SinoPac Financial Holdings Company Limited Decarbonization Policy

Effective Date: July 1, 2025

In response to the risks that climate change poses to the global economy and human survival, the world urgently needs to transition to a low-carbon economy. As a global citizen, SinoPac Holdings has pledged to reach net-zero emissions for the entirety of its financed portfolio by 2050. In addition to continuously promoting green, paperless operations and adopting green energy, we are dedicated to developing sustainable finance, aiming to leverage financial power to collaborate with industries in achieving a low-carbon and net-zero transition. Since 2022, SinoPac Holdings has planned to gradually exit investments and financing in thermal coal and unconventional oil and gas, and regularly monitor and review the implementation status. SinoPac Holdings also supports the transition financing policy, ensuring an orderly transition for high-carbon industries by engaging with investment and financing targets, and making steady progress toward the net-zero goal.

Recognizing the varying impacts and benefits of climate change on different industries and economic activities in the pursuit of net-zero emissions, we have categorized our investment and financing assets based on their risk levels into stranded assets, decarbonization-pressured assets, and green assets, each with tailored implementation plans. For detailed information, please refer to our "Net Zero Commitment and Implementation Plan."

SinoPac Holdings is dedicated to leveraging its financial influence to steer funds towards industries and companies engaged in low-carbon transitions or green technologies. We will continue to monitor the net-zero transition plans, action steps, and outcomes of our investment and financing clients, encouraging them to take proactive measures. For clients in high-carbon industries that lack transition measures, we will consider including them in our decarbonization policy. The current decarbonization policy is as follows:

1. Decarbonization Scope

SinoPac Holdings will gradually exit investments, financing, and underwriting fixed income products related to stranded assets without any transition measures. We will regularly review and make necessary adjustments. The current scope of decarbonization is as follows:

A. Stranded Asset

1. Thermal Coal Companies

(1) Companies listed on the Global Coal Exit List (GCEL) [1] by the international non-governmental organization Urgewald, which meet any of the following criteria:

- **Relative Threshold**: Companies or their parent companies with a coal share of revenue or a coal share of power production of 10% or more from operations involving thermal coal mining, power, and related services[2] (including infrastructure).
- **Absolute Threshold**: Companies whose annual thermal coal production equals or exceeds 10 million tons, or companies whose installed coal-fired power capacity equals or exceeds 5 GW.
- **Expansion Threshold**: Companies with expansion plans for coal power, coal mining or coal infrastructure.

If the GCEL criteria changes overtime, SinoPac Holdings commits to making corresponding adjustments.

(2) For companies not listed on the GCEL, the threshold is set at 5% or more of revenue from thermal coal mining, power generation, or rail transport.

2. Unconventional Oil and Gas Companies

(1) Companies listed on the Global Oil & Gas Exit List (GOGEL) [3] by the international non-governmental organization Urgewald, and Companies or their parent companies whose operations involve the extraction, processing, manufacturing (including LNG from the sources mentioned below), exploration, and expansion plans of unconventional oil and gas such as shale oil and gas, tar sands, ultra-deep-water (UDW) oil and gas, coalbed methane (CBM), arctic oil and gas, extra heavy oil.

If the GOGEL criteria changes overtime, SinoPac Holdings commits to making corresponding adjustments.

(2) For companies not listed on the GOGEL, their operation involving the extraction, processing, manufacturing, exploration, and expansion plans of unconventional oil and gas will be classified as an Unconventional Oil and Gas Company.

1 For detailed GCEL methodology and criteria, expansion plans, etc., please refer to https://www.coalexit.org/sites/default/files/download_public/Methodology%20GCEL%202024%20download.pdf

2 Thermal coal-related services include coal trading, coal logistics, coal processing, coal power transmission, coal chemicals (coal to gas/liquids), coal-related operation & maintenance services, coal mining services, coal-related engineering, procurement and construction services, coal exploration, coal equipment manufacturing, underground coal gasification, coal advisory services and all other activities that are thermal coal-related.

3 For detailed GOGEL methodology and criteria, expansion plans, etc., please refer to https://gogel.org/about-data

B. Transition Measures

SinoPac Holdings will gradually exit investments, financing, and underwriting fixed income products related to stranded assets without any transition measures.

1. Lending and Underwriting Fixed Income Products

(1) The use of proceeds for renewable energy development or the low-carbon transition; or

(2) Domestic companies[4], or their parent companies/groups, have committed to establishing science-based reduction targets (SBTs) with the Science Based Targets initiative (SBTi), or

(3) Domestic state-owned enterprises (holds more than 50% of the stocks or with operational controlling power by the central government).

Companies mentioned in points (2) and (3) above shall not have expansion plans related to thermal coal.

2. Investment

(1) The use of proceeds for renewable energy development or the low-carbon transition, or

(2) Companies, or their parent companies/groups, have committed to establishing science-based reduction targets (SBTs) with the Science Based Targets initiative (SBTi) , or

(3) Companies, or their parent companies/groups, have set a net-zero target and transition plan for 2050. or

(4) State-owned enterprises (holds more than 50% of the stocks or with operational controlling power by the central government) in countries that have announced net-zero targets. If the country's net-zero target is later than 2050, the maturity date of the non-trading investment shall not be later than December 31, 2050.

Companies mentioned in points (2), (3), and (4) above shall not have expansion plans related to thermal coal.

2. Decarbonization Plan for Business Restrictions

A. Project Finance:

1. Thermal Coal

- No new project investments or financing are being undertaken in the areas of thermal coal mining, power generation, manufacturing, trading, transport and logistics, equipment manufacturing, and infrastructure construction. Existing positions are not renewed upon maturity.
- Global phase-out will be achieved by 2030.

[4] Domestic companies refer to companies registered in Taiwan, including offshore companies with their ultimate parent company registered in Taiwan. Companies not meeting the above definition are considered foreign companies.

2. Unconventional Oil and Gas

- No new project investments or financing are being undertaken in the areas of shale oil and gas, tar sands, ultra-deep-water (UDW) oil and gas, coalbed methane (CBM), arctic oil and gas, extra heavy oil, including the extraction, processing, manufacturing (including LNG derived from these sources), exploration, and expansion plans, as well as the infrastructure supporting these activities.
- Currently, there were no related positions, and a global phase-out was achieved.

B. Lending

1. Thermal Coal Companies

- No new lending is provided to existing or new clients involved in thermal coal. Existing positions are not renewed upon maturity.
- Global phase-out will be achieved by 2030.

2. Unconventional Oil and Gas Companies

- No new lending is provided to existing or new clients involved in unconventional oil and gas. Existing positions are not renewed upon maturity.
- Global phase-out will be achieved by 2030.

C. Investment

1. Thermal Coal Companies

- No new active, passive, or third-party managed investments in existing or new clients. Existing positions are not renewed upon maturity.
- Global phase-out will be achieved by 2030.

2. Unconventional Oil and Gas Companies

- No new active, passive, or third-party managed investments in existing or new clients. Existing positions are not renewed upon maturity.
- Global phase-out will be achieved by 2030.

D. Underwriting Fixed Income Products

No longer underwriting fixed-income products for thermal coal and unconventional oil and gas companies.

3. Engagement

For those who may not align with our company's decarbonization policy, we will engage with clients to formulate net-zero transition plans. In order to ensure the effective implementation of our company's decarbonization plan, the decision of keeping financing or divesting will be based on the results of these engagements.