tCO₂e per million of financing) Financed emissions intensity (carbon footprint) = Total emissions / Assets in scope (tCO₂e per million of financing).
2. Reported emissions exclude avoided emissions. The figures in the table above reflect financed emissions calculated based on the Scope 1 and Scope 2 carbon emissions of investees and borrowers.
3. The increase in 2024 emissions compared to 2023 reflects the expansion of the inventory boundary to include residential mortgages and sovereign bonds (excluding LULUCF).
4. Financed emissions and emission intensity for 2025 increased compared to the prior year, primarily due to organizational boundary adjustments resulting from the inclusion of additional subsidiaries and the inclusion of motor vehicle lending in the inventory scope, which expanded the inventory boundary. In addition, the Bank regularly updates sector-specific emission factors, and annual emissions are also affected by updates to these emission factors. Accordingly, this year's figures reflect changes in the organizational boundary, inventory scope, and emission factors, and therefore should not be directly compared with those of the previous year.

The Bank's financed emissions inventory by asset class indicates that corporate lending accounted for the largest share at 67.07%, followed by sovereign bonds (excluding LULUCF) at 17.52%, with the remainder comprising corporate equity & debt investments at 9.78%, commercial real estate lending at 2.08%, motor vehicle lending at 1.82%, and residential mortgages at 1.73%. By industry type, the top five carbon-emitting sectors account for approximately 49.18% of emissions across the investment and lending portfolio —electricity supply, machinery and equipment wholesale, ocean freight transport, glass and glass product manufacturing, and wastewater and sewage treatment. These sectors will be prioritized for engagement and portfolio adjustment. In addition to prioritizing the management of the top five carbon-emitting industries, the Bank will also review industries and asset classes with higher carbon footprints, working toward lower emissions and lower carbon intensity.

GHG Emissions Allocation by Asset Class



Industry	Emissions Contribution	GHG Emission Intensity (tCO_2e / NT$ Million)
Electricity Supply	29.93%	41.23
Machinery And Equipment Wholesale	6.79%	5.70
Ocean Freight Transportation	4.28%	31.90
Glass And Glass Product Manufacturing	4.15%	19.88
Wastewater And Sewage Treatment	4.03%	14.68

Note: The calculation of financed emissions by industry excludes sovereign bonds, residential mortgages, and motor vehicle lending.

Industry	Emissions Contribution	GHG Emission Intensity (tCO_2e / NT$ Million)
Taiwan	61.19%	2.42
Americas	34.47%	4.38
Europe	3.76%	1.75
Asia-Pacific	0.58%	0.53

Note: The calculation of financed emissions by region excludes motor vehicle lending and supranational bonds.

6.2 Green Operation Management Metrics and Targets

Regarding green operations management, in 2025, the Bank collaborated with KGI Financial to procure renewable electricity and was allocated approximately 1.62 million kWh of renewable electricity for use at the KGI Financial headquarters building. This procurement was executed through a Renewable Energy Purchase Agreement(PPA) model under a bundled Renewable Energy Certificates (RECs) system. Combined with approximately 40,000 kWh generated by solar panels at the Beimen Branch, the total renewable energy consumption reached approximately 1.66 million kWh. The Bank continues to implement reduction and energy-saving initiatives. In 2025, electricity consumption decreased by approximately 160,000 kWh compared to 2024, representing an electricity saving rate of approximately 1.38%. Furthermore, the procurement volume of photocopy paper decreased by 22% compared to the base year (2020). The Bank also actively promotes carbon reduction and energy conservation actions for other resource uses. Short-, medium-, and long-term goals have been established for the Bank's overall photocopy paper consumption and credit card e-statement usage rate to achieve resource cost savings and realize the objective of promoting environmental protection and green energy.

Resource Usage Metrics	2023 Usage	2024 Usage	2025 Usage
Copy paper consumption (10,000 sheets)	1,424	1,397	1,310
Credit card e-statement adoption rate (%)	55%	60%	67.29%
Renewable energy consumption (kWh)	680,000	1,330,000	1,660,000

Green Action Expenditures	2023 Expenditure (NTD)	2024 Expenditure (NTD)	2025 Expenditure (NTD)
Renewable Electricity Procurement Note1	$3,763,310	$7,680,994	$9,277,481
Green Procurement	$146,521,180	$337,824,867	$322,593,463
Energy-Efficient Equipment Replacement	$661,501	$1,830,657 Note2	$4,461,397
Renewable Energy Certificate Purchase	$0	$144,559	$118,906

Note 1: Renewable electricity procurement includes the electricity procured for the headquarters building by the Bank and its wholly owned subsidiary, KGI Asset Management Co., Ltd.

Note 2: The 2024 expenditure on energy-efficient equipment has been revised following a re-validation of the underlying data and therefore differs from the amount disclosed in the previous year's report.

Resource Use Targets	Baseline Year	Short-term Target / Year	Medium-term Target / Year	Long-term Target / Year
Reduction In Copy Paper Consumption (%)	2020	15% / 2026	20% / 2028	20% / 2031
Credit Card E-statement Adoption Rate (%)	-	70% / 2026	72% / 2028	74% / 2036

6.3 Green Investment and Financing Strategy Metrics and Targets

The Bank has established performance indicators based on its climate and nature-related risks and opportunities, incorporating them into its business strategy while taking proactive actions toward a low-carbon transition. To align with the net-zero carbon emission targets set by KGI Financial, the Bank manages the proportion of high-carbon industries within its total investment and financing portfolio to remain consistently below 24.5%. Meanwhile, the Bank continues to expand its green financing business, targeting an annual increase of at least 5% in its green credit balance. The performance results of these indicators for the year 2025 are presented in the table below:

Green Financing Indicator	2025 Performance
High-carbon Industries as a % of Total Investment and Lending	9.78%
Green Credit Annual Growth Rate	137.63%
Green Credit as a % of Total Corporate Credit Balance	10.85%
Sustainability-Linked Lending as a % of Total Corporate Credit	6.83%

KGI Financial has also committed to fully exiting investment and financing support for thermal coal-related industries and unconventional oil and gas industries by the end of 2040:

- By the end of 2030, the Bank will exit most direct investment (Note 1) and financing support (Note 2) for thermal coal and unconventional oil and gas-related industries in industrialized countries, such as member states of the European Union (EU) and the Organization for Economic Co-operation and Development (OECD).
- By the end of 2040, the Bank will fully exit investment and financing support for thermal coal and unconventional oil and gas-related industries globally (Note 3).

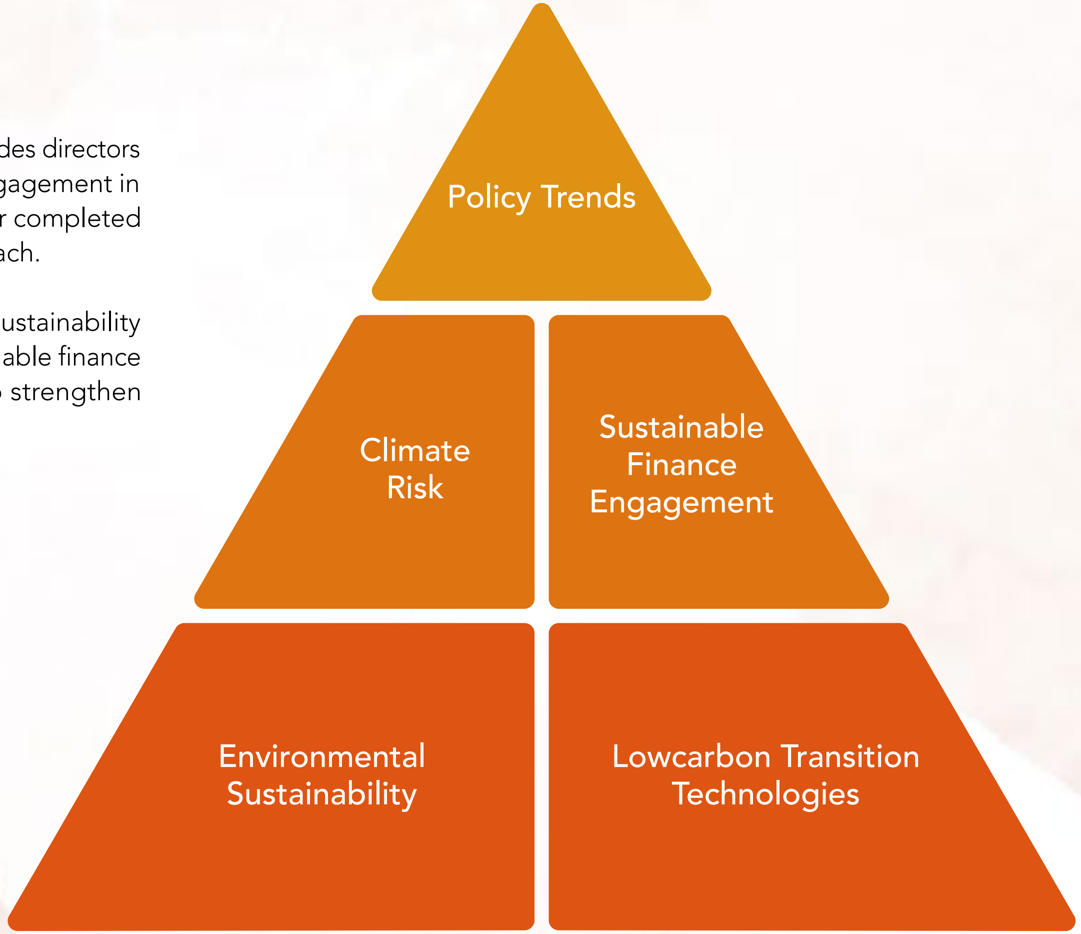
Note 1: Applies to investment and financing targets deriving more than 30% of their revenue or power generation from relevant sectors and that have not proposed a low-carbon transition plan aligned with the goals of the Paris Agreement.
Note 2: “Direct investment” refers to equity investments in investees in which the Bank holds more than 10% of the common shares. “Direct financing” refers to the direct provision of funds to enterprises or institutional entities with financing needs, including the extension of loans and the purchase of corporate bonds in the primary market representing more than 10% of a single bond issuance.
Note 3: Applies to investment and financing targets deriving more than 5% of their revenue or power generation from relevant sectors and that have not proposed a low-carbon transition plan aligned with the goals of the Paris Agreement.

6.4 Corporate Governance Metrics and Targets

Board and Employee Climate Risk Governance

The Board, as the ultimate oversight body, closely monitors management's sustainability strategy. The Bank provides directors with diverse continuing education programs and regularly reviews the Board's and senior management's engagement in climate-related issues to enhance decision-making quality and oversight effectiveness. In 2025, each director completed at least three hours of ESG training, and employees averaged approximately three hours of ESG training each.

Recognizing the evolving nature of sustainability, the Bank will develop targeted training for employees on sustainability transformation topics. Planned modules include policy trends, climate risk, environmental sustainability, sustainable finance engagement, and low-carbon transition technologies, all linked to sector-specific sustainability issues to strengthen employees' understanding of sustainable finance.



Engagement Activities

Adhering to the spirit of the "Stewardship Principles for Institutional Investors," the Bank continuously conducts engagement with credit clients on various ESG issues through diverse channels, including site visits, telephone interviews, web conferences, participation in investor briefings, and collaborative engagement with multiple financial institutions, through its business units.

In 2025, the Bank completed a total of 254 engagements. The statistics categorized by issue are as follows: 86 instances for Environmental (E) issues, 22 for Social (S) issues, 52 for Governance (G) issues, and 94 for ESG cross-cutting issues. Environmental issues were one of the primary focuses of engagement this year, centering on aspects such as carbon emission management, decarbonization pathway planning, and energy efficiency of credit clients. This aligns with the Bank's strategic objective of incorporating climate and nature-related risks into credit management. ESG cross-cutting issues ranked highest among all categories with 94 instances, reflecting the Bank's adoption of cross-dimensional integrated engagement in response to the increasingly complex nature of corporate sustainability challenges. Looking ahead, the Bank will progressively establish an engagement effectiveness tracking mechanism to record the improvement commitments and implementation progress of key credit clients. Furthermore, the Bank will incorporate engagement results into its credit assessment criteria, thereby transforming engagement from a mere exchange of information into a tool that drives the substantive sustainability transition of credit clients.

The Bank actively leverages credit and engagement mechanisms to guide corporate clients in promoting low-carbon transition and sustainable investment. Representative engagement cases are summarized below

Case 1 Circular Transformation Engagement in the Textile Industry

Through sustainable finance, the Bank supports resource-intensive industries in upgrading circular technologies to improve resource efficiency and achieve carbon reduction benefits, responding to trends in net-zero transition and green manufacturing.

The Bank supports a large domestic textile enterprise in advancing its Circular Economy transformation by assisting in the establishment of a waste textile recycling system. By recycling waste fabrics and yarns and introducing recycling, treatment, and reprocessing technologies—including decolorization and regeneration processes—the enterprise converts waste into recycled raw materials and yarns. This initiative enhances resource circulation efficiency and reduces pollution and carbon emissions associated with waste treatment. Following an assessment, the operation of the existing system effectively reduces energy consumption and carbon emissions by approximately 50%, while also decreasing the use of virgin materials and waste generation. To further expand circular production capacity, the enterprise plans to add recycling and treatment equipment. After evaluating the transformation benefits, operational plans, and environmental impacts, the Bank provided financing for equipment upgrades, leveraged in conjunction with policy-based funds, to assist the enterprise in accelerating its circular economy initiatives and the implementation of Low-carbon transition goals.

Case 2 Energy Storage Infrastructure Engagement

Through engagement and climate- and sustainability-related financing and investment, the Bank supports the development of renewable energy and critical infrastructure, assisting industries in responding to climate change challenges and advancing their low-carbon transition.

Recognizing the demand for grid stability and dispatch capabilities driven by renewable energy development, the Bank supports a domestic corporate client's large-scale energy storage system project. This project involves the investment and construction of large-scale energy storage facilities in Southern Taiwan. By enhancing power dispatch flexibility and storage capacity, the project assists in improving Renewable Energy utilization efficiency and power supply stability, with a total investment scale of NT$2.8 billion. Based on the client's net-zero transition plans, project environmental benefits, and operational feasibility, the Bank provided mid-to-long-term equipment financing and collaborated with policy-based funds to assist the enterprise in promoting low-carbon energy infrastructure. This investment contributes to enhancing energy system resilience, mitigating renewable energy grid connection constraints, and facilitating carbon reduction benefits throughout the energy transition process.

Sunrise

07

Future Outlook

As the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) increasingly become the common language for global climate-related disclosures, the Bank will deepen disclosure quality and enhance the comparability and decision-usefulness of climate information by aligning with IFRS S2 requirements based on the existing TCFD framework. Furthermore, the Bank actively aligns with international sustainability standards, incorporating the TNFD into its reporting scope in accordance with the Group framework. Building on the recognition of the "Climate Leadership Award" at the 2025 Taiwan Corporate Sustainability Awards (TCSA), the Bank continues to refine its practical implementation of climate risk management, low-carbon transition, and sustainability disclosure.

Looking ahead to the next year, the Bank will focus on the following key directions:

- Regarding climate risk management, the Bank will implement the Climate Transition Assessment framework for high-carbon emission industries established this year. It aims to strengthen the disclosure of industry distribution across various assessment levels and corresponding management measures, while gradually integrating transition assessment results into the credit decision-making process to enhance the effectiveness of risk identification and management.
- Regarding nature-related risk management, the Bank will build upon this year's analytical results and progressively integrate nature-related risk assessments into existing ESG review processes, thereby strengthening the overall risk management framework.
- Regarding financed emissions management, the Bank will continue to expand the asset classes inventoried in accordance with the PCAF methodology. In alignment with the Group's SBTi carbon reduction pathways, the Bank will regularly review the progress of carbon intensity targets for each asset class and formulate targeted management measures for asset classes that fall behind their carbon intensity reduction targets, ensuring that carbon reduction commitments are implemented within asset allocation decisions.
- Regarding green finance business development, the Bank will expand the scale of green credit. Based on the "Reference Guidance for the Identification of Sustainable Economic Activities" and the Bank's transition credit review mechanism, the Bank assists high-carbon borrowers in proposing credible and actionable transition plans, leveraging the influence of financial institutions to guide the real economy toward a low-carbon transition.
- Regarding Nature Positive actions, the Bank will extend the Farmland Tree Frog habitat ecological survey project in collaboration with "Le Petit Marché," continuing field surveys through professional teams. Concurrently, the Bank will refine its sustainable procurement mechanism, prioritizing the procurement of products and services from social enterprises and environmentally friendly suppliers to support SDG 12 "Responsible Consumption and Production." Furthermore, the Bank will promote the "Chiayi Farmland Tree Frog Conservation Volunteer Action," integrating TNFD concepts into citizen science practices through nocturnal field observations, strengthening employee awareness of ecology and conservation, and executing beach cleaning and hermit crab habitat restoration at the Toucheng coast.

The Bank will collaborate with corporate clients, suppliers, and social stakeholders to actively promote Nature Positive outcomes while advancing toward Net Zero, steadily moving toward the long-term vision of climate stability and ecological sustainability.

Neidong National Forest Recreation Area

Appendix

Appendix I: TCFD Content Index

Pillar	Recommended Disclosures for All Sectors	Corresponding Chapter
Governance	a. Describe the Board's oversight of climate-related risks and opportunities.	2.1Governance Structure
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	2.1Governance Structure
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	4.1 Climate and Nature Risk Management Structure and Process
	b. Describe the organization's processes for managing climate-related risks.	4.1 Climate and Nature Risk Management Structure and Process
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4.1 Climate and Nature Risk Management Structure and Process
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.	Chapter 6 Metrics and Targets and Carbon Emission Management Results
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	6.1 Greenhouse Gas Emissions Metrics and Targets
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Chapter 6 Metrics and Targets and Carbon Emission Management Results

Pillar	Recommended Disclosures for Supplemental Guidance for Banks	Corresponding Chapter
Strategy	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.	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
Risk Management	Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.	4.1 Climate and Nature Risk Management Structure and Process
Metrics and Targets	Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term. 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.	6.1 Greenhouse Gas Emissions Metrics and Targets 6.2 Green Operation Management Metrics and Targets 6.3 Green Investment and Financing Strategy Metrics and Targets

Appendix II: IFRS S2 Disclosure Index

Pillar	IFRS S2 Recommended Disclosures	Corresponding Chapter
Objective	Paragraphs 1-2	Applicable to the entire report
Scope	Paragraphs 3-4	Applicable to the entire report
Governance	Paragraphs 5-7	2.1 Governance Structure
Strategy	Paragraphs 8-9	3.1 The Identification of Climate and Natural Opportunity 3.2 Transformation Strategy 4.1 Climate and Nature Risk Management Structure and Process
	Paragraphs 10-12	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process
	Paragraph 13	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process
	Paragraph 14	3.2 Transition Strategy
	Paragraphs 15-21	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio
	Paragraphs 22-23	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending

Pillar	IFRS S2 Recommended Disclosures	Corresponding Chapter
Risk Management	Paragraphs 24-26	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process 4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
Metrics and Targets	Paragraphs 27-28	Chapter 6 Metrics and Targets and Carbon Emission Management Results
	Paragraphs 29-32	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending 6.1 Greenhouse Gas Emissions Metrics and Targets
	Paragraphs 33-37	Chapter 6 Metrics and Targets and Carbon Emission Management Results

Appendix III: TNFD Disclosure Index

Pillar	Recommended Disclosures	Corresponding Chapter
Governance	a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	2.1 Governance Structure
	b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.	2.1 Governance Structure
	c. Describe the organization 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 organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	2.4 Natural Environment and Human Rights Governance
Strategy	a. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term.	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process
	b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	3.1 The Identification of Climate and Natural Opportunity 3.2 Transformation Strategy 4.1 Climate and Nature Risk Management Structure and Process
	c. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending 5.1 The Nature Sensitivity Analysis of the Investment and Financing Portfolio 5.2 Nature-related Risk Assessment and Response
	d. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	

<table>
<tr><th>Pillar</th><th>Recommended Disclosures</th><th>Corresponding Chapter</th></tr>
<tr><td rowspan="3">Risk and Impact Management</td><td>a.
ii. Describe the organization's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.
iii. Describe the organization's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).</td><td rowspan="3">3.1 The Identification of Climate and Natural Opportunity
4.1 Climate and Nature Risk Management Structure and Process
5.1 The Nature Sensitivity Analysis of the Investment and Financing Portfolio
5.2 Nature-related Risk Assessment and Response</td></tr>
<tr><td>b. Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.</td></tr>
<tr><td>c. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.</td></tr>
<tr><td rowspan="3">Metrics and Targets</td><td>a. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</td><td rowspan="3">4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
5.1 The Nature Sensitivity Analysis of the Investment and Financing Portfolio
5.2 Nature-related Risk Assessment and Response
Chapter 6 Metrics and Targets and Carbon Management Results</td></tr>
<tr><td>b. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.</td></tr>
<tr><td>c. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</td></tr>
</table>

Appendix IV: Guidelines for Domestic Banks' Climate Risk Financial Disclosure

Guidelines for Domestic Banks' Climate Risk Financial Disclosure	Corresponding Chapter
Governance	
1. The Board of Directors and senior management should include climate risk factors in the bank's risk items, strategies, and business plans, including identifying and assessing climate-related risks and opportunities, and their impact on the bank's strategies and plans. Continuously monitor goals of relevant international agreements and timelines to effectively review the bank's management and disclosure of climate risks.	2.1 Governance Structure
2. The Board of Directors should approve a climate risk management policy, and use it to guide, supervise, and manage the bank's exposure to climate risk to ensure that the qualitative and quantitative measures formulated by the bank align with risks. The Board of Directors should be aware of the potential impact of climate risks on the bank's finances, and bear the ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective climate risk management system.	2.1 Governance Structure
3. Senior management should formulate policies, management systems, and monitoring metrics for climate risk management, and regularly review their effectiveness and implementation. They should continuously monitor the bank's climate risk exposure, and examine whether the bank's response strategies under different climate scenarios are resilient. They should also allocate adequate human resources to provide pertinent training.	2.1 Governance Structure 2.2 Risk Reporting Mechanism 2.3 The Enhancement of Governance Ability and Knowledge
4. Banks should regularly report climate risk-related information to the Board of Directors so that the board and senior management can factor in such information when formulating strategic plans and monitoring business operations. Major irregularities or special circumstances detected when monitoring climate risks should be addressed immediately in accordance with internal regulations and reported to the Board of Directors.	2.2 Risk Reporting Mechanism

Guidelines for Domestic Banks' Climate Risk Financial Disclosure	Corresponding Chapter
Strategy	
1. When assessing the impact of climate risks, banks should describe the impact of climate-related risks on the organization as identified in each time frame (short-, medium-, and long-term) in terms of the business, strategy, products, and financial planning. In particular, the current status and impact of carbon-related assets (including exposure to the risk of carbon intensive industries and industries that are vulnerable to climate change) should be described in detail. Banks should at least assess impacts over the short-term (the impact occurs within the timeframe of the bank's business planning) and long-term (beyond the useful life of the bank's current asset portfolio and into the next few decades).	3.1 The Identification of Climate and Natural Opportunity 4.1 Climate and Nature Risk Management Structure and Process 4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
2. Banks should consider the extent of the impact and frequency of climate risks during business, strategy, and financial planning, and formulate response strategies and actions accordingly.	3.2 Transformation Strategy 4.1 Climate and Nature Risk Management Structure and Process
3. Banks may determine the resilience and adaptation capability of their climate risk-related strategy by testing different climate change scenarios, and adjust the strategy according to the results.	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending

Guidelines for Domestic Banks' Climate Risk Financial Disclosure	Corresponding Chapter
Risk Management	
1. Banks shall follow the three lines of defense in internal controls to clearly allocate climate risk management responsibilities at each stage: The first line of defense should assess the climate risks of industries, particularly those that are materially impacted by climate risks, when conducting business activities. The second line of defense, which is the risk management and compliance units, should effectively monitor the implementation of climate risk management by the first line of defense and ensure that the operation of each unit complies with laws and regulations. The third line of defense should assess the effectiveness of climate risk monitoring by the first and second lines of defense, and suggest improvements in a timely manner.	4.1 Climate and Nature Risk Management Structure and Process
2. Banks may establish climate risk assessment methods and procedures based on their customer base or asset portfolios to identify and assess the level of climate risks, and rank the risks and define material climate risks. Climate risk assessment methods should factor in applicable laws and regulations (such as the Greenhouse Gas Reduction and Management Act) and internationally recognized standards.	
3. Banks should identify climate risks and other associated risks, such as credit risks, market risks, liquidity risks, and operational risks.	
4. Banks should adopt differentiated risk management measures based on the level or rank of climate risks identified or assessed. Businesses or transactions with high climate risks should be reported to senior management for approval, and relevant records should be kept for future reference.	3.2 Transformation Strategy 4.1 Climate and Nature Risk Management Structure and Process 4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
5. When banks establish management measures for customers with high climate risks, the factors to consider should at least include the materiality of the climate risk, customer willingness and ability to improve their own climate risks, and whether there are alternative risk mitigation methods for the bank. Banks may take actions in response to customers who fail to effectively manage their climate risks, such as reflecting additional risk costs in risk pricing, setting exposure limits for high risk lending, and reassessing the relationship with the customer.	3.2 Transformation Strategy 4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
6. When banks establish management measures for assets with high climate risks, factors to consider should at least include the materiality of the climate risk, the bank's ability to manage such assets, and whether there are alternative risk mitigation methods for the bank. Banks may action in response to asset portfolios with climate risks that bank fail to be effectively managed, such as transferring climate risk losses borne by banks, setting investment limits for high climate risk assets, and controlling the concentration of high-risk areas or industries.	

Guidelines for Domestic Banks' Climate Risk Financial Disclosure	Corresponding Chapter
Risk Management	
7. Banks should conduct scenario analysis and stress testing on physical risks and transition risks to assess the impact of climate risks on their business and explore their resilience to climate risks in different climate scenarios. Banks should select reasonable scenarios that are relevant to the bank and explain how climate risks are transferred and affect their financial risks. They should consider the uncertainty and long-term outlook of climate change, and selected scenarios should include forward-looking information, avoiding relying solely on historical information which can result in underestimated future potential risks.	4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
8. When regularly reviewing climate risk management policies and practices, banks should refer to the results of scenario analysis and stress testing. Banks should also retain documents relevant to key assumptions or variables of the scenario analysis and stress testing for at least five years, including scenario selection, reasonable assumptions, evaluation results, consideration of actions to be taken, and actual actions taken to tackle risks.	4.1 Climate and Nature Risk Management Structure and Process 4.2 The Climate Risk Scenario Analysis of the Investment and Financing Portfolio 4.3 Scenario Analysis for Own Operations and Real Estate Secured Lending
Metrics and Targets	
1. Banks should use representative historical data to analyze, measure, and manage key metrics of climate risk, which should be set separately, taking into consideration the timeframe (such as short-, medium-, and long-term) of the impact of the climate risk and impact of differences in industry, geographical location, and credit scores, among other factors.	Chapter 6 Metrics and Targets and Carbon Management Results
2. Banks should first follow the greenhouse gas emissions calculation method required by applicable regulations of Taiwan to disclose relevant information, and then adopt internationally accepted greenhouse gas emission calculation methods for relevant disclosure. If the greenhouse gas calculation method adopted by the bank is none of the above, the reason and difference should be explained.	6.1 Greenhouse Gas Emissions Metrics and Targets
3. Banks should set targets for established key metrics separately, and regularly monitor target achievement status to properly evaluate the implementation and progress of each metric. If progress is behind schedule, explanations and improvement measures should be provided.	Chapter 6 Metrics and Targets and Carbon Management Results

Appendix V: Ratios of Expected Credit Risk Loss to Net Value and Pre-Tax Profit of Base Year Under Various Scenarios

Long-term Scenarios

Ratio	Orderly Transition Scenario		Disorderly Transition Scenario		Too Little, Too Late Scenario	
	2030	2050	2030	2050	2030	2050
Ratio of Expected Loss to Pre-tax Profit of Base Year (2025)	71.27%	85.77%	86.70%	97.76%	86.50%	134.39%
Ratio of Expected Loss to Net Value	7.11%	8.55%	8.64%	9.75%	8.62%	13.40%

Short-term scenario

Ratio	Short-term - Physical Risk Scenario	Transition Risk Scenario	Combined Loss Scenario
	Stress-Adjusted Scenario		
Ratio of Expected Loss to Pre-tax Profit of Base Year (2025)	97.83%	57.68%	97.89%
Ratio of Expected Loss to Net Value	9.75%	5.75%	9.76%

Notes:
1. The Bank's analysis is based on the relevant requirements and parameter analysis results from the "Domestic Bank's Climate Change Scenario Analysis Conduction Plan" (2025).
2. Due to the inherent assumptions in the analysis methodology and the fact that the relevant parameters are estimations under different risk scenarios, particularly for long-term scenarios where the assessment period is more distant, the projected losses calculated for each scenario have a degree of uncertainty. These figures do not represent actual future impacts. Therefore, caution should be exercised regarding the limitations when using and interpreting the analysis results.

Appendix VI: Greenhouse Gas Verification Opinion

pwc

Verification Opinion Number：261G020PE5-0
Issue：01

Greenhouse Gas Verification Opinion

To:

KGI Financial Holding Co., Ltd.

No. 135, Dunhua North Road, Songshan District, Taipei City, Taiwan (R.O.C.)

PwC Business Advisory Services Taiwan Ltd. (hereinafter referred to as "PwC") has conducted an independent verification of the greenhouse gas (GHG) statement of KGI Financial Holding Co., Ltd. for the period from January 1, 2025, to December 31, 2025.

Management's Responsibility

The management of KGI Financial Holding Co., Ltd. is responsible for the preparation and fair presentation of the GHG statement in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of a GHG statement that is free from material misstatement, whether due to fraud or error.

PwC's Responsibility

PwC's responsibility is to express an independent verification conclusion on the GHG statement based on the verification procedures performed. The verification was conducted in accordance with ISO 14064-3:2019, "Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements," which requires that ethical requirements be complied with and that the verification be planned and performed to obtain the agreed level of assurance, that the GHG statement is free from material misstatement.

Organizational Boundary

The organizational boundary of the GHG statement covers all entities and operations over which KGI Financial Holding Co., Ltd. has operational control, including all its subsidiaries such as CDIB Capital Group, KGI Securities Investment Trust Co., KGI Securities Co., Ltd., KGI Futures Co., Ltd., KGI Bank Co., Ltd., and KGI Life Insurance Co., Ltd.

The GHG statement encompasses all offices, branches, and operational sites under such operational control. Detailed boundary definitions and coverage are documented in the Group's greenhouse gas inventory report.

Assurance Level

- Scope 1 and 2: Reasonable assurance
- Scope 3: Limited assurance

Materiality Threshold

A materiality threshold of 5% of total reported emissions (tCO_2e) was applied to assess whether any misstatements could reasonably influence the decisions of intended users.

PwC Business Advisory Services Taiwan Ltd.
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/04/01, (p.1/5)

pwc

Verification Opinion Number：261G020PE5-0
Issue：01

Verification Procedures and Methods

The verification process employed a combination of data and control testing methods. Evidence collection procedures included, but were not limited to：

- On-site visits to：
  - Confirm the completeness of the inventory；
  - Interviews with personnel to confirm operational practices and standard operating procedures；
  - Verification of control access to on-site records.
- Sampling to confirm the accuracy of source data used in calculations, such as electricity, fuel, and operational activity records；
- Recalculations of emissions；
- Analysis of the relationship between operational activity and energy consumption.

The data inspected during the verification process were historical.

Verified Emissions

KGI Financial Holding Co., Ltd. (Include all entity)		Unit: metric tons of CO_2e
Scope 1：Direct GHG Emissions		1,641.0012
Scope 2：Indirect GHG Emissions (Energy Indirect)	Location-based	20,090.1695
	Market-based	15,403.7688
Scope 3：Other Indirect GHG Emissions		9,017.5903

Unit: metric tons of CO_2e

Entity	Scope 1	Scope 2		Scope 3
		Location-based	Market-based	
KGI Financial Holding Co., Ltd. (include CDIB Capital Group and KGI Securities Investment Trust Co., Ltd.)	69.8996	1,233.6421	566.3687	409.1061
KGI Securities Co., Ltd. (include KGI Futures Co., Ltd.)	519.3733	7,216.2347	5,205.4213	4,966.2296
KGI Bank Co., Ltd.	220.6909	5,552.8531	4,806.8012	2,017.9467
KGI Life Insurance Co., Ltd.	831.0374	6,087.4396	4,825.1776	1,624.3079

*Anthropogenic biogenic CO_2 emissions：0.0000 metric tons of CO_2.

PwC Business Advisory Services Taiwan Ltd.
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/04/01, (p.2/5)

pwc

Verification Opinion Number：261G020PE5-0
Issue：01

Opinion

Based on the verification procedures performed and the verification evidence obtained by PwC Business Advisory Services Taiwan Ltd.:

With respect to the Scope 1 and Scope 2 for operating locations, greenhouse gas emissions included in the GHG statement of KGI Financial Holding Co., Ltd., we are of the opinion that the information has been prepared, in all material respects, in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, and complies with the agreed terms of this engagement at a reasonable level of assurance.

With respect to the indirect greenhouse gas emissions (Scope 3), based on the verification procedures performed at a limited level of assurance, nothing has come to our attention that causes us to believe that such information has not been prepared, in all material respects, in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard.

Managing Director：Andrew Lee

Lead Verifier：Josh Wang、Chris Peng

Initial Issue Date：2026/05/27

Revision (Issue Date)：2026/05/27

PwC Business Advisory Services Taiwan Ltd.
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/04/01, (p.3/5)

pwc

查證意見編號：261G020PC5-3
版次：01

溫室氣體查證意見
INDEPENDENT VERIFICATION OPINION

此致：

凱基商業銀行股份有限公司

臺北市松山區敦化北路 135 號 9 樓~11 樓、18 樓

資誠普華綠色科技有限公司(以下簡稱:資誠普華綠色科技)已完成對凱基商業銀行股份有限公司之溫室氣體聲明進行獨立第三方查證，該溫室氣體聲明所涵蓋之報告期間為 2025 年 1 月 1 日至 2025 年 12 月 31 日。

管理階層責任

凱基商業銀行股份有限公司的管理階層負責依據《The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard》編製溫室氣體聲明。此責任包括設計、導入及維持與溫室氣體聲明編製相關之內部控制制度，以合理確保該聲明不致因舞弊或錯誤而產生重大不實表達。

資誠普華綠色科技責任

資誠普華綠色科技之責任係依其所執行之查證程序，對溫室氣體聲明表達獨立之查證結論。本次查證係依據 ISO 14064-3:2019《溫室氣體一第 3 部：溫室氣體聲明之查證與確證附指引之規範》進行，該國際標準要求查證人員遵循相關職業道德規範並規劃及執行查證工作，以取得相當且適切之查證證據，於約定之保證等級下確保溫室氣體聲明不存在重大不實表達。

組織邊界

本次查證之組織邊界，係涵蓋凱基商業銀行股份有限公司於其具營運控制權範圍內之所有營運活動。盤查範圍並涵蓋前述營運活動所涉及之相關設施與營運據點。

保證等級

台灣營運據點：範疇一、二：合理保證等級；範疇三：有限保證等級
台灣以外營運據點：範疇一、二、三皆為有限保證等級

實質性門檻

本次查證採用實質性門檻為總排放量之 5%(公噸二氧化碳當量)，以評估錯誤或遺漏是否可能影響預期使用者之判斷。

資誠普華綠色科技有限公司 PwC Business Advisory Services Taiwan Ltd.
110208 臺北市信義區基隆路一段 333 號 26 樓
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/01/02, (p.1/4)

Docusign Envelope ID: 1AEF2A72-C9BE-824C-80E8-B79A7E718AB8

pwc

查證意見編號：261G020PC5-3
版次：01

查證程序與方法

查證作業綜合使用數據與管制測試方法。證據蒐集程序包括但不限於：

- 現場訪視以進行以下：
  - 確認盤查清冊完整性；
  - 訪談現場人員以確認操作行為與標準操作程序；
  - 確認現場紀錄之管制存取；
- 取樣確認用於計算的電力、燃料與營運活動紀錄等來源數據之正確性；
- 驗算排放量；
- 分析營運活動與能源消耗關係。

查證作業期間檢查的數據為歷史性資料。

查證之排放量

範疇別		單位：公噸二氧化碳當量
範疇一：直接溫室氣體排放		220.6909
範疇二：電力間接溫室氣體排放	地理基礎	5,552.8531
	市場基礎	4,806.8012
範疇三：其他間接溫室氣體排放		2,017.9467

*人為生物源二氧化碳排放量：0.0000 公噸二氧化碳

查證結論

依據資誠普華綠色科技有限公司所執行之查證程序與取得之查證證據：

就凱基商業銀行股份有限公司溫室氣體聲明中在台灣營運據點之直接溫室氣體排放(範疇一)及電力間接溫室氣體排放(範疇二)，我們認為已依據《The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard》妥適編製，並無重大不實表達，於合理保證程度下符合本次查證之約定。

另就台灣以外之營運據點之直接溫室氣體排放(範疇一)及電力間接溫室氣體排放(範疇二)及其他間接溫室氣體排放(範疇三)，基於有限保證所執行之查證程序，我們未發現任何事項足以使我們相信該等資訊存在重大不實表達且未依據前述標準編製。

總經理：李宗哲

主導查證員：王穎、彭立德

初版發行日期：2026/05/27

版次(發行日期)： 2026/05/27

資誠普華綠色科技有限公司 PwC Business Advisory Services Taiwan Ltd.
110208 臺北市信義區基隆路一段 333 號 26 樓
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/01/02, (p.2/4)

Docusign Envelope ID: 1AEF2A72-C9BE-824C-80E8-B79A7E718AB8

pwc

查證意見編號：261G020PC5-3
版次：01

查證意見補充資訊
SUPPLEMENT OF VERIFICATION OPINION

查證範圍

- 查證協議：溫室氣體盤查議定書-企業會計與報告標準(The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard), ISO 14064-3:2019
- 彙總排放量方法：營運控制
- 實質性門檻：5%
- 全球暖化潛勢(GWP)：引用 IPCC 2023 年第六次評估報告
- 輸入電力間接排放係數：

國家 / 地區	數值 (公噸二氧化碳當量/千度)	來源
台灣	0.474	環境部公告之 2024 年度溫室氣體排放係數
中國 / 江蘇	0.5827	《关于发布 2023 年电力二氧化碳排放因子的公告》published by Ministry of Ecology And Environment in 2025
中國 / 香港	0.6	香港電燈《2024 年可持續發展報告》

- 溫室氣體報告書版次：0407
- 溫室氣體盤查清冊版次：0407

資誠普華綠色科技有限公司 PwC Business Advisory Services Taiwan Ltd.
110208 臺北市信義區基隆路一段 333 號 26 樓
26F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Ver.: 2026/01/02, (p.3/4)

凱基銀行
KGI BANK