

Yuanta Financial Holding Company

Climate Finance Operations Guidelines

Approved by the Chief Executive Officer on July 5, 2023

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Chapter 1 General Provisions

Article 1 (Purpose for Establishment)

In order to promote the Company and its subsidiaries, customers and suppliers to move towards net-zero emissions by 2050, the Company establishes these Operations Guidelines with the aim of implementing the concept of climate finance into business planning and corporate operations through principled frameworks and guidelines to actively manage the risks and impacts of climate change. The Company joins hands with all stakeholders to lead the transformation of the industry and value chain to net-zero in accordance with the spirit of the “Yuanta Financial Holding Company Net-Zero Declaration.”

Article 2 (Applicable Parties and Scope of Application)

These Operations Guidelines are applicable to the Company and its subsidiaries directly or indirectly controlled by the Company.

These Operations Guidelines apply to all businesses and operations of the Company and its subsidiaries that develop and engage in sustainable finance, low-carbon operations, low-carbon supply chains, and sustainability initiatives.

Article 3 (General Principles)

The Company and its subsidiaries shall follow the net-zero principles of the Science Based Targets initiative (SBTi) for the financial industry and the methodology revealed by the United Nations net-zero-related financial alliances to incorporate the concept of net-zero transformation into their daily operations and decision making, enhance the culture of climate change governance, and create a green financial impact.

Each subsidiary shall develop its own climate finance management mechanism based on its business characteristics by referring to relevant domestic and overseas regulations and frameworks, such as, but not limited to, the domestic Taiwan’s Pathway to Net-Zero Emissions in 2050 and Green Finance Action Plan, and the overseas Net-Zero Asset Owner Alliance, Net-Zero Banking Alliance, and Net-Zero Insurance Alliance, and other standards or guidelines related to environment, society, and governance (ESG).

Article 4 (Net-Zero Schedule)

In order to implement the spirit of the Group’s Net-Zero Declaration, the Company and its subsidiaries have set the long-term development direction of net-zero emissions by 2050, and set the strategic direction and emission reduction path for each business category according to the business attributes and operation scope of

each subsidiary, with reference to the domestic and overseas financial industry trends and the net-zero principle, and continue to increase the proportion of net-zero commitment assets covered.

Chapter 2 Sustainable Finance

Article 5 (Investment and Financing Business)

The Company and its subsidiaries shall set up emission reduction commitments and strategies for the regulated investment and financing business in accordance with the SBTi methodology, with the following self-operated investment activities and financing activities as the main areas, and the detailed business involved shall be set by the subsidiaries themselves, and the relevant emission reduction actions shall be carried out in accordance with the internal investment and financing related regulations and these Operations Guidelines, so as to effectively evaluate and manage the climate risks related to the investment and financing business, and to continuously plan and enhance the emission reduction areas of the investment and financing business in accordance with the business needs.

Investment activities:

1. The main coverage areas include the following:
 - (1) Listed and over-the-counter (OTC) stocks and corporate bonds.
 - (2) Real estate investment trusts.
 - (3) Mutual funds.
2. The above-mentioned regulated investment business shall plan its emission reduction strategy in the following manner:
 - (1) To establish a list of major topics and key targets for engagement, and to strengthen engagement actions.
 - (2) To implement ESG investment review, enhance ESG-themed investment, and increase investment in low-carbon industries.
 - (3) To continue to plan and develop low-carbon investment goods and services.

Financing activities:

1. The main coverage areas include the following:
 - (1) Project financing (SBTi methodology scope for power generation-related projects).
 - (2) Corporate commercial real estate mortgage loans.
 - (3) Long-term corporate loans.
 - (4) Corporate credit business other than those mentioned in (1) to (3).
2. The above-mentioned regulated financing business shall plan its emission reduction strategy in the following manner:
 - (1) To support renewable energy and plan to gradually reduce thermal power-generation positions.
 - (2) To promote energy-efficiency improvements in commercial real estate and increase the number of low-carbon building positions.
 - (3) To implement ESG credit review and engagement, and encourage customers to promote emission reduction measures.

Article 6 (Fuel Coal and Unconventional Oil and Gas-Related Financing and Underwriting Business)

The Company and its subsidiaries shall focus on corporate financing, project financing, and bond underwriting business in the fuel coal and unconventional oil

and gas-related industries, and formulate relevant engagement and divestment strategies.

The subsidiaries shall determine the details of the business involved in the engagement and divestment strategies mentioned in the preceding paragraph and evaluate the ESG risks of the targets of financing and bond underwriting in accordance with the relevant internal regulations and these Operations Guidelines for future business considerations, and strengthen the management of financing in the high-carbon emission industries.

1. Fuel coal and unconventional oil and gas-related industries include the following:

- (1) Coal-fired thermal power generation.
- (2) Coal-related industries.
- (3) Unconventional oil and gas-related industries

The above-mentioned coal-related industries refer to those enterprises listed by the international non-governmental organization Urgewald in its Global Coal Exit List (GCEL) as engaging in coal-related activities such as mining, drilling, mining services, processing, coal trading, transportation, engineering, and transmission and distribution of coal-fired power generation. The unconventional oil and gas-related industries refer to enterprises listed on the Global Oil & Gas Exit List (GOGEL) compiled by the international non-governmental organization Urgewald, which engage in the overall operational and production activities related to tar sands, shale oil and gas, liquefied petroleum gas, deep-sea oil and gas drilling, and Arctic oil and gas drilling.

2. For corporate financing and project financing for the fuel coal and unconventional oil and gas-related industries, the Company and its subsidiaries have established the commitments to reduce emissions for the enterprises governed by Subparagraph 1 of this paragraph:

(1) Corporate financing

1. With the goal of avoiding the undertaking of new enterprises with coal-fired power generation, the Company and its subsidiaries are to gradually reduce the number of existing power-generation enterprises whose coal-fired power generation accounts for more than 30% of the total power generation, with a complete exit by the end of 2030.
2. With the goal of avoiding the undertaking of new enterprises in coal-related industries, the Company and its subsidiaries are to gradually reduce the number of existing enterprises whose coal-related business accounts for more than 30% of revenue, with a complete exit by the end of 2030.
3. With the goal of avoiding the undertaking of new enterprises in unconventional oil and gas-related industries, the Company and its subsidiaries are to gradually reduce the number of existing enterprises whose unconventional oil and gas-related business accounts for more than 30% of their revenue, with a complete exit by the end of 2035.

(2) Project financing

1. With the goal of avoiding the undertaking of new enterprises with coal-fired power generation, the Company and its subsidiaries are to gradually reduce the number of existing power-generation enterprises whose coal-fired power generation accounts for more than 30% of the total power generation, with a complete exit by the end of 2030.
2. With the goal of avoiding the undertaking of new enterprises in coal-

related industries, the Company and its subsidiaries are to gradually reduce the number of existing enterprises whose coal-related business accounts for more than 30% of revenue, with a complete exit by the end of 2030.

3. With the goal of avoiding the undertaking of new enterprises in unconventional oil and gas-related industries, the Company and its subsidiaries are to gradually reduce the number of existing enterprises whose unconventional oil and gas-related business accounts for more than 30% of their revenue, with a complete exit by the end of 2035.

If an enterprise governed by Subparagraph 1 of this paragraph has specific carbon reduction actions or transition plans consistent with the Paris Agreement targets, or if the funds are used for renewable energy or carbon reduction transition purposes, or if it is a state-owned enterprise where the local government has announced a net-zero pathway and net-zero targets consistent with the Paris Agreement targets, the Company may conduct a case-by-case assessment and authorize its subsidiaries to review and approve such matters within their respective areas of responsibility before proceeding.

3. For bond underwriting in the fuel coal and unconventional oil and gas-related industries, the Company and its subsidiaries have established the following emission reduction commitments for enterprises governed by Subparagraph 1 of this paragraph:

- (1) The Company and its subsidiaries will completely exit from coal-fired thermal power generation enterprises by 2030.

- (2) The Company and its subsidiaries will completely exit from enterprises in coal-related industries by 2030.

- (3) The Company and its subsidiaries will completely exit from enterprises in unconventional oil and gas-related industries by 2035.

If an enterprise governed by Subparagraph 1 of this paragraph has specific carbon reduction actions or transition plans consistent with the Paris Agreement targets, or whose funding is used for sustainable economic activities as defined in the *Taiwan Sustainable Taxonomy*, or if it is a state-owned enterprise where the local government has announced a net-zero pathway and net-zero targets consistent with the Paris Agreement targets, or if it issues bonds compliant with the *Taipei Exchange Operation Directions for Sustainable Bonds*, the Company may conduct a case-by-case assessment and authorize its subsidiaries to review and approve such matters within their respective areas of responsibility before proceeding.

The Company and its subsidiaries shall continue to track domestic and international trends in net-zero policies and methodologies, evaluate the progress of net-zero transformation of fuel coal and unconventional oil and gas-related businesses, and enhance corporate emission reduction through a review mechanism to achieve the 2050 net-zero emissions vision.

To implement the exit targets for coal-fired thermal power generation, coal, and unconventional oil and gas-related industries, the Company and its subsidiaries shall prioritize the assessment of engagement actions in related industries and guide them in formulating climate transition plans consistent with the Paris Agreement targets in accordance with the Company's "Key Points of Engagement and Voting Operations." If the engagement process does not meet expectations, the intensity of engagements shall be assessed and relevant business undertaking plans shall be

considered in order to achieve the Company's fuel coal and unconventional oil and gas-related goals.

Chapter 3 Low-Carbon Operations

Article 7 (Emission Reduction Scope and Strategic Direction)

The Company and its subsidiaries shall actively incorporate low-carbon actions into their overall sustainability strategy, and in line with the "Yuanta Financial Holding Company and Subsidiaries Environment and Energy and Climate Change Management Policy," introduce three major low-carbon operational action plans, including environment-related management system verification, green building use planning, and renewable energy use, and establish their own operational emission reduction commitments with reference to domestic and international financial industry and in accordance with the SBTi methodology.

The Company's audited and approved targets are publicly disclosed on SBTi's official website, and the Company shall set a commitment for the percentage of green power usage to meet its own net-zero emissions from operations by 2050.

Chapter 4 Low-Carbon Supply Chains

Article 8 (Supplier Management)

The Company and its subsidiaries attach importance to the management and control of climate risks related to procurement and actively promote low-carbon supply chains through supplier conferences and sustainability assessment. Based on the significance of the transactions, the Company and its subsidiaries designate suppliers with annual transaction amounts of NTD 1 million or more as the main targets for regulation, and encourage such significant suppliers to adopt emission reduction as a long-term commitment by 2050.

For all suppliers, the Company and its subsidiaries shall implement energy-saving and carbon-reduction action plans in accordance with the "Yuanta Group Supplier Sustainable Procurement Guidance" to continuously reduce and manage greenhouse gas emissions and establish a green procurement system and influence.

Chapter 5 Sustainability Initiatives and Assessment Mechanisms

Article 9 (Sustainability Initiatives)

The Company and its subsidiaries have established comprehensive engagement policies and actions to promote the industry chain partners to face the climate change issue together. Through engagement and communication with investment and financing partners and holding supplier conferences, the Company and its subsidiaries have increased their awareness of the climate change issue and encouraged them to propose net-zero transformation plans and actions to strengthen the overall industry chain's climate resilience and fulfill their commitment to sustainable finance. The Company and its subsidiaries have actively participated in domestic and international sustainability initiatives and responded to relevant assessments, such as but not limited to the Coalition of Movers and Shakers on Sustainable Finance in Taiwan, the Science Based Targets initiative (SBTi), CDP (formerly Carbon Disclosure Project), Task Force on Climate-Related Financial Disclosures (TCFD), RE10x10 Climate Declaration, Dow Jones Sustainability Index (DJSI), etc., to enhance the international visibility of the Group's climate change management and to help promote the low-carbon transformation of the entire

industry.

Article 10 (Climate Commitment and Report Disclosure)

The Company and its subsidiaries shall regularly review the emission reduction process to ensure the effectiveness of the relevant strategies in light of the proposed climate commitment, and at the same time, keep abreast of changes in domestic and international policies, developments in the financial industry, and updates in net-zero methodology, etc., and continue to respond and adjust the Group's emission reduction strategies and actions in order to fulfill the climate commitment.

The Company and its subsidiaries follow domestic and international trends in sustainability disclosure and policy requirements to publicly disclose emission reduction statements and results every year, and practice the spirit of integrity management, openness and transparency to enhance the actual development of climate change management.

Chapter 6 Supplementary Provisions

Article 11 (Handling of Unfinished Matters)

Any matters not covered by these Operations Guidelines shall be dealt with in accordance with the applicable laws or the Company's related regulations.

Article 12 (Enforcement)

These Operations Guidelines shall come into force upon the approval of the chief executive officer, and the same shall be true when it is amended.