



CTBC Financial Holding Co., Ltd. Natural Capital Governance and Zero-deforestation Policy

V 1.0

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Article 1 Commitment and vision

Natural capital is an important foundation for corporate operations, economic development, and human well-being. In response to the severe challenges brought by biodiversity loss, forest degradation, pressure on water resources, and ecosystem collapse, CTBC Financial Holding Co., Ltd. and its subsidiaries (hereinafter, “the Company”) actively support five major international initiatives, namely the 2050 vision of “Living in Harmony with Nature” under the U.N. Convention on Biological Diversity, the Kunming–Montreal Global Biodiversity Framework, the Science Based Targets Network (SBTN), the Taskforce on Nature-related Financial Disclosures (TNFD), and the U.N. Sustainable Development Goals (SDGs), and comply with laws and regulations related to the environment, biodiversity, forests, oceans, and water resources. It pledges to leverage the impact of sustainable finance and to fully incorporate natural capital into the group's governance, strategy, risk management, and investment and financing decision-making. The Company shall work with its stakeholders to safeguard natural capital by progressively reducing negative impacts across the value chain, and shall strive to achieve zero deforestation across the entire value chain by 2050, thereby comprehensively managing nature-related financial risks, strengthening ecological and economic resilience, and implementing a sustainable, nature-positive future. To these ends, this Policy is hereby established.

Article 2 Application scope

This Policy applies to CTBC Holding and its subsidiaries’ own operations and investment and financing activities. Each subsidiary and unit may progressively implement relevant management measures based on their



business characteristics and operational requirements, thereby gradually realizing the goal of humanity and nature coexisting in peace by 2050. The Company also calls on stakeholders, including customers, suppliers, contractors, and other business partners, to jointly abide by the spirit and basic principles of this Policy.

Article 3 Core strategies

With reference to international nature management frameworks such as SBTN, the Company adopts “Avoid, Reduce & Regenerate, Restore, and Transform” as the core strategies to guide its operational transition and financial innovation and to promote natural capital management.

1. **Avoid:** Avoid deforestation, biodiversity loss, and ecosystem damage arising from corporate operations, investment and financing, and supply chain activities.
2. **Reduce & Regenerate:** Minimize the environmental footprint of operations and the value chain, improve energy and resource utilization efficiency, and implement pollution prevention and the circular economy.
3. **Restore:** Support the conservation of forests, habitats, and water resources, and deploy financial resources to support nature restoration and enhance natural capital.
4. **Transform:** Leverage the impact of responsible finance and promote nature finance innovations, working with customers, suppliers, and stakeholders across society to advance systemic transitions.

Article 4 Implementation pathway

1. Own operations and risk management:



- (1) Management of nature-related risks: Gradually adopt nature-related risk assessment methodologies such as the TNFD's Locate, Evaluate, Assess, Prepare (LEAP) to identify, assess, and manage nature-related risks throughout the group's global operating locations and key supply chains.
 - (2) Protect environmentally and ecologically sensitive areas: Reference databases such as Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), which is supported by the U.N. Environment Programme, to conduct regional environmental sensitivity analyses, prevent the Company's own operations from causing deforestation or severe impacts on nature conservation, and adopt ecological adaptation and mitigation measures.
 - (3) Zero-deforestation green procurement: Adopt sustainable office practices and prioritize the purchase of forest-friendly products with Forest Stewardship Council, Programme for the Endorsement of Forest Certification, or other international sustainability certifications to eliminate deforestation risks at the source.
 - (4) Circular resource management: Optimize environmental management systems; avoid the use of hazardous substances; establish clear reduction targets for energy, water, and waste to reduce energy consumption, water withdrawal, and water consumption; and promote rainwater recycling and pollution prevention mechanisms to minimize the depletion of natural capital arising from operating activities.
2. Responsible finance and transition guidance:
- (1) Enhance nature-related due diligence: Based on industry characteristics, incorporate issues related to biodiversity, ecosystems,



and water resources into the environmental and social risk assessment processes for investments and large-scale financing.

(2) Manage high-risk value chains: For industries involving forest risk commodities (e.g., palm oil, beef, soybeans, timber, and natural rubber) or with high water resource dependence, prioritize engagement mechanisms to encourage companies in these industries to complete CDP's forest and water security questionnaires and enhance value chain traceability.

(3) Innovate nature-related financial products: Continuously develop transition financing, green loans, and sustainability-linked financial products (including but not limited to products linked to natural capital indicators) and guide funds to support forest restoration, water resource management, and biodiversity conservation.

3. Stakeholder engagement and transparent disclosure:

(1) Diverse stakeholder engagement: Partner with the government, industry, academia, non-profit organizations, local residents, employees, and customers in order to actively engage in habitat restoration and local conservation actions. Commit to implementing the spirit of the Universal Declaration of Human Rights and International Labour Organization conventions and referencing TNFD principles, such as the Guidance on Engagement with Indigenous Peoples, Local Communities and Affected Stakeholders, to recognize Indigenous peoples and local communities as key stakeholders in protecting natural capital and to safeguard their legitimate rights to land and natural resources. Additionally, assist local communities (e.g., small farmers and fishers) in building sustainable value chains through environmentally friendly



production and local revitalization, thereby practically enhancing ecosystem resilience.

(2) International standards and transparent disclosures: Reference the latest international initiatives, such as TNFD and CDP, and regularly disclose natural capital governance, risks, indicators, and results to maximize information transparency.

Article 5 Approval authority

1. This Policy is a first-tier document.
2. This Policy, and any amendment hereto, shall take effect upon approval by the Board of Directors.