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Introduction

This Report discloses the business operation and activities of KGI Financial Holding Co., Ltd. (previous China Development Financial Holding Company, hereinafter referred to as "KGI Financial" or "the Group") and its subsidiaries (KGI Life Insurance, KGI Bank, KGI Securities, CDIB Capital, and KGI SITE), during the disclosure period between January 1, 2024 and December 31, 2024, supplemented by planning after December 31, 2024 to present information integrity. This Report describes the adaptive measures taken by KGI Financial towards climate change related issues, the promotion of sustainability related projects and future prospects. The Report also incorporates the climate factors in the governance framework of the Company and actively develops the sustainable operations to bring the positive influence of financial industries into society. Meanwhile, the communication and engagement with external stakeholders can jointly mitigate the phenomenon of global warming.

In midst of severe challenges in climate changes faced by the world, the issue of climate change is receiving increasing attention worldwide, with regions actively seeking solutions. Climate change not only impacts the environment but also poses significant challenges to industries across the board. Furthermore, the protection of natural resources and climate change are two closely interconnected issues that have an inseparable influence on one another. To ensure that the Group's steady operations and long-term sustainable development, we have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have begun to incorporate the guidance of the Taskforce on Nature-related Financial Disclosures (TNFD). Following the four core pillars of governance, strategy, risk management, and metrics & targets, we assess the impacts of climate change and nature-related issues to strengthen oversight and risk management, formulate climate opportunities and net-zero strategies, and leverage financial influence to support the global transition to a low-carbon economy.

In response to the "Green and Sustainable Finance Action Plan" issued by the Financial Supervisory Commission in October 2024, the Group continues to enhance its climate and nature-related management efforts. This includes the adoption of the Joint Credit Information Center (JCIC) "Climate Physical Risk Information Integration Platform" to deepen the execution of physical risk scenario analysis. In March 2025, KGI Financial passed validation of its Science-Based Targets (SBT), setting greenhouse gas (GHG) reduction targets for both its operations (Scope 1 and 2) and financed emissions (Scope 3). In addition, to actively support climate-related initiatives, we joined the CDP's "Non-Disclosure Campaign" in 2025, advocating for increased corporate disclosure of carbon-related information and amplifying its influence through sustainable finance. Regarding the implementation of the IFRS Sustainability Disclosure Standards, the Group began pilot implementation in 2024, with a focus on assessing the financial impacts of identified climate risks and opportunities.

Our Group will continue to cultivate and strive to remain a leader and promoter in the financial industry on issues of global climate change and natural resource protection, aiming to create a more sustainable and stable environment for future generations.



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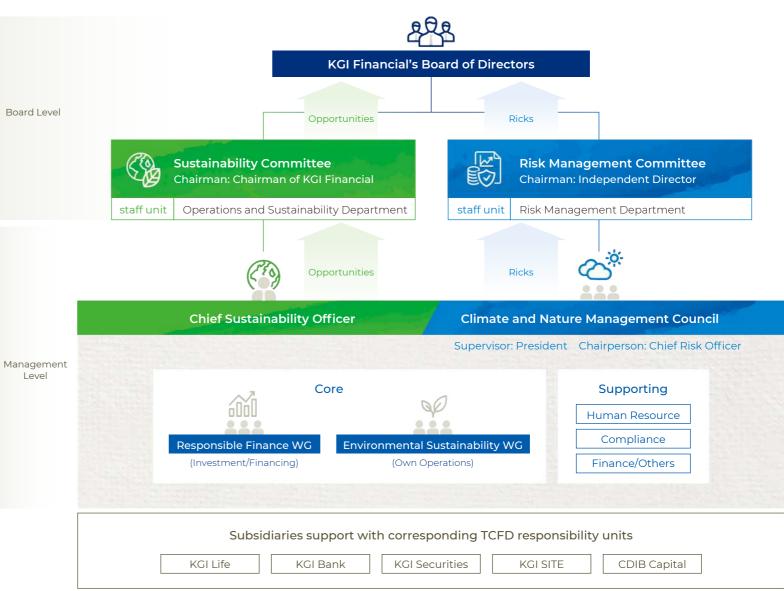
1.1 Organizational Structure and Responsibilities for Climate and Nature Governance 1.2 Climate and Nature-Related Education and Training

1.3 Climate and Nature-Linked Performance Evaluation Mechanism

1.1 Organizational Structure and Responsibilities for Climate and Nature Governance

The risks and opportunities brought about by climate change will impact various aspects of the Company's operations and may potentially or materially influence long-term strategic decisions. To strengthen climate governance, KGI Financial has established the Board of Directors as the highest supervisory body for climate governance, responsible for leading and overseeing the Company's operations and sustainable development, as well as approving relevant guidelines. The Sustainability Committee and the Risk Management Committee, which report to the Board of Directors, are responsible for climate governance-related guidelines and systems. The Sustainability Committee is primarily responsible for establishing the climate governance framework and ensuring compliance with guidelines, overseeing the implementation of strategies, goals, and work plans related to sustainable development (including climate opportunities and risks), reviewing relevant regulations, and annually reporting to the Board of Directors on the achievement of climate opportunity and risk targets and the execution of action plans. Furthermore, the Company's Board of Directors and senior management have also incorporated identified climate-related opportunities and risks into the formulation of the Company's strategy. To further support the comprehensive planning and execution of sustainability and climate-related strategies, the Group has appointed a Chief Sustainability Officer, who is responsible for managing the Group's sustainability development strategy, implementation, action plans and achievement, ensuring the long-term sustainability of its operations. In order to strengthen the responsibilities for climate management and emphasize natural issues. In February 2025, KGI Financial renamed TCFD Task Force to the "Climate and Nature Management Council," to promote the climate goals and development strategies approved by the Board of Directors. The Climate and Nature Management Council is responsible for managing and advancing action plans related to climate risks and opportunities, assessing the implementation status, and planning the introduction of the TNFD. The Group remains committed to sustainable development, striving to continuously enhance its operational resilience in the face of climate change while ensuring the long-term sustainability of natural capital, contributing positively to both society and the environment.

■ Climate and Nature Governance Framework



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1.1 Organizational Structure and Responsibilities for Climate and Nature Governance 1.2 Climate and Nature-Related Education and Training

| ■ Climate and Nature Governance and Management Responsibilities | | | | | | | |
|---|---|--|---|---|--|--|--|
| Governance/Mai | nagement Organization | Responsibilities | Chair | Meeting Frequency | | | |
| | Board of Directors | As the highest supervisory body for KGI Financial's climate governance, the Board of Directors is responsible for leading and overseeing the Company's operations and sustainable development (including climate and nature-related issues), approving relevant guidelines, and supervising the Sustainability Committee and the Risk Management Committee in reporting on significant climate issues, action plans, and the achievement of objectives. | Chairman | At least once per quarter | | | |
| Board of Directors Level | Sustainability Committee | The Sustainability Committee serves as the overseeing body for achieving the Group's sustainable finance objectives, composed of the Chairman, Vice Chairman, and independent directors of KGI Financial. The Committee is responsible for reviewing sustainability targets, overseeing and providing guidance on action plans proposed by working groups. It also oversees the formulation of annual sustainable development plans and strategies (including climate and nature-related issues) and monitors the implementation and performance of climate opportunities and net-zero emissions targets. The Committee regularly reports its progress and key resolutions to the Board of Directors. | Chairperson: Chairman | At least twice a year | | | |
| | Risk Management Committee | Members of this committee include independent directors and the President of KGI Financial. The committee is responsible for reviewing regulations and strategies related to climate risk management, developing the Group's climate risk appetite, limits, or indicators, and overseeing subsidiaries in establishing and implementing climate risk management mechanisms and practices. This is achieved through a three-line defense approach, integrating climate governance into existing risk operational processes across business units, management units, and audit units. It also reviews key climate risk assessment reports, the implementation status of climate risk management (including risks from financing, investment, and the Group's own operations), and other major decisions. The Committee reports to the Board of Directors at least once per year. | Independent Directors | Once per quarter | | | |
| | Chief Sustainability Officer | Responsible for managing, planning, and formulating the Group's sustainable development strategies, assisting to develop and manage climate strategies, managing and promoting the implementation of sustainable development and climate action plans, coordinating and supervising the progress and performance of the Sustainability Committee's working groups in advancing action plans, as well as assessing and evaluating the achievement of sustainable development goals to facilitate the realization of the Company's sustainable development objectives and operational goals. | | | | | |
| Management Level | Climate and Nature Management Council | The core members of the Climate and Nature Management Council include the Responsible Finance WG, the Environmental Sustainability WG, Operations and Sustainability Department, Risk Management Department, and the heads of relevant departments from subsidiaries. They are responsible for promoting the climate goals and development strategies approved by the Board of Directors, managing and assessing issues related to climate risks and opportunities as well as planning and strategizing relevant sustainable development programs, and assisting the Group in developing methods for quantifying climate risks and setting risk appetite indicators. They also promote the implementation of climate-related action plans and assess the execution status, regularly track and manage the progress of achieving climate-related indicators and goals, and plan for natural risk identification while gradually introducing the TNFD. | Supervisor: President Chairperson: Chief Risk Officer | One governance meeting and two management meetings per year | | | |
| | Sustainability Committee Working Group | The Sustainability Committee has established six major working groups based on their main tasks, with senior management within the group serving as leaders. The tasks of the working group responsible for managing climate and nature-related issues are as follows: • Responsible Finance WG: • Environmental Sustainability WG: Establish specific goals and practices in connection with environmental protection, energy conservation and carbon reduction to actively promote and goals, promote related action plans, and assess the implementation status. | · Group Leader: Senior Executives | At least three times a year | | | |

1.1 Organizational Structure and Responsibilities for Climate and Nature Governance 1.2 Climate and Nature-Related Education and Training

1.3 Climate and Nature-Linked Performance Evaluation Mechanism

1.2 Climate and Nature-Related Education and Training

In light of the rapid evolution of knowledge in governance and risk management, our group has convened multiple educational training guidance meetings. Subsidiaries are also encouraged their management and relevant personnel to participate in training programs—both internal and those offered by external institutions—focused on sustainability and the trends of net-zero transformation in the industry, in order to enhance their capabilities in addressing climate and nature-related issues. The following summarizes the participation of directors, management, and employees of the Group and its subsidiaries in relevant training programs in 2024.

| Educational Training | Numbers of Participants | Hours | Number of Sessions |
|--------------------------|-------------------------|----------|--------------------|
| Board Members | 25 | 79.5 | 17 |
| Management and Employees | 14,170 | 21,751.5 | 43 |

Director-Related Education and Training

As knowledge of climate change and its impact on the financial industry continues to evolve rapidly, the Group and its subsidiaries have arranged for board members to participate in climate-related training programs to support ongoing improvement in climate governance. These courses cover a wide range of topics on climate and sustainability. The courses attended by the directors of KGI Life Insurance include the 2024 ESG Summit: Net Zero Comprehensive Sustainable Future, and the Impact of the EU Carbon Border Adjustment Mechanism (CBAM) on Enterprises. KGI Bank has arranged for its directors to attend courses that include Charting a Net-Zero Transition Pathway through Climate Risk Thinking, and Impact Investing and the Implementation of the SDGs.



The courses attended by the directors of KGI Securities include Trends in International Carbon Tariffs and Sustainable Business Strategies for the Securities and Financial Industry, Carbon Trading Mechanisms and Carbon Management Applications, 2024 Green Finance Leadership Roundtable – Advancing Sustainable Finance for Net-Zero Transition, Challenges and Opportunities in Sustainable Development Pathways and GHG Inventory Introduction, Corporate Governance Forum – Impact Investing and SDG Implementation, Sustainable Finance Training for Senior Executives, and Structure and Value of Corporate Sustainability Reports. The courses attended by the directors of KGI SITE include Corporate Carbon Management Strategy Post-Enactment of the Climate

Change Response Act and Executive Compensation and ESG Performance Mechanism Design. The courses arranged for the directors of CDIB Capital Group include Nickel Industry Outlook and Resilient Supply Chain Sustainability Management, Carbon Trading Mechanisms and Carbon Management Applications, and Trends in Sustainability and Financial Disclosure. These training programs aim to equip board members with insights into both domestic and international regulatory developments and emerging trends, fostering climate governance awareness and strategic thinking. By cultivating top-down leadership in sustainability, the Group ensures that its future development aligns with its climate transition strategy and goals.

Management and Employee Training Programs

To strengthen the ability of managers and employees across all levels of the Group to effectively respond to, assess, and manage risks and opportunities arising from the climate transition, as well as to build foundational knowledge and skills related to climate and nature topics, to promote and support the implementation of climate strategies and targets and help mitigate potential adverse impacts of the transition. KGI Financial and its subsidiaries organized a series of climate and nature related training programs in 2024. The 2024 course offerings included, but were not limited to, the following topics: Introduction to the Taskforce on Nature-related Financial Disclosures (TNFD), Practical Interpretation of Climate-related Financial Disclosures, TCFD and IFRS S1 & S2 Sustainability Disclosure Standards, Climate Change Risk Assessment and Management for the Insurance Industry, Application of Climate Data in Physical Risk Assessments under TCFD – Introductory Course, Masterclass: Taiwan's Net-Zero Revolution and COP28 Opportunities, GHG Inventory Calculation and Practical Corporate Implementation, Carbon Assets and Carbon Credit Investment and Financing, Climate Governance and Analysis of Domestic and International Carbon Regulations, sustainability seminars (covering both climate and nature topics), Green and Sustainable Finance and Net-Zero Promotion, Circular Economy, Sustainable Green Procurement, sustainable investment financing and insurance modules, general education courses for training sustainable finance professionals - ESG and sustainable finance, impact investing, among others, including both in-person and online courses, available for participation by management and all employees.

Sustainability Certification for Management Professionals

The Group is dedicated to nurturing talent for sustainability management by bringing in external consultants to deliver training sessions on climate- and nature-related topics and actively encouraging our staff to obtain relevant professional certifications and continue to learn and sharpen their climate related knowledge and skills. As of now, more than 50 employees across the Group have obtained certifications related to climate, nature management, and sustainability, including: ISO 14001 Internal Auditor, ISO 14064-1 Internal Verifier, ISO 14064-1 Lead Verifier, ISO 14064-2 Lead Verifier, ISO 14067 Lead Verifier, ISO 14068-1 Lead Verifier, ISO 50001 Internal Auditor, PAS 2060 System Implementation, GHG Inventory Verification Personnel (certified by the Ministry of Environment), iPAS Net Zero Carbon Planning Manager, Air Pollution Prevention Specialist, Indoor Air Quality Management Specialist, Sustainability and Climate Risk (SCR) Certificate, Corporate Sustainability Manager, Basic and Advanced Competencies Certification in Sustainable Finance, etc.

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1.3 Climate and Nature-Linked Performance Evaluation Mechanism

1.3 Climate and Nature-Linked Performance Evaluation Mechanism

To drive the implementation of action plans addressing climate-related opportunities and risks, the Group has incorporated ESG indicators, such as achieving carbon reduction targets and increasing green investment and financing, into the annual performance evaluation. Different departments establish corresponding evaluation criteria based on their characteristics, integrating climate factors into daily operations and decision-making. For example, the performance bonuses of employees in operations-related departments take into account the achievement rate of internal carbon reduction targets. Employees in departments responsible for green investments or green lending are evaluated based on their engagement with investees or clients, as well as their management of carbon emissions within investment and financing portfolios.

In the future, the Group will continue to review the appropriateness of organizational framework of climate governance, emphasize on education and training, and talent nurturing to boost the awareness of climate risk, optimize climate related performance evaluation mechanism, and encourage all levels of the Company to dedicate in the fulfillment of sustainable development.

Key Performance Indicators (KPIs) for CEO Compensation

The group has implemented a series of measures to achieve its net-zero target. One of these measures is incorporating the results of sustainability performance and the effectiveness of carbon reduction strategies into the special indicators for assessing the variable compensation of CEO and senior executives. The performance evaluation indicators for CEO's compensation are now linked to the overall effectiveness of the group's ESG strategy, with a particular focus on the effectiveness of reducing carbon emissions. The CEO's performance metrics include non-financial indicators, such as corporate sustainability performance (including reducing carbon emissions from own-operations, reducing carbon emissions from investments and financing, and green investments).

Compensation Measurement Indicators for Senior Executives

The management hierarchy of the Group's climate governance includes the Chief Sustainability Officer and senior executives of the Climate and Nature Management Council. The departments they manage play a crucial role in the planning, monitoring, and implementation of climate change response initiatives.



Variable compensation for the Group's executives, in addition to consider overall company performance and individual performance, also takes into account industry remuneration benchmarks and emphasizes alignment with the Company's long-term business performance and shareholder interests. This long-term incentive policy is strongly linked to both personal performance and company stock price, and must be reviewed and approved by the Remuneration Committee and the Board of Directors. The performance evaluation of executives is based on a comprehensive assessment that includes financial, non-financial, and governance/control dimensions. The non-financial indicators account for 10% to 55% of the overall performance measurement, which also encompass aspects of corporate sustainability, such as reducing carbon emissions in operations, investment, and green investments. This approach ensures that executives actively promote sustainable business practices.

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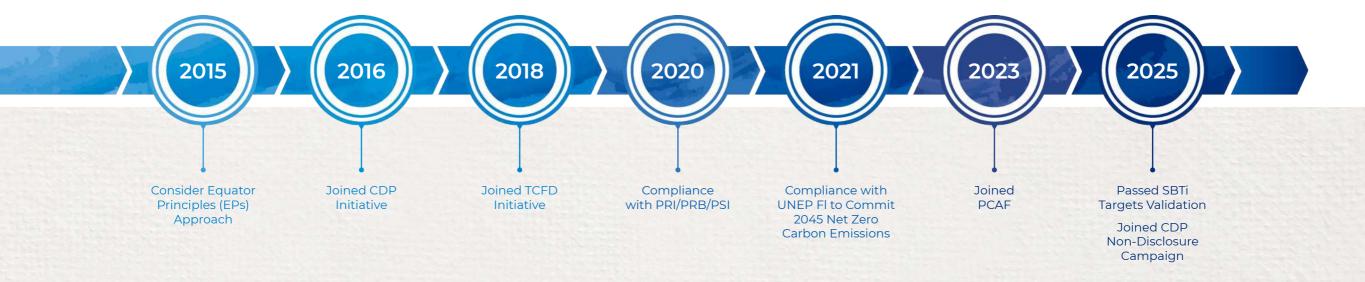


2.1 Net Zero Commitment 2.2 Climate Response Strategy

2.1 Net Zero Commitment

To realize KGI Financial's climate vision, the Group is fully committed to promoting net-zero development across all aspects of its operations, investment and financing activities, products, and services. In 2021, KGI Financial became the first financial holding company in Taiwan to commit to achieving net-zero carbon emissions across its total portfolio by 2045. We are actively procuring renewable energy to meet our goals of carbon neutrality in our operations by 2030 and net-zero emissions by 2040, while planning to actively realize a low-carbon economy.

Following the aforementioned climate vision, KGI Financial actively participates in climate-related initiatives and guidelines. Since 2015, we have been adhering to the Equator Principles (EPs) for lending. In December 2018, we officially signed the Task Force on Climate-Related Financial Disclosures (TCFD), which includes governance, strategy, risk management, and metrics and targets as its core elements. In order to systematically track carbon reduction progress, the Group has actively adopted international standards for carbon emissions management in investment and financing activities. In June 2023, we joined the Partnership for Carbon Accounting Financials (PCAF). Subsidiaries have followed PCAF methodologies to complete the financed emissions inventory across various asset classes, including equity investments, corporate bond investments, electricity generation project finance, mortgage loans and sovereign bonds, commercial real estate loans, and business loans, and have set annual carbon reduction targets. In March 2025, the Group received official validation of its science-based targets (SBTs) from the Science Based Targets initiative (SBTi). The approved targets cover GHG emissions from both its own operations (Scope 1 and 2) and its investment and financing activities (Scope 3). In addition, we joined the CDP's "Non-Disclosure Campaign" in 2025, advocating for increased corporate disclosure of carbon-related information and amplifying its influence through sustainable finance.



1 Governance

KGI 2024 CLIMATE AND NATURE RELATED REPORT

2.1 Net Zero Commitment 2.2 Climate Response Strategy

Decarbonization Commitments in the Thermal Coal and Unconventional Oil and Gas Industries

To further embark on carbon reduction initiatives, KGI Financial's Board of Directors has approved the "Sustainable Finance Commitment" and created a decarbonization timeline. Meanwhile, we have initiated industry and customer engagement to stimulate clients in high carbon-emitting industries to drive their carbon reduction and transition plans. KGI Financial and its subsidiaries will continue to launch the decarbonization goals for all phases. We expect to achieve a complete global phase-out by 2040 for business activities in coal and unconventional oil and gas related industries and have set a timetable for stepwise reduction and a full exit. Each subsidiary will gradually reduce investment in high-carbon industries without a low-carbon transition plan according to their business conditions. One of KGI Financial subsidiary - CDIB Capital, has taken the lead in achieving to phase out coal and coal mining industries from its own investment positions by the end of 2022, and continues to increase the amount of new green investments, advancing towards the decarbonization target schedule.

As to thermal coal related industries and unconventional oil and gas related industries, we are committed to withdrawing from businesses involving related industries by the end of 2040, including project investment and financing, credit lines and loans, fixed income, underwriting business, and all active, passive, and third-party managed investments activities. Our phased commitments are:

By 2025,

cease (Note 1) direct project investment and financing of not only thermal coal as well as unconventional oil/gas projects (including new projects or expansion of existing projects) but also projects from companies which are still expanding related businesses (Note 2).



By the end of 2030,

phase out most (Note 3) of our direct investment and financing (Note 4) from companies in the thermal coal and unconventional oil and gas industries in industrialized countries in the European Union and OECD Member States.



By the end of 2040,

phase out globally from the investment and financing support (Note 5) of thermal coal related, unconventional oil and gas related industries.



- Note 1: Effective January 1, 2025, no new direct project financing or investment positions shall be added by this commitment.
- Note 2: The percentage of revenue from relevant businesses is expected to continue to grow.
- Note 3: A business deriving more than 30% of their revenue or generated power from thermal coal and unconventional oil and gas related industries, without putting forth a low-carbon transition project in alignment with the targets under the Paris Agreement.
- Note 4: Direct investment refers to the allocation of capital into an investment target where more than 10% of common shares are held. Direct financing refers to the provision of capital directly to enterprises or institutional entities in need of funding, including granting loans and purchasing more than 10% of a corporate bond issuance in the primary market
- Note 5: A business deriving more than 5% of their revenue or generated power from thermal coal and unconventional oil and gas related industries, without putting forth a low-carbon transition project in alignment with the targets under the Paris Agreement.

2.1 Net Zero Commitment 2.2 Climate Response Strategy

2.2 Climate Response Strategy

2.2.1 Climate Net-Zero Pathway and Strategy

To achieve the goal of net zero carbon emissions across its assets by 2045, according to UNEP FI's recommendations as a principle for moving towards net zero, we came up with five net zero implementation strategies and set short-, medium- and long-term milestones. By improving our own operational energy consumption and carbon emissions, adjusting the asset allocation of our investment and financing business, and leveraging our financial influence to help customers transform and work together towards mitigating the impact of climate risk and achieving net zero carbon emissions, the Group has taken steps to link the management of climate risk with traditional risk and has also introduced the results of the assessment into our daily operating activities through a self-inspection mechanism.

In accordance with the Group's goal of achieving net-zero carbon emissions for its total portfolio by 2045 and net-zero emissions for its own operations by 2040, the net-zero strategy is planned as follows:

Five Net Zero Strategies

KGI Financial has adopted five net-zero execution strategies: compliance with UN regulations, customer engagement objectives, target industry goals, investment and financing portfolio objectives, and transition goals, and has devised a follow-up process that serves as a framework for implementation across all levels and internal operations, allowing for specific quantitative objectives to be proposed and regularly monitored and reviewed.

Considering the organizational structure, the five execution strategies are carried out from the parent company to the subsidiary level, with voluntary compliance with UN-convened Net-Zero Asset Owner Alliance (NZAOA) as the core. By integrating and designing the organizational aspects, the Sustainability Committee has set up a standard TCFD execution mechanism for the Group, communicates and cooperates with relevant units in each subsidiary, regularly tracks the implementation of various Group strategies by the subsidiaries, and assists the subsidiaries in their fulfillment and promotion. Top-down target setting, bottom-up execution and feedback allow the Group's different business segments to align themselves with net-zero goals, while taking into account practical execution possibilities.



2.1 Net Zero Commitment 2.2 Climate Response Strategy

■ KGI Financial Follows the UNEP FI Guidelines towards Net Zero Carbon Emissions

| Str | rategic Direction | UNEP FI's Recommendations for Credible Net-Zero Commitments | Actions Taken by KGI Financial |
|----------------|---|--|--|
| | Net Zero Compliant | 1. Align with science-based 1.5°C scenarios | KGI Financial committed to achieve net-zero carbon emissions across its total portfolio by 2045. In March 2025, the Company passed the Science-Based Targets (SBT) validation, establishing GHG reduction targets for its operations (Scope 1 and 2) and investment and financing activities (Scope 3). These targets will comply with the initiative's guidelines, aiming to reach net-zero emissions by 2050, in alignment with a 1.5°C pathway. |
| | Scenarios | Align with the assumptions and criteria of the scenarios | We have set a timetable for reducing investment and financing in high carbon emission industries and increasing the proportion of green finance, and ceasing new direct project investment and financing exposure to coal and unconventional oil-related industries by 2025 and also set fully exiting schedule for these industries. |
| رگ | Net Zero Compliant Scenarios 1. Align with science-based IS*C scenarios KCI. Financial committed to achieve net-zero carbon emissions across its total portfolio by 2045. In March 2025, the Company passed the Science-Base validation, establishing CHF (reduction targets for its operations) (copie and 2) and investment and financing activities (cope 3). These targets will introduction that the science of the scenarios of the scenarios of the science of | 3. Set near-term (ideally 5-year) targets | We have set a 5-year target to reduce carbon emissions. Targets to Reduce Carbon Emissions in Investment and Financing Portfolio: Increase the proportion of investment portfolio setting Science Based Targets (SBT) for carbon reduction. KGI Financial commits to 49.7% of its investment portfolio (equities, corporate bonds, ETFs, mutual funds, and investments in REITs) by invested value setting SBTi validated targets by 2029 from a 2022 base year. These targets will then be incorporated into internal KPI management. |
| ¥ 02 | | Each year, our report reveals specific GHG emissions and allocation results. | |
| | | | Subsidiaries have followed PCAF methodologies to complete financed emissions inventory across various asset classes, including equity investments, corporate bond investments, electricity generation project finance, mortgage loans and sovereign bonds, commercial real estate loans, and business loans, and set an annual carbon reduction target have set annual carbon reduction targets. |
| | | Incentivize the real economy to achieve a low-carbon transition | We have instituted vetting criteria for our investment policy and have begun to conduct surveys and engagements, and will continue to devise effective schemes to stimulate low-carbon transition of our investment and financing targets. |
| | | | Through a direct investment channel, we continue to pay attention to companies with negative emissions technologies such as forestry, blue carbon, etc., to achieve negative emission benefits through investment partnerships, which can be used to neutralize the final residual carbon emissions once the emission reduction goals are attained. |
| | Specific Implementation | 8. Finance low-carbon transition | The Group's Sustainable Finance Commitment combines stewardship with a mechanism to leverage its financial influence to finance the transformation of businesses according to industry-specific strategies. |
| \ _ | Approach | | We participate in the development of Taiwan's taxonomy for sustainable activities and will apply the taxonomy to our product categories and define green financial products in line with international standards once a complete taxonomy has been created. |
| | | 9. Provide metrics to classify products as sustainable | According to Taiwan's taxonomy for issuing and investing in sustainable financial products established by Taiwan's competent authorities, actively investing in and underwriting sustainable development financial products includes green bonds, social responsibility bonds, sustainable development bonds, sustainability-linked bonds, sustainable bond funds, ESG bond ETFs, and green deposits. |
| | | , · · · · · · · · · · · · · · · · · · · | We proactively identify companies with specific low carbon or negative emissions technologies, such as carbon capture and storage for fund investment to achieve net zero. |
| 25 | Periodic Public Disclosure | , | We disclose full targets and progress on an ongoing basis in our reports. |

2.1 Net Zero Commitment 2.2 Climate Response Strategy

2.2.2 Climate Net-Zero Actions and Results

The Group, following the five key net-zero strategies and the identification of significant climate opportunities, has categorized its net-zero actions into four major dimensions: financial assets, financial products and services, advocacy and engagement, and own operations. For each dimension, we outline the internal strategies, targets, response measures, and outcomes, while aligning these with the identified significant climate opportunities.

1 Governance

| Dimension | Significant Climate Opportunity Description | Internal Strategies and Targets | | Response Measures and Effectiveness | | |
|---------------------------------------|---|---|---|--|--|--|
| S | Commitr | | KGI Life and CDIB Capital | The total amount of self-owned asset investment in the six core strategic industries of National Development Council amounted to NT\$153.0 billion ^(Note) , of which more 70% of the investments are in green power and renewable energy. | | |
| | | The Group and its subsidiaries have established the "Sustainable Finance Commitment," the "Responsible Investment Policy," and the "Sustainable | KGI Life | The amount of green and sustainable investments grew by approximately 45.7% compared to a 2022 base year. | | |
| 7 | The Benefits of Green Investment and Financing for the Group | Credit Guidelines." The "Responsible Finance" working group, under the Sustainability Committee of the Board of Directors, oversees the implementation of these policies. This includes reducing investments. | KGI Bank | The balance of green credit increased by 84.75% compared to a 2022 base year. | | |
| Financial Assets | implementation of these policies. This includes reducing investments and financing in high-carbon industries and continuously increasing the properties of group investments and financing. | Investment face value of sustainable development bonds increased by 16% compared to a 2023 base year, achieving the target of a 5% annual increase. | | | | |
| | | | CDIB Capital | Amount of new green investment increased by 5% compared to the a 2023 base year. | | |
| | | Sustainable Insurance The Group's subsidiary, KGI Life Insurance, adheres to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment | KGI Life | At the end of 2022, the insurance services carbon footprint verification was conducted in accordance with the international standard ISO 14067, and in 2023, a carbon label certificate was obtained from the Ministry of Environment, valid until 2027. | | |
| | | (PRI). The Company incorporates environmental, social, and governance (ESG) considerations into its strategic planning and management to better identify and manage sustainability opportunities and risks. Green Deposits | Continues to promote its Green Deposit Program, ensuring that all deposited funds are allocated to green for related loan demands within the program's scope. This initiative directs corporate capital toward susdevelopment efforts. Since its inception, the scale of green deposits has continued to grow, accumulating | | | |
| | Th | The Group's subsidiary, KGI Bank, actively promotes green deposits, | | NT\$39.6 billion. It has been awarded the 2024 National Brand Yushan Award for Best Product. | | |
| ⊿ \$ | | allocating project deposits to green purposes such as renewable energy, energy technology development, and pollution prevention and control. | | Acted as the underwriter (as well as financial advisor) for a total of 19 sustainable bonds in 2024, including 16 green bonds, 1 social bond, 2 sustainability bonds, with a total of NT\$19.578 billion. | | |
| èĚ | | Green Credit and Green Industry Financing | KGI Securities | · Among the equity related capital raising cases, 33 were environmental protection and green energy case | | |
| | The Benefits of Offering Low Carbon Sustainable Finance Products and Services for the Group | The group's subsidiary, KGI Bank, not only participates in iconic large-scale renewable energy power plant financing projects but also actively engages | | accounting for about 58.93% of the number of cases organized in the year. The environmental protection and green energy funds raised NT\$33.408 billion, accounting for about 63.68% of the funds raised in the current year. | | |
| Financial Products and Services | Finance Products and Services for the Group | in pollution prevention, green building, and other green credit-related financing. It is expected that the annual compound growth rate of overall green credit amounts will reach 5% in the future. | | | | |
| | | Sustainable Funds and ESG-Related Products | | | | |
| | | The group's subsidiary, KGI SITE, will continue to issue sustainable fund series (such as Sustainable Bond ETFs and actively managed Sustainable Bond Funds) and will strengthen the promotion of ESG and sustainability-related products to investors. | KGI SITE | KGI SITE has obtained ESG approval from the competent authority for one ESG bond ETF and two actively managed sustainable bond funds, leading the industry in the total number of ESG funds approved. In May 2021, KGI SITE launched Taiwan's first ETF tracking the Bloomberg MSCI ESG bond index — the KGI 15+ Year USD BBB ESG Corporate Bond ETF. As of the end of 2024, the fund size reached NT\$742 million. Additionally, the two actively | | |
| | | Green Underwriting and Advisory Services | | managed sustainable bond funds are projected to have a total fund size of NT\$2.756 billion by the end of 2024. | | |
| | | The Group's subsidiary, KGI Securities, continues to leverage its expertise as a securities underwriter to assist companies in issuing green bonds, raising funds for green enterprises, and providing related services to companies developing green industries. | | | | |

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2.1 Net Zero Commitment 2.2 Climate Response Strategy

KGI 2024 CLIMATE AND NATURE RELATED REPORT

| Dimension | Significant Climate Opportunity Description | Internal Strategies and Targets | | Response Measures and Effectiveness | |
|----------------------------|--|--|--|--|--|
| 2000 | Potential Benefits of the Specific Climate Issues Initiatives for the Group | One of the five key net-zero strategies is to "Follow United Nations Standards," which emphasizes adhering to the principles and disclosure recommendations set by the Net-Zero Asset Owner Alliance (NZAOA). In addition, the Group commits to the United Nations, "Principles for Sustainable Insurance (PSI)," "Principles for Responsible Banking (PRB)," "Principles for Responsible Investment (PRI)," and the Equator Principles. The Group has also signed onto | KGI Financial | KGI Funds has signed onto CDP, TCFD, and the Science Based Targets initiative (SBTi), TNFD Adopter, and in June 2023, it joined the Partnership for Carbon Accounting Financials (PCAF). The Company is actively adopting international standards for carbon emission management in investments and financing. To actively support climate-related initiatives, we joined the CDP's "Non-Disclosure Campaign" in 2025, advocating for increased corporate disclosure of carbon-related information and amplifying its influence through sustainable finance. | |
| Advocacy and Engagement | | the Task Force on Climate-related Financial Disclosures (TCFD) and joined the Partnership for Carbon Accounting Financials (PCAF), among other international initiatives, to achieve net-zero carbon emissions goals. | KGI Securities | In 2023, signed the "REI0x10 Climate Declaration" initiated by the international organization Greenpeace. This commitment includes using more than 10% renewable energy of Taiwan's total electricity consumption by 2025 and striving to achieve REI00 by 2050. These actions are in response to the United Nations Framework Convention on Climate Change (UNFCCC) and its energy transition initiatives. | |
| 02 0 | | | KGI Life | KGI Life Insurance and KGI Bank have collaborated to launch the "Electronic Authorization Premium Deduction Service." This service utilizes an online verification mechanism to provide customers with a convenient and rapid application process for premium deductions, thereby enhancing the convenience of digital financial services. | |
| | Potential Benefits of Digital Financial Transformation for the Group | In the post-pandemic era, the KGI Financial Group is focusing on the changes in the investment environment by emphasizing digital financial services. The goal is to create "One Website, One APP" to transform consumers' financial lives through financial technology (FinTech). | KGI Bank | KGI Bank has adopted the "KGI Inside" strategy to promote the fragmentation, modularization, and API integration of financial services, thereby realizing the concept of open banking. Through innovative financial service components, the bank has facilitated rent payments for underprivileged groups and enabled donations to small and medium-sized social welfare organizations. | |
| | | | KGI Securities | As the first to offer a diverse range of account opening options, KGI Securities has innovated a dual digital identity verification process for banking and securities, enabling the establishment of a triad account. This is achieved through a streamlined digital process that simplifies the account opening procedure, thereby enhancing the financial experience for customers. | |
| Own Operations | Potential Benefits of Improving in Energy Resource Utilization Efficiency for the Group | The Group has actively reduced carbon emissions within its operations through the implementation of energy-saving measures, the adoption of renewable energy sources, and the consolidation of operational sites. Additionally, the Group has upgraded its facilities by replacing lighting with high-efficiency alternatives, installing inverter air conditioning systems, and autonomously optimizing the settings of energy-consuming equipment. These efforts are part of the Group's commitment to achieving the goal of "Carbon Neutrality by 2030 in its own operations." The Group supports climate transition by promoting the "Responsible Procurement Policy", identifying actual needs (conservation, necessity, nonexcessiveness, and waste avoidance). The Group promotes green procurement and energy conservation (prioritizing low-pollution, low-energy-consumpring recyclable products or equipment certified with eco-labels, and by reducing the procurement of single-use items). Suppliers are encouraged to obtain or sell products with eco-label certifications. | In 2024, KGI F totaling 8,898 equivalent to a limplementation. Implementation The Group has Headquarter E. Energy-saving Replace more consuming equivalent by 2.57. Green procure The Group ach | Use of renewable energy In 2024, KGI Financial purchased and used 8,816.28 MWh of renewable energy and self-generated 82.04 MWh of renewable energy totaling 8,898.32 MWh of renewable energy, accounting for approximately 19.9% of KGI Financial's total electricity consumption equivalent to a reduction of 4,395.77 tCO ₂ e. Implementation of Energy Management System The Group have successively introduced ISO 50001 energy management system in KGI Securities Dazhi Building, KGI Financial Headquarter Building, and KGI Bank Kaohsiung, Chienkang, and Tungmen branches, and maintained the validity of the certificates. Energy-saving equipment updates Replace more environmentally friendly, high-efficiency air conditioning equipment and lighting fixtures, autonomously adjust energy consuming equipment settings, and conduct maintenance of electrical equipment to maintain energy efficiency, total electricity consumption reduced by 257% compared to 2023. Green procurement The Group achieved NT\$246.7 million in green procurement and achieved a local procurement ratio of 97.8% in 2024. KGI Financial has received the "Green Procurement Award" from Taipei City and the Ministry of Environment for the seventh and sixth time respectively. | |

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3.7 Dociliones Varification

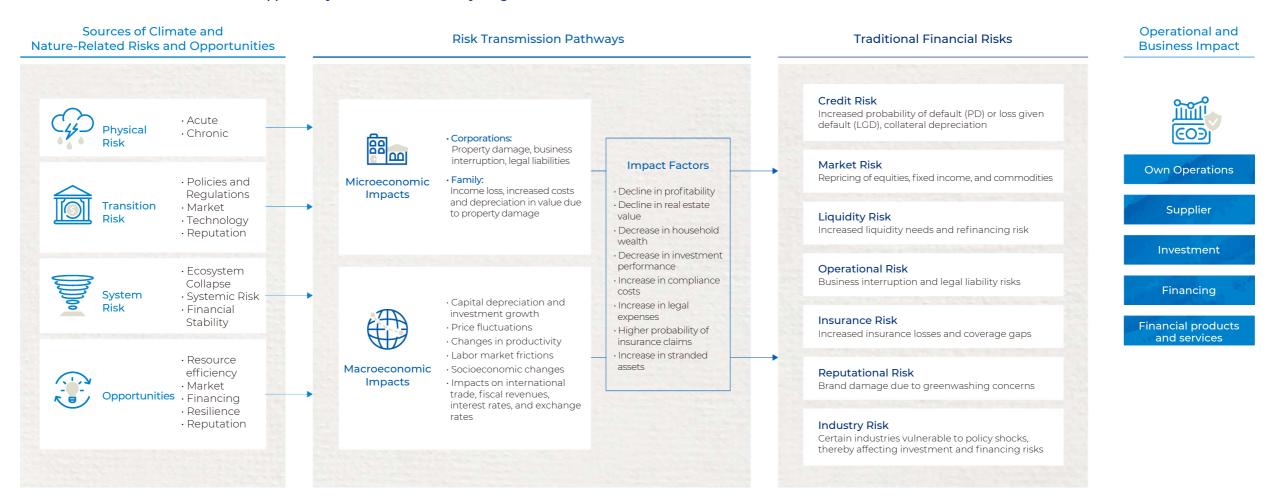


3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

3.1 Climate and Nature-Related Risk and Opportunity

3.1.1 Climate and Nature-Related Risk and Opportunity Identification Process

■ Climate and Nature-Related Risk and Opportunity Transmission Pathway Diagram



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3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

To better understand risks and opportunities from climate change and environmental shifts, the Group annually identifies and assesses climate and nature-related factors based on its business operations. This year, we referenced classification frameworks from the Task Force on Climate-related Financial Disclosures (TCFD), the Taskforce on Nature-related Financial Disclosures (TNFD), and the IFRS S2 Sustainability Disclosure Standard. Considering domestic and international trends and research, we established six themes of climate & nature-related opportunity, totaling twelve themes. Each subsidiary assessed these themes in the context of their specific activities, focusing on impact pathways (per TCFD, TNFD, and IFRS S2), timelines, value chain positions, and financial impacts. Based on the analysis, we then prioritized the risks and opportunities with the significant impact on the Group. The four key steps in the Group's climate- and nature-related risk and opportunity identification process are summarized in the table below.

■ Climate and Nature-Related Risks and Opportunities Identification Process









Data Collection and Analysis

Drawing on the principles of TCFD, TNFD, and IFRS S2 standards, as well as domestic and international developments, investor concerns, and industry research, the Group developed a comprehensive list of climate-and nature-related risks and opportunities.

Climate and Nature-related Risk and Opportunity Assessment

Relevant departments within each subsidiary assessed the potential financial impact (Note 1) and likelihood of occurrence (Note 2) of each identified climate- and nature-related risk and opportunity, based on their understanding of these issues in the context of their specific business operations.

Significant Climate and Nature-related Risk and Opportunity Identification

The assessment results provided by relevant departments across subsidiaries were consolidated and converted into impact scores. These scores were then weighted to calculate the overall degree of impact each climate- and nature-related risk and opportunity may have on the Group. Issues with both high financial impact and high likelihood of occurrence were prioritized and identified as material climate- and nature-related risks and opportunities for the Group. In 2024, a total of six material climate- and nature-related risks and opportunities were identified.

The identified material climate- and nature-related risks and opportunities are

reviewed and, upon completion of the Group's Climate and Nature Related Report, submitted to the Sustainability Committee and the Board of Directors for oversight.

Review

Note 1: Financial Impact Level: Each subsidiary evaluates the financial impact level as follows: low if it is less than 1% of the subsidiary's average consolidated net profit after tax over the past three years; moderate if between 1% and 2.5%; and high if greater than 2.5%. The Group comprehensively considers the financial impact for the current year and future periods, as well as the scale of each subsidiary, to calculate the overall financial impact level on the Group.

Note 2: Likelihood of Occurrence: Low (unlikely to occur); Moderate (possible to occur); High (very likely to occur).

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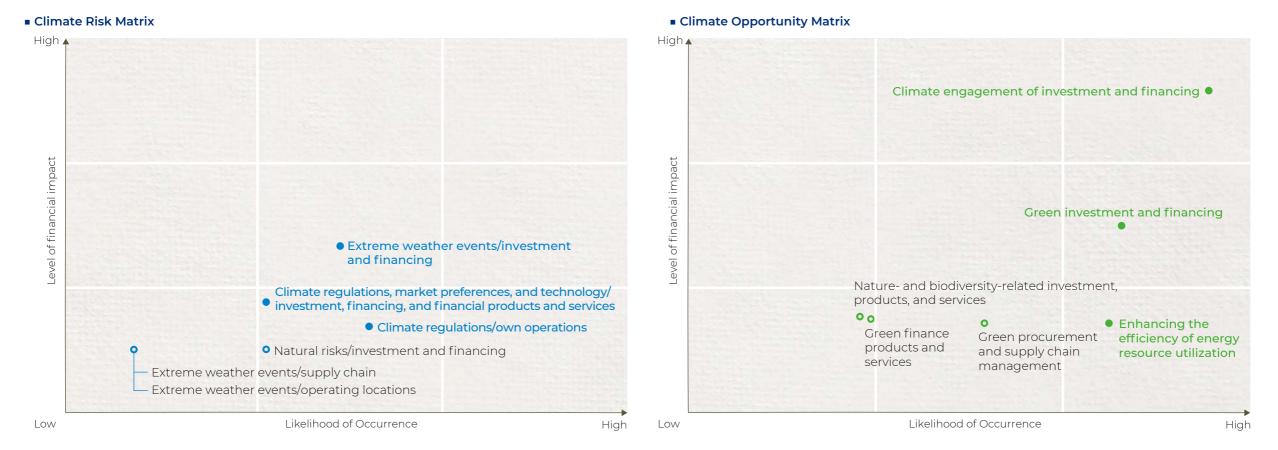
3.1 Clim
3.3 Description

3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment 3.3 Resilience Verification

3.1.2 Matrix of Identified Climate and Nature-related Risks and Opportunities

Through discussions with relevant departments, the Group assessed potential climate- and nature-related risks and opportunities from both operational and business perspectives. Each risk and opportunity was then ranked based on its financial impact and likelihood of occurrence, and the results were visualized in a matrix. In response to global climate finance trends, the Group has actively pursued related financial opportunities. The assessment indicates that climate-related opportunities are expected to have a greater positive financial impact on the Group, reflecting the effectiveness of our climate risk management as related risks have gradually diminished over time.

For this year, the top three climate-and nature-related risks and opportunities have been selected as the Group's material issues, affecting both its operations and value chain. The Group will continue to review current measures and develop responsive strategies to mitigate potential risks, while also capturing the growing business and operational opportunities associated with climate and nature-related developments.



3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

3.1.3 Description of Significant Climate and Nature-related Risks and Opportunities

■ 2024 Group Climate and Nature-Related Risks

| Sequence | Risk Factor | Description of Risk | Potential Impact on the Value Chain | Likelihood of Occurrence (Note 1) | Impact Level (Note 2) | Impact Period (Note 3) | Cause of Financial Impact | Corresponding Existing Risks |
|----------|---|--|--|--------------------------------------|-----------------------|---|---|--|
| 1 | Acute Physical Risk Chronic Physical Risk | The increased frequency and severity of extreme weather events and their impact on the Company's investment and financing operations | Investment and Financing Business | Moderate | Moderate | Short-term, Mid-term to long-term | The increasing frequency and severity of extreme weather events may lead to disruptions in the supply chains of investment targets, rising operational costs, and even business cessation. This will not only put pressure on stock prices but may also trigger credit risks and liquidity crises, ultimately resulting in negative impacts on the Company's investment and financing portfolio and financial performance, exacerbating investment and financing losses. | Credit Risk Market Risk |
| 2 | Regulatory Risk Policy Risk | The impact of regulatory requirements related to carbon emissions and other climate-related disclosures on the Company's own operations | · Own Operations | Moderate | Low | Short-term, Mid-term to long-term | KGI Financial closely monitors climate-related regulations and global decarbonization trends. The company proactively adjusts its internal policies to align with regulatory guidance on carbon reduction targets and strategic planning for the financial sector. To achieve its netzero emissions goals, the Company plans to increase renewable energy use and procure green electricity, which is expected to raise operating costs. | · Operational Risk |
| 3 | Regulatory Risk Policy Risk | The impact of climate regulations, market preferences, and low-carbon technology transitions on the Company's investment and financing business and financial product services | Investment and Financing Business Financial Product Services | Moderate | Low | Short-term, Mid-term to long-term | Failure to effectively respond to climate regulations and market transition demands, such as carbon pricing policies and green finance action plans, may result in penalties from regulatory authorities, leading to increased operational costs. In addition, falling short of market expectations for low-carbon technologies and green investment and financing could undermine investor confidence and reduce the Company's competitiveness, ultimately affecting profitability and long-term financial stability. | Market RiskCredit RiskOperational RiskReputation Risk |
| 4 | Nature-related Physical/ Transition Risk | The impact of counterparties' responses to nature-related physical and transition risks on the Company's investment and financing activities | Investment and Financing Business | Moderate | Low | long-term | Nature-related physical and transition risks may cause operational disruptions for investee companies or their upstream and downstream partners, or lead to increased transition costs that reduce profitability—both of which could result in falling stock prices and investment losses. While institutional investors and issuers have begun to pay closer attention to biodiversity issues, there are currently no specific regulatory requirements or disclosure obligations. Moreover, methodologies for assessing nature-related financial impacts in Taiwan's financial sector are still under development. As a result, both physical and transition risks related to nature have not yet produced material or measurable impacts at this stage. | Market Risk Credit Risk |
| 5 | Acute Physical Risk Chronic Physical Risk | The impact of extreme weather events on the Company's operations | Own Operations | Low | Low | Short-term, Mid-term to long-term | Extreme weather events may lead to temporary operational disruptions at certain locations; however, the Group possesses a multi-regional business layout and disaster response plans. Therefore, we assess that such impacts are limited and have a low effect on the overall financial condition. | · Operational Risk |
| 6 | Acute Physical Risk Chronic Physical Risk | Impact of supply chain disruptions caused by extreme weather events on the Company | · Supply Chain | Low | Low | Short-term, Mid-term to long-term | Abnormal events caused by extreme weather may lead to equipment damage; however, information technology vendors have established corresponding response and contingency measures. The Group has prioritized the identification of key IT service providers, and based on currently available information, their exposure to extreme climate impacts is assessed to be relatively low. | · Operational Risk |

Note 1: Likelihood of Occurrence: Low (unlikely to occur); Moderate (possible to occur); High (very likely to occur).

Note 2: Financ ial Impact Level: Each subsidiary evaluates the financial impact level as follows: low if it is less than 1% of the subsidiary's average consolidated net profit after tax over the past three years; moderate if between 1% and 2.5%; and high if greater than 2.5%. The Group comprehensively considers the financial impact for the current year and future periods, as well as the scale of each subsidiary, to calculate the overall financial impact level on the Group.

Note 3: Short-term, within 3 years (inclusive); Medium-term, within 3 to 10 years; Long-term, after 10 years

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3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment 3.3 Resilience Verification

■ 2024 Group Climate and Nature-Related Opportunities

| Sequence | Opportunity Factor | Description of Opportunity | Potential Impact on the Value Chain | Likelihood of Occurrence (Note 1) | Impact Level (Note 2) | Impact Period (Note 3) | Cause of Financial Impact |
|----------|-------------------------|---|---|--------------------------------------|-----------------------|------------------------|---|
| 1 | Product and Service | Potential benefits of engaging with investment and financing stakeholders on climate issues and actions for the Company | Investment and Financing Business Financial Product Services | High | High - | Short-term | By promoting the transition of high-carbon industry investees through engagement activities, KGI Financial can reduce climate-related risks and safeguard investment and financing income such as dividends and interest. As international engagement activities increase, the demand for transition financing is expected to stimulate capital needs of investees, thereby enhancing the Company's revenue from investment, financing, and underwriting businesses. This presents a high-potential growth opportunity for the Company. |
| 2 | Markets | The benefits of green investment and financing for the Company | Investment and Financing Business | High | Moderate | Mid-term | The market's increasing emphasis on green issues and the rising demand for investment and financing in related industries have created high-potential growth opportunities for KGI Financial. By supporting green industries such as solar energy, wind power generation, fishery and electricity symbiosis, and water resource recycling, the Company can not only enhance its reputation and image but also promote local green employment and effectively utilize its financial influence to drive industrial upgrading. |
| 3 | Energy Efficiency Usage | The benefits of enhancing the efficiency of energy resource utilization and financing for the Company | · Own Operations | High | Low | Short-term | By replacing outdated equipment and adopting energy-saving technologies to enhance energy efficiency, KGI Financial has been able to reduce operating costs and support its carbon reduction goals. |
| 4 | Product and Service | Potential benefits of implementing green procurement and supply chain management for the Company | Supply Chain Own Operations | Moderate | Low | Short-term | Implementing green procurement and supply chain management contributes to resource conservation and enhances corporate image, while also aligning with the expectations of regulatory authorities. These measures may slightly enhance direct economic benefits while simultaneously increasing brand value. |
| 5 | Product and Service | Potential benefits to the Company from nature and biodiversity-related investments, products, and services | Investment and Financing Business Financial Product Services | Moderate | Low | long-term | Investments and financing related to nature and biodiversity can enhance brand value and competitiveness; however, their immediate impact on financial performance is currently limited. They primarily influence long-term market strategies and are therefore considered secondary opportunities. |
| 6 | Product and Service | The benefits of offering green sustainable finance products and services for the Company | · Financial Product Services | Low | Low | Short-term | Actively engaging in green financial products and low-carbon economic value services helps attract targeted potential clients and promotes sustainable operations. Although this approach generates a positive financial impact for the Company, its scope is relatively limited and focused on specific market demands, and therefore it is not considered a material opportunity. |

Note 1: Likelihood of Occurrence: Low (unlikely to occur); Moderate (possible to occur); High (very likely to occur).

Note 2: Financial Impact Level: Each subsidiary evaluates the financial impact level as follows: low if it is less than 1% of the subsidiary's average consolidated net profit after tax over the past three years; moderate if between 1% and 2.5%; and high if greater than 2.5%. The Group comprehensively considers the financial impact for the current year and future periods, as well as the scale of each subsidiary, to calculate the overall financial impact level on the Group.

 $Note \ 3: \ Impact \ Period: Short-term, within \ 3 \ years (inclusive); \ Medium-term, within \ 3 \ to \ 10 \ years; \ Long-term, \ after \ 10 \ years.$

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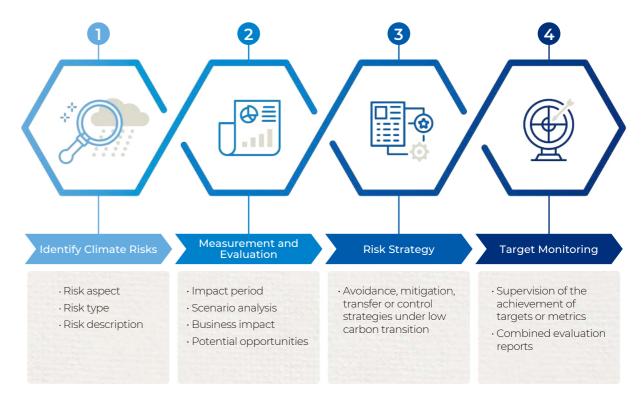
3.1.4 Climate Risk Measurement and Management Process

Climate risk comprises physical risks that are classified as acute or chronic depending on weather patterns and may have a financial and operational impact on the Company, and transition risks that may occur to the Company's finances, strategy, operations, products and reputation resulting from policy, legal, technological and market variations for the purpose of transitioning to a low-carbon economy.

To address climate risks, the Group regularly conducts scenario analyses to quantify potential losses and their correlations, thereby anticipating possible financial impacts. The Group further reviews the capacity of relevant organizational units to manage these risks, internal control procedures, and risk mitigation or response measures. Following both domestic and international regulations and risk management policies, the Group establishes related guidelines as the foundation for risk management. In 2023, the Group's Board of Directors approved the "Climate Risk Management Guidelines," formally integrating climate factors into the company's three lines of defense risk management framework for effective governance and control.



■ Climate Risk Identification and Management



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3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

3.2.1 Climate Risk Scenario Description

The Group opted for the IPCC Sixth Assessment Report SSP1-2.6 and SSP5-8.5 scenarios for assessing physical risk. The SSP1-2.6 scenario predicts very low carbon emissions to limit global warming to below 2°C; the SSP5-8.5 scenario assumes a 4°C warming for very high emissions with hardly any climate policy in place.

The NGFS Net Zero 2050, NGFS Delayed Transition and NGFS Fragmented World are the 3 scenarios selected for assessing transition risk. the NGFS Net Zero 2050 scenario sets a higher standard for companies to take immediate carbon reduction actions, with a 50% chance of keeping warming below 1.5°C by the end of the century; the NGFS Delayed Transition scenario involves the development of a carbon reduction and transition strategy by 2030, with the implementation starting in 2030 and a net zero carbon emission goal reached by 2050 in order to limit warming to 2°C and the NGFS Fragmented World scenario assumes global climate policy goals are delayed and opinions are divided, leading to higher transition and physical risks, with an estimated temperature increase of 2.3°C.

The quantitative impact assessment of climate risk in 2024 covered the entire value chain, including upstream suppliers' business locations, our own premises and downstream investment and financing-related activities. By analyzing the physical risk scenarios, climate change scenario analysis of the Bank credit portfolio of the Group," and analysis of the impact of carbon pricing transition on the Group's Long-term investment portfolio, we further gauge the potential financial impact on the Group when exposed to climate change.

■ Scenario Analysis Overview

| | | Physical Risk - Immediate | Physical Risk & Transition Risk | Transition Risk – Policies and Regulations |
|--|--------------------------|--|---|---|
| | | Physical Risk: Flood Risk Level Scenario Analysis | Climate Change Scenario Analysis of the Bank Credit Portfolio of the Group | Analysis of the Impact of Carbon Pricing Transition on the Long-term Investment Portfolio of the Group |
| Climate Scenario | 2°C or below 2°C | · AR6 SSP1-2.6 | NGFS Net Zero 2050 (SSP1-1.9) NGFS Delayed Transition (SSP1-2.6) | NGFS Net Zero 2050 NGFS Delayed Transition |
| Accidito | Above 2°C | • AR6 SSP5-8.5 | NGFS Fragmented World (SSP2-4.5) | - |
| | Upstream Activities | Supplier Locations (leased data center type) | - | - |
| Subject of Analysis | Own Operations | Business Premises | - | - |
| Analysis | Downstream Activities | Investment property Mortgage in consumer banking Loans on real estate in corporate banking | Domestic credit (consumer banking Corporate banking), foreign credit | Investment in equity and corporate bonds |
| Assessment F | Period | Own Operations, Downstream Activities: 2050 Upstream Activities: 2030 | Mid-term, Long-term 2030, 2050 | Short-term, Mid-term, Long-term 2025, 2030, 2035, 2040, 2045, 2050 |
| Subsidiaries (| Covered | KGI Financial, KGI Bank, KGI Life, KGI Securities, KGI SITE, CDIB Capital | KGI Bank | KGI Financial, KGI Life, KGI Bank, KGI Securities, CDIB Capital |
| Analysis Frequency and Reporting Period | | Scenario analysis is conducted ar 2024. | nnually and disclosed accordingly. This scenario anal | ysis covers the period from January 1, 2024, to December 31, |

Note: Due to the assumptions inherent in the analysis methodology and the use of parameters estimated under different risk scenarios, the expected loss estimates derived from long-term scenario assessments carry inherent uncertainties and do not represent actual future impacts. Therefore, users should exercise caution in interpreting and applying the analysis results, acknowledging their limitations.

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3.2.2 Scenario Analysis Quantitative Results - Physical Risks

Physical Risk: Flood Risk Level Scenario Analysis

Description of the analysis

To mitigate the impact of climate disasters on its operations and business, the Group conducts extreme weather event scenario analysis and quantifies the results for suppliers, its own premises, investment properties, mortgage in consumer banking and real estate mortgage loans in corporate banking. In order to better assess the financial impacts of climate change on its own operations and downstream investment and financing goals, the company aims to understand the impact on its business and asset value. This analysis is based on the "Physical Climate Risk. Information Integration Platform for the Financial Industry" from the Joint Credit Information Center (JCIC), in which the hazard level refers to the flood occurrence probability and the vulnerability level refers to real estate value depreciation in case of floods. A matrix combining these factors produces five flood-induced property value impairment risk levels, where Level 1 indicates the lowest risk and Level 5 the highest. The analysis uses two scenarios: warming within 2°C (SSP1-2.6) and warming above 4°C (SSP5-8.5), to examine various aspects of the group and assess the impact of flooding at the sites under analysis. It also reviews adaptation measures against floods to further enhance the group's business continuity capabilities.

Risk Classification Definition

According to the risk classification methodology announced by the Joint Credit Information Center (JCIC) during the briefing on the financial sector's climate physical risk information integration platform, hazard and vulnerability are each divided into five risk levels. A matrix combining these factors produces five flood-induced property value impairment risk levels, where Level 1 indicates the lowest risk and Level 5 the highest. Among them, Level 5 is classified as a high-risk area according to the Group's definition, while Level 4 is an area of concern.

Consideration of Building Floor Levels and Adaptation Measures

- 1. Adjustment Mechanism 1: The risk level and flooding probability of locations and real estate situated above specific floors will be reduced.
- 2. Adjustment Mechanism 2: Consideration of adaptive measures to lower risk levels and flood probabilities, including the use of pumps, sandbags, elevation of ground surfaces/waterproof gates, disaster management mechanisms, business continuity plans (BCM), and flood and typhoon insurance.



3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

Analysis Result

1. Operational Locations

Under the 2°C and 4°C warming scenarios, and after factoring in floor levels and adaptation measures, none of the Group's operational sites fall within high-risk zones (Level 5) or areas requiring attention (Level 4). The estimated property value impairment accounts for 0.2% of total building value, indicating no significant operational impact on the Group.

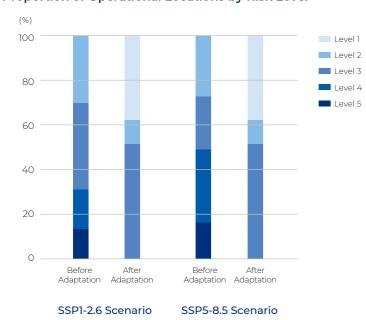
2. Investment Properties

Analysis of the Group's investment properties [Note] under the 2°C and 4°C scenarios shows that over 98% of locations fall within low to medium risk levels (Level 1-3). The estimated property value impairment in both scenarios accounts for 0.2% of the total building value, suggesting minimal impact on the Group's investment losses.

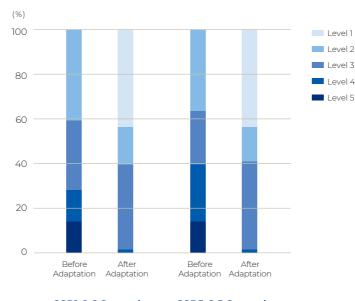
3. Supplier

Under the warming scenarios of 2°C and 4°C, and taking into account the analysis results after considering floor levels and adaptation measures, 100% of the Group's supplier operational sites are classified within the low-risk category (Level 1). In terms of financial impact, if flooding causes suppliers to be unable to provide services, the group will incur additional procurement costs. However, since the group and relevant suppliers have signed service interruption clauses and have insured data center equipment against typhoon and flood risks, the related loss risks are considered controllable. After evaluation, it has been sufficiently determined that the possibility of financial losses for the group has been reduced.

Proportion of Operational Locations by Risk Level

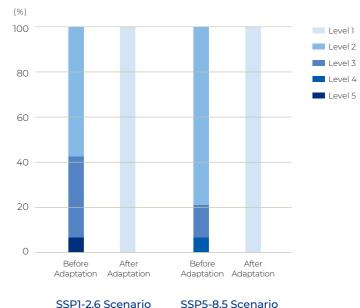


■ Proportion of Investment Properties' Locations by Risk Level



SSP1-2.6 Scenario SSP5-8.5 Scenario

Proportion of Supplier's Locations by Risk Level



SSP1-2.6 Scenario

• Response Measures: Although the operations and assets of the group have not been significantly affected by physical risks, considering the uncertainty of climate risks, the company and its subsidiaries will continue to enhance and plan relevant countermeasures in the future.

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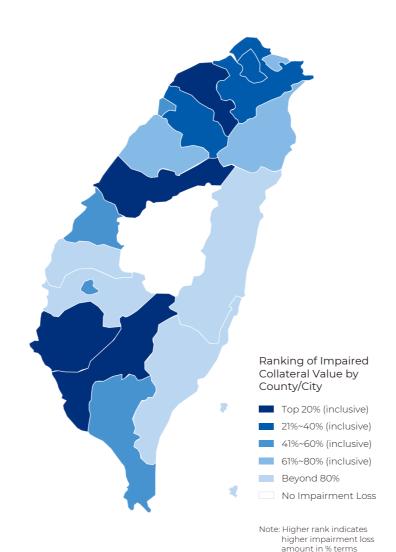
3.3 Resilience Verification

4. Mortgage in consumer banking

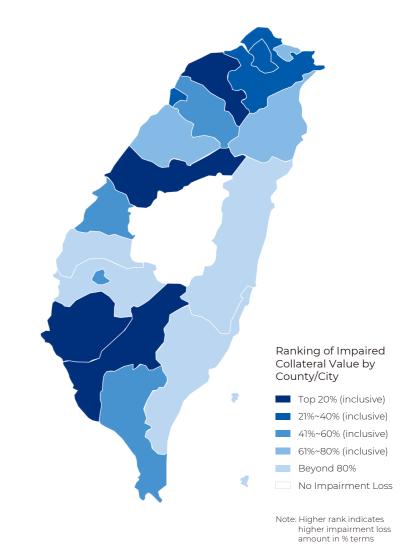
After considering the floor height and the remaining loan term for Mortgage in consumer banking, the Group has identified that 3.87% and 4.14% of the exposures are located in the high-risk areas (Level 5) under scenarios of a 2°C and 4°C temperature increase, respectively. Additionally, 8.50% and 9.66% of the exposures are located in the areas of concern (Level 4). According to the heat map, the darker areas are primarily concentrated in Taoyuan City, Taichung City, Tainan City, and Kaohsiung City, indicating that these regions may face a higher risk of real estate value depreciation under both warming scenarios.

| Risk | 2° | C | 4° | °C | | |
|--------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|--|--|
| Level for Flood Scenario | Quantity Ratio (%) | Percentage of Exposures (%) | Quantity Ratio (%) | Percentage of Exposures (%) | | |
| Level 5 | 5.74 | 3.87 | 6.08 | 4.14 | | |
| Level 4 | 10.68 | 8.50 | 11.59 | 9.66 | | |
| Level 3 | 47.70 | 45.58 | 46.53 | 44.30 | | |
| Level 2 | 24.66 | 26.01 | 24.58 | 25.86 | | |
| Level 1 | 11.22 | 16.04 | 11.22 | 16.04 | | |
| Total | 100 | 100 | 100 | 100 | | |
| | | | | | | |

■ 2°C







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■ 4°C

5. Real estate mortgage loans in corporate banking

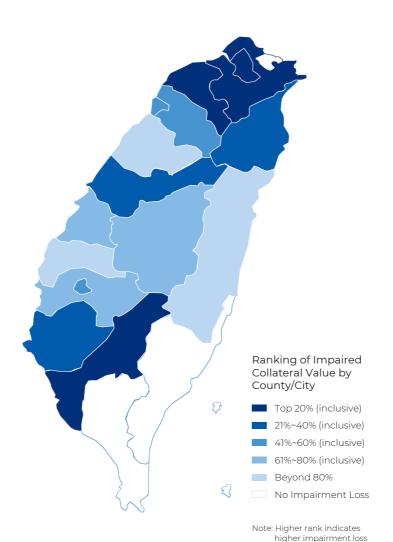
The Group conducted a scenario analysis on the real estate mortgage loans in corporate banking. After considering factors such as floor height and remaining loan term, it was determined that under scenarios of a 2°C and 4°C temperature increase,8.28% and 8.27% of the exposures are located in the high-risk areas (Level 5), respectively. As shown in the distribution map below, the darker areas are mainly located in Taipei City, New Taipei City, and Kaohsiung City, indicating that these regions may face relatively higher levels of property value impairment under both warming scenarios.

| Risk Level | 2° | C | 4° | C | | |
|-----------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|--|--|
| for Flood Scenario | Quantity Ratio (%) | Percentage of Exposures (%) | Quantity Ratio (%) | Percentage of Exposures (%) | | |
| Level 5 | 8.73 | 8.28 | 8.63 | 8.27 | | |
| Level 4 | 15.38 | 19.63 | 14.48 | 15.07 | | |
| Level 3 | 27.68 | 19.93 | 23.81 | 19.06 | | |
| Level 2 | 27.48 | 35.63 | 32.34 | 41.07 | | |
| Level 1 | 20.73 | 16.53 | 20.74 | 16.53 | | |
| Total | 100 | 100 | 100 | 100 | | |
| | | | | | | |

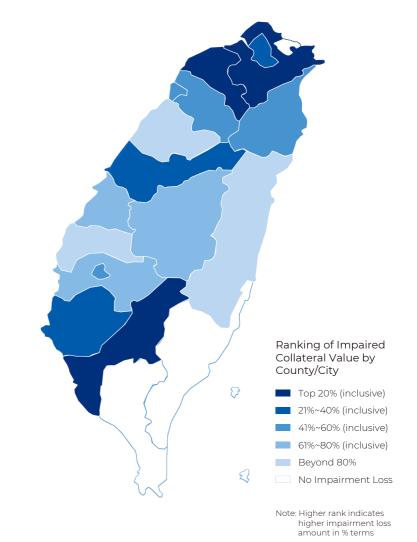
· Response Measures

The banking subsidiary conducted an inventory of the locations and building types of real estate collateral, and carried out assessments by taking building floor height into consideration. The evaluation results indicate that the overall risk impact is within a reasonable and controllable range. The group will continue to develop appropriate management measures to strengthen the identification and response capabilities for the physical risks of credit collateral, thereby enhancing the effectiveness of identifying and addressing physical risks associated with credit collateral.





amount in % terms



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3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

3.3 Resilience Verification

3.2.3 Scenario Analysis and Quantitative Results-Transition Risk

Analysis of the Impact of Carbon Pricing Transition on the Group's Long-Term Investment Portfolio

Description of analysis

Considering Taiwan's announcement in 2021 to achieve net-zero emissions by 2050, along with the release of the Taiwan 2050 Net Zero Emissions Roadmap and Climate Change Response Act, the NGFS 'Net Zero 2050' scenario is selected for an orderly transition. This scenario is in line with both domestic and international net-zero emissions pathways and allows us to simulate the potential financial losses that our group may incur under current policies and regulations. In addition, the group has selected the 'Delayed Transition' scenario which assesses a conservative scenario where global carbon emissions continue to grow due to economic expansion until peaking after 2030. Subsequently, accelerated carbon reduction actions are taken, requiring strong and effective policies to control global warming to below 2°C.

Through scenario simulation analysis, evaluate the expected loss amount of potential climate risks for the investment portfolio. The scenario assumptions are as follows:

Basic Assumptions

Under global carbon reduction regulations, companies will incur additional carbon costs for compliance, such as reducing carbon emissions, engaging in carbon trading, or paying carbon taxes.

Analysis of the time points

From 2025 to 2050, evaluate the additional expected loss amounts due to climate risks for all industry investment positions every five years.

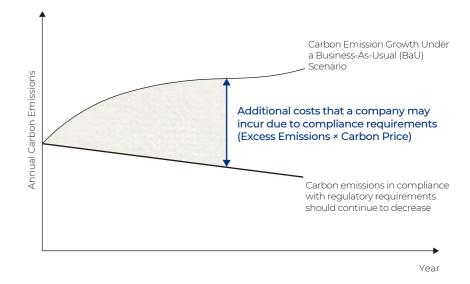
Analysis of Investment Categories and Boundaries

- (1) Inventory long-term equity and corporate bond positions. In the future, the Group will continue to enhance methodologies and periodically adjust the asset categories and boundaries used in scenario analysis calculations.
- (2) Equity Investments: Quantitative assessment of market risk influenced by carbon costs
- (3) Corporate Bond Investments: Quantitative assessment of credit risk influenced by carbon costs.

Carbon Cost Assumptions

Carbon cost assumptions are based on the carbon prices of each country as per NGFS Phase 5.0 Scenario Explorer REMIND-MAgPIE 3.3-4.8 (Note), with adjustments for inflation.

Note: The carbon price range for each country from 2025 to 2050 under the orderly transition "Net Zero 2050" scenario is \$31.65~\$1042.07, while under the disorderly transition "Delayed Transition" scenario, it is \$1.23~\$802.73



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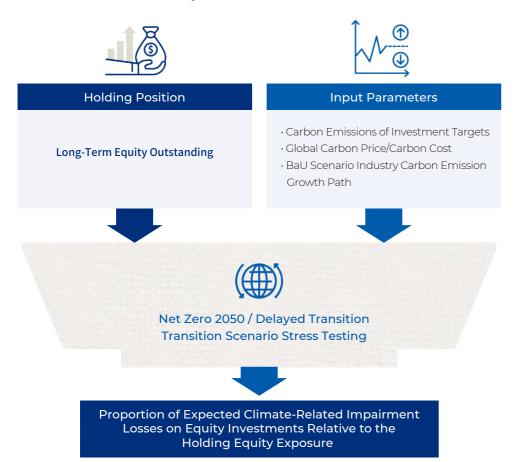
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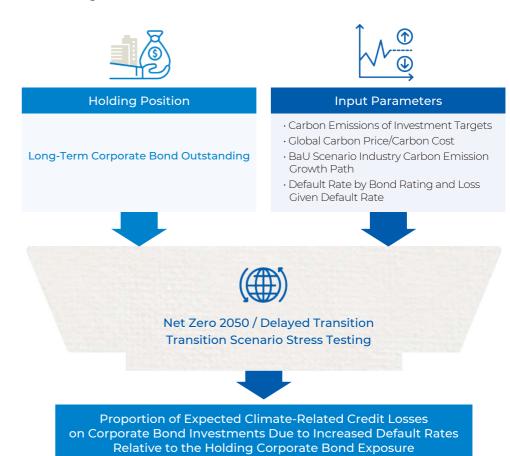
Equity Investments

Assuming that the Group's equity investment positions will maintain their current investment patterns and distribution, the additional carbon costs incurred by the invested companies will be projected. The impact on these companies' net worth will be assessed, and the ratio of climate-related expected impairment losses on equity investments to the total asset size will be analyzed.



Corporate Bond Investments

Assuming that the Group's corporate bond investment positions will maintain their current investment patterns and distribution, the impact of additional carbon costs on the credit ratings of the bond issuers will be analyzed. The potential climate-related expected credit losses on corporate bonds, expressed as a ratio of the total asset size, will be evaluated based on changes in default rates.



3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment

Appendix

Financial Impact

The Group evaluates the quantitative impact of carbon costs on the credit risk of long-term corporate bond investments and the market risk of long-term equity investments through scenario simulation analysis. The results of the analysis are as follows:

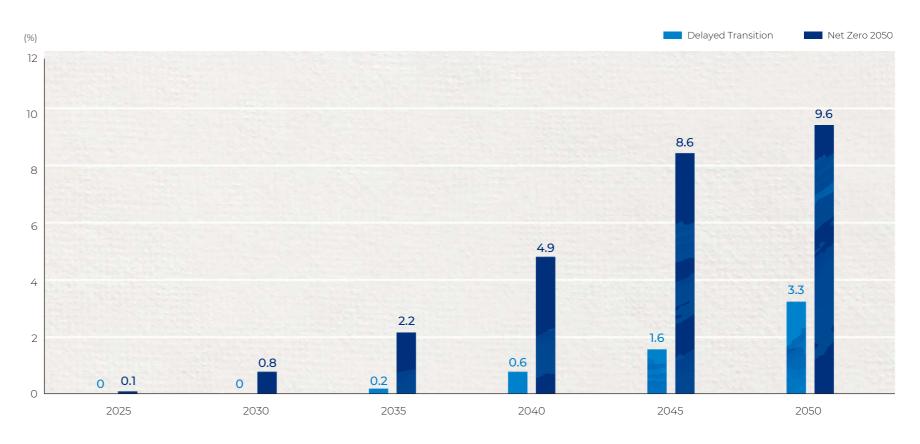
1. Equity Investment

· Analysis Results by Group

In the scenario of disorderly transition, the Group does not anticipate any additional expected losses before 2030. As we approach 2050, the maximum climate-related expected loss will represent 3.3% of the asset scale. In the scenario of orderly transition, the Group expected climate-related loss by 2030 accounts for 0.8% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 9.6% of the asset scale.

• Ratio of Incremental Expected Loss to the Holding Long-term Equity Exposure by Group

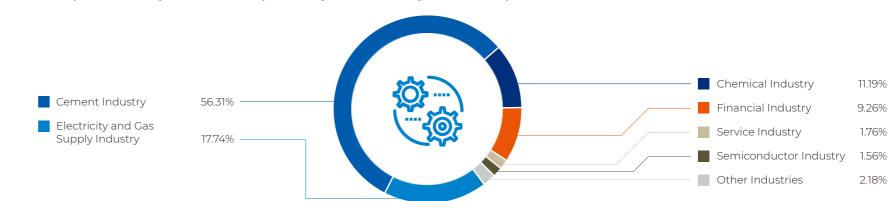




· Analysis Results by Sector

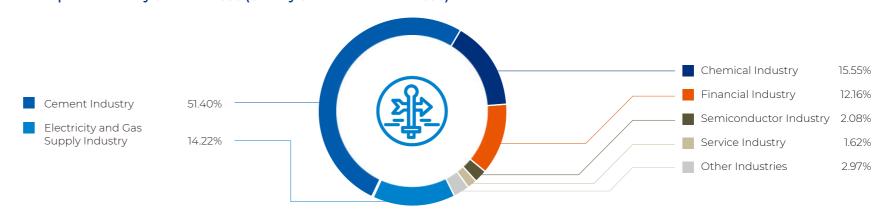
From an industry perspective, under the disorderly transition scenario analysis, the cement industry, the electricity and gas supply industry, and the chemical industry are identified by the Group as the top three industries with relatively high additional expected losses. Under the orderly transition scenario analysis, the cement industry, the chemical industry, and the electricity and gas supply industry are identified by the Group as the top three industries with relatively high additional expected losses, assessing their higher climate transition risks in the future and serving as a reference for the Group's future risk control.







■ Ratio of Expected Loss by Sector in 2050 (Orderly Scenario-Net Zero 2050)

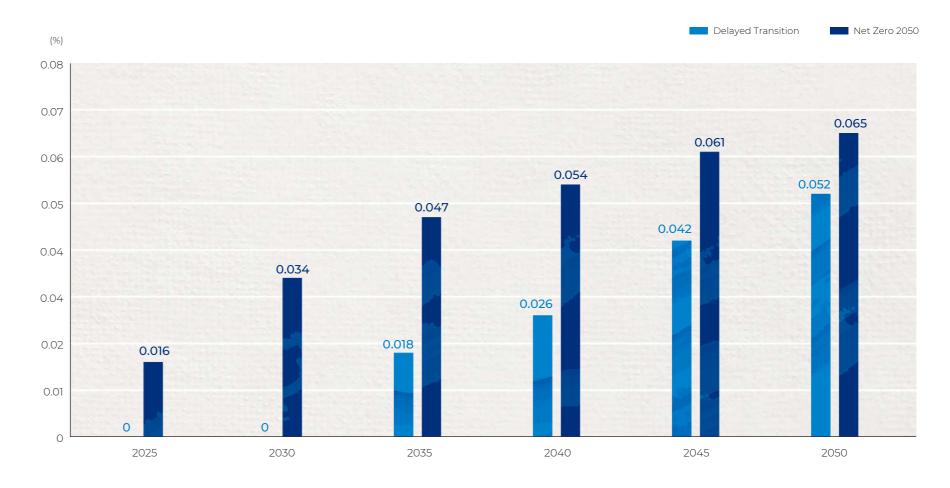


· Analysis Results by Group

In the scenario of disorderly transition, the Group does not anticipate any additional expected losses before 2030. As we approach 2050, the maximum climaterelated expected loss will represent 0.052% of the asset scale. In the scenario of orderly transition, the Group expected climate-related loss by 2030 accounts for 0.034% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 0.065%, therefore, the assessment indicates that the financial impact of climate transition risks on the Group's corporate bond investments is relatively low.



■ Ratio of Incremental Expected Loss to the Holding Long-term Corporate Bond Exposure by Group



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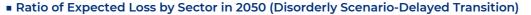
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· Analysis Results by Sector

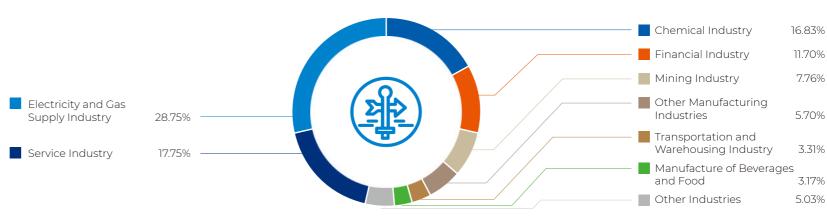
From an industry perspective, in both scenarios, the electricity and gas supply industry, the chemical industry, the service industry, the financial industry and the mining industry are among the top five industries with higher expected losses identified by the Group. Although the financial industry does not have the characteristics of high carbon emissions among the top five industries, the Group still includes it as an industry with higher climate transition risks after assessment because the Group has a higher holding position in the industry and will serve as a reference for the Group's future related risk control.







■ Ratio of Expected Loss by Sector in 2050 (Orderly Scenario-Net Zero 2050)



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3.3 Resilience Verification

Response Measures

In order to minimize the impact of carbon price on the investment targets, the Group will consistently utilize risk management tools such as scenario analyses to regularly identify, evaluate, and monitor climate risks. If these risks are considered to be significant operational risks, appropriate response strategies will be developed in accordance with the Group's climate governance framework and reported to the Risk Management Committee/Sustainability Committee. To effectively identify high climate risks, the Group will consistently monitor and manage its vulnerable assets. Additionally, it will enhance engagement with relevant industries to continually reduce carbon emissions from its holdings, leading industries in a low-carbon transition. For example, the Group's subsidiary, KGI Securities, has set a short-term goal: to keep the investment proportion of "high-carbon industries" within "non-trading" positions below 24.5%. Additionally, the Group's subsidiary, KGI Bank, has established an exclusion list for investments, considering key ESG factors (Environmental, Social, and Governance) when evaluating potential investment targets. Investments will be avoided in cases where the primary business activities are involved in environmental pollution, social controversies, or poor corporate governance, particularly when there is concrete evidence of significant involvement in such issues, leading to sanctions by regulatory authorities or international organizations, with no signs of improvement. Furthermore, the Group's subsidiary, KGI Life Insurance, has incorporated ESG factors into its engagement/voting guidelines and actively participates in exercising voting rights at shareholder meetings of the invested companies.

3.2.4 Quantitative Results of Scenario Analysis – Climate Change Scenario Analysis Conducted by Domestic Banks

Climate Change Scenario Analysis of the Bank Credit Portfolio of the Group Description of Analysis

To keep track of the potential impact of climate change on the Bank credit assets, the Group performed climate

scenario analysis as required by the competent authority's "Operational Planning on Climate Change Scenario Analysis by Domestic Banks." The analysis was conducted to examine changes in the expected losses on the Bank credit assets, including domestic credit – corporate, domestic credit –personal and foreign credit as a result of climate change through an orderly transition scenario "Net Zero 2050," a disorderly transition scenario "Delayed Transition", and a "too little too late scenario" "Fragmented World".

Based on this year's "Operational Planning on Climate Change Scenario Analysis", the Orderly Scenario corresponds to the NGFS "Net Zero 2050" scenario and the IPCC "SSP1-1.9" pathway, evaluating a gradual global transition toward achieving net-zero emissions by 2050. The Disorderly Transition Scenario aligns with the NGFS "Delayed Transition" and the IPCC "SSP1-2.6" pathway, which assess a delayed global transition beginning around 2030 while still aiming to limit global warming to within 2°C by the end of the century. The "too little, too late" Scenario corresponds to the NGFS "Fragmented World" scenario and the IPCC "SSP2-4.5" pathway, evaluating a late and insufficient transition, leading to global warming exceeding 2°C and resulting in more severe climate impacts.

Financial Impact

To assess the impact of various climate scenarios on credit asset portfolios, the results of analysis are outlined below:

In 2030, the expected loss from domestic credit (including corporate and personal credit) accounts for a significant portion of total exposure, making it a key area of mid-term concern for the Group. Among the 2030 scenarios, the Disorderly Transition Scenario results in the highest impact, followed by the "Fragmented World" Scenario, while the Orderly Scenario presents the least financial impact. By 2050, under various scenarios, both domestic and foreign lending portfolios show the highest expected loss ratios under the "Fragmented World" Scenario, with foreign exposures being particularly vulnerable. Overall, a delayed or failed global transition will expose the Bank's asset portfolios to higher risks and financial loss pressures. To mitigate long-term impacts, the Bank will continue monitoring high-risk exposures under each scenario and strengthen the integration of climate risk considerations into financing decision-making processes, actively managing asset portfolios potentially affected by climate risks.

■ Expected Credit Loss under Different Scenarios as a Proportion of Total Domestic/Foreign Credit Exposure



3.3 Resilience Verification

Objective and Scope of Resilience Verification

The Group is progressively adopting the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standard S2 "Climate-related Disclosures" and implementing a resilience verification mechanism in accordance with IFRS S2 guidelines. Resilience verification refers to the climate risk management mechanism that financial institutions use to assess whether their climate change strategies and actions are sufficient to withstand or recover from the potential impacts of various climate scenarios. This year, the scope of the Group's resilience verification includes the long-term corporate bond and equity investment positions of its subsidiaries. By reviewing and assessing the controllability of impacts on different industries under the NGFS orderly and disorderly transition scenarios, the Group ensures that it has implemented resilient climate strategies and actions to mitigate the financial impacts of climate change.

Resilience Verification Mechanism and Results

In line with the recommendations of IFRS S2, the Group has established a resilience verification mechanism based on the results of scenario analyses for climate transition risks. The mechanism incorporates climate risk tolerance levels of investment positions and applies corresponding management measures to maintain the controllability of financial impacts on the asset portfolio under different climate scenarios. The results of the resilience verification indicate that the climate risk impacts on various asset classes are currently appropriate, and resilience is deemed controllable. Although the current asset portfolio has not yet experienced significant impacts from climate risks, considering the uncertainties associated with climate risks, the Group will regularly monitor and continually enhance related risk management practices.

| Asset Type | Resilience Assessment Results | Subsequent Response Recommendations |
|-----------------|-------------------------------|---|
| Equity | • | Maintain current measures and monitor regularly |
| Corporate Bonds | • | (annually) |



Appendix

4.1 Key Climate Metrics 4.2 SBT Targets and Progress



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4.1 Key Climate Metrics 4.2 SBT Targets and Progress

In line with the government's GHG reduction goals and net zero carbon emissions targets, KGI Financial has taken a proactive role in promoting the introduction of the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System in its headquarters and branches nationwide, and has conducted a comprehensive inventory to get a good grasp of carbon emissions for the purpose of mapping out GHG reduction action plans. In compliance with the Paris Agreement, KGI Financial has set the year 2045 as the net zero transformation target year to achieve net zero carbon emissions across all asset portfolio by 2045.

In terms of own operations, actively striving towards the goals of "Carbon Neutrality by 2030 and Net Zero Emissions by 2040." KGI Financial has continuously promoted GHG reduction plans, with Scope 1 and 2 emissions in 2024 amounting to 19,395.46 tCO $_2$ e, representing a 22.7% reduction compared to 2022 (base year). In addition to the long-term goal (2045), the group has also set a near-term targets -- reducing the carbon emissions of its investment and financing portfolio. KGI Financial commits to reduce GHG emissions from the electricity generation project finance portfolio 81.8% per MWh by 2034 from a 2022 base year. KGI Financial commits to 44.9% of its corporate loan portfolio within the fossil fuel and electronic parts and components manufacturing sectors by loan value setting SBTi-validated targets by 2029 from a 2022 base year, and also commits to 49.7% of its investment (listed equity, corporate bond, ETFs, Mutual funds, and REITs portfolio) by invested value setting SBTi-validated targets by 2029 from a 2022 base year. Then we incorporate these targets into internal KPI management.

As noted above, KGI Financial has set targets that are in alignment with the Paris Agreement and its methodology is congruent with the target-setting principles set out in the UNEP FI Guidelines for Climate Target Setting for Banks and the Paris Aligned Investment Initiative Net-Zero Investment Framework, and is also in line with the Net-Zero Asset Owner Alliance Target Setting Protocol, which recommends a "emissions reduction of at least 22% to 32% before 2025" and "emissions reduction of at least 40% to 60% before 2030" for portfolio targets.



4.1 Key Climate Metrics

4.1.1 GHG Emissions of Own Operations

Since 2015, the Company has introduced the ISO 14001 environmental management system to KGI Financial and its major subsidiaries, KGI Life Insurance and KGI Securities, and continues to undergo verification, establishing an appropriate environmental management system through a scientific approach. KGI Financial has set the verified SBT near-term target, committed to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.

■ 2024 Climate Targets and Implementation Status of Own Operations

| Targets | Implementation Measures | Implementation Results |
|---|--|--|
| Reduce Scope 1+2 Emissions 10.5% from 2022 | Reduced emissions through energy-saving measures, renewable energy, and site consolidation. Installed solar panels and procured RE. | In 2024, Scope 1 and 2 GHG emissions were 19,395.46 tCO ₂ e, a reduction of 22.7%. |
| Annual Electricity Savings of 1% | Replaced high-efficiency lighting and Inverter air conditioning equipment Adjusted energy-consuming equipment settings | Reduced total electricity consumption by 2.57% compared to 2023 Used 8,898.3 MWh of renewable energy in 2024. |
| Promote Green Procurement | Encouraged suppliers to obtain or sell products with eco-label certifications, and include transaction amounts for suppliers with relevant ISO certifications | Achieved NT\$246.7 million in green procurement |

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4.1 Key Climate Metrics 4.2 SBT Targets and Progress

GHG Management

In line with our approved SBTi targets, KGI Financial Holding Co., Ltd. commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year. In 2024, Scope 1 and 2 GHG emissions were 19.395.46 tCO2e. a reduction of 22.7%. The company's operating scale continued to expand. To control the impact of business development on the environment, we identified opportunities for improvement and formulated response strategies through identification, analysis and evaluation processes to effectively reduce the possible impact of the operation processes on the environment. GHG inventory in 2024 included all KGI Financial and subsidiaries global sites (except of KGI Bank's overseas subsidiary in liquidation, CDIB International Leasing Corp.)

GHG Emissions

Unit: tCO,e

| | Scope | 2021 | 2022 (Base year) | 2023 | 2024 | 2024 Target |
|----------------------------|-------------------------------|-----------|------------------|-----------|-----------|-------------|
| Scope 1 | | 1,758.97 | 1,124.07 | 1,452.67 | 1,525.41 | 1,767.50 |
| Scope 2 (Market-based) | | 20,270.39 | 23,956.08 | 20,415.24 | 17,870.05 | 20,679.23 |
| Scope 2 (Location- based) | | 20,270.39 | 23,956.08 | 20,894.19 | 22,224.04 | 23,242.19 |
| Scope 1 & 2 (Market-based) | | 22,029.36 | 25,080.15 | 21,867.92 | 19,395.46 | 22,446.73 |
| | per Capita | 2.42 | 2.88 | 1.66 | 1.44 | |
| ntensity | per Net Revenue (NTD Million) | 0.11 | 0.27 | 0.55 | 0.26 | |
| Inventory Coverage (%) | | 99.27 | 100.00 | 98.99 | 100.00 | |
| Verification Coverage (%) | | 99.27 | 96.14 | 98.99 | 100.00 | |

Note: 1. KGI Financial has set the verified SBT near-term target in March 2025, adjusted the coverage rate of the 2022 (base year) inventory to 100%, and updated the difference in emissions according to the adjustment.

■ GHG Emissions (Scope 3)

Unit: tCO,e

| Category | Purchased Goods and Services | Fuel-and-energy- related- activities | Upstream Transportation and Distribution | Waste Generated in Operations | Business Travel | Business Travel | Upstream Leased Assets | Downstream Transportation and Distribution | Processing of Sold Products | Use of Sold Products | End-of-life Treatment of Sold Products | Downstream Leased Assets | Total Emission (Scope 3) |
|-----------|---------------------------------|---|--|-------------------------------|--------------------|--------------------|---------------------------|--|--------------------------------|-------------------------|---|-----------------------------|-----------------------------|
| Emissions | 1,257.61 | 3,751.39 | 3.14 | 428.42 | 601.03 | 121.89 | 1,528.09 | 0.54 | 7.62 | 6.50 | 0.61 | 285,849.69 | 293,556.53 |

Note: Purchased goods and services, fuel-and-energy-related activities, upstream transportation and distribution, use of sold products, and end of life treatment of sold products are ISO 14064-1 inventory categories. The data were verified by third parties, BSI and SGS.

^{2.} We use ISO 14064-1:2018, GHG Protocol, and GHG Inventory Registration Operation Guidelines as the GHG inventory method. GWP values is cited from the 2021 IPCC AR6 report; the emission factors are cited from the Greenhouse Gas Emission Coefficient Management Table version 6.0.4 published by MOENV.

^{3.} GHG types include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.

^{4.} The emission factors for electricity usage are as follows: 0.502 kgCO₂e/kWh (2021), 0.509 kgCO₂e/kWh (2022), 0.495 kgCO₂e/kWh (2023), and 0.494 kgCO₂e/kWh (2024) (Energy Bureau's last year electricity carbon emission factor, used to calculate reporting year emission).

^{5.} Per capita emission = total emission / number of total employees.

^{6.} The 2024 inventory includes all KGI Financial and subsidiaries global sites (Except of KGI Bank's overseas subsidiary in liquidation, CDIB International Leasing Corp.)

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

Appendix

Energy Saving Management

In support of the government's renewable energy policy, KGI Financial purchased and used 8,816.28 MWh of renewable energy and self-generated 82.04 MWh of renewable energy, totaling 8,898.32 MWh of renewable energy, accounting for approximately 19.9% of KGI Financial's total electricity consumption, equivalent to a reduction of 4,395.77 tCO₂e in 2024.

| Energy-saving Measures | Investment Amount | Energy | Savings | Emission Reduction |
|--|-------------------|----------|-----------|--------------------|
| | (NT\$ million) | (MWh) | (GJ) | (tCO₂e) |
| Replacement of More Environmentally Friendly, High-efficiency Air Conditioning Equipment and Lighting Fixtures | 12.18 | 668.24 | 2,405.66 | 330.11 |
| Use of Renewable Energy | 54.16 | 8,898.32 | 32,033.95 | 4,395.77 |
| Maintenance of Electrical Equipment to Maintain Energy Efficiency | 10.53 | - | - | |
| Total | 76.87 | 9,566.56 | 34,439.61 | 4,725.88 |

- Note: 1. The calculation method for energy savings: the power difference (W) between new and old equipment x annual usage (hours) /1,000; the power (W) of energy-saving measures x annual usage (hours) /1,000; annual solar power generation (kWh).
 - 2. The emission factor for electricity use is 0.494 kg CO_ze/kWh (Energy Bureau 2023 electricity carbon emission factor, used to calculate the 2024 electricity use emissions).

Promote Green Procurement

KGI Financial supports climate transition by identifying actual needs (conservation, necessity, non-excessiveness, and waste avoidance). The Company promotes green procurement and energy conservation (prioritizing low-pollution, low-energy-consumption, recyclable products or equipment certified with eco-labels, and by reducing the procurement of single-use items). Suppliers are encouraged to obtain or sell products with eco-label certifications, and include transaction amounts for suppliers with relevant ISO certifications (supporting climate transition). KGI Financial has received the "Green Procurement Award" from Taipei City and the Ministry of Environment for the seventh and sixth time respectively, and the "Buying Power" award for the sixth time.

2024 Carbon Neutrality for KGI Financial Headquarter Building

In December 2023, KGI Financial actively participated in the inaugural international carbon credit trading on the Taiwan Carbon Solution Exchange, purchasing 3,000 metric tons of carbon credits from a wind power project in India. The project activity uses technology that is locally available in the country, ensuring that no greenhouse gas emissions are produced during the power generation process and that there is no dependence on fossil fuels. The aim is to replace fossil fuel-based power generation with renewable energy, thereby reducing greenhouse gas emissions and promoting sustainable development. KGI Financial utilizes the carbon credits for offsetting in the management of own operations, including headquarters buildings. As of the end of 2024, a total of 1,055 metric tons of carbon credits had been retired

to achieve 2024 carbon neutrality for KGI Financial headquarter building, and verification has been completed by DNV in accordance with ISO 14068-1. In order to achieve our long-term commitments of "Carbon Neutrality by 2030 and Net Zero by 2040 in own operations." the Company will continue to plan various decarbonization measures and renewable energy procurement projects. Through low-carbon operational practices, we aim to create a sustainable future for the next generation.

4.1.2 GHG Emissions Inventory of Investment and Finance

To effectively manage greenhouse gas emissions and facilitate the setting of carbon reduction targets, achieve the goal of net-zero carbon emissions for the entire asset portfolio by 2045. We joined as a member of the Partnership for Carbon Accounting Financials (PCAF) to adopt international standards for carbon accounting in investment and financing. The subsidiaries have also followed the PCAF methodology to complete the carbon emissions inventory for equity and corporate bond investments, business loans, commercial real estate loans, mortgage loans, sovereign bonds and electricity generation project finance.

The Status of Financed Emission Inventory

| Scope 3 Investment and Financing GHG | 2021 | 2022 | 2023 | 2024 |
|---|-------|--------------------|----------------|-------|
| Total Absolute Emissions (Metric Kilotonnes CO ₂ e) | 4,670 | 5,094 | 4,689 | 7,031 |
| Emission Intensity (Carbon Footprint, tCO ₂ e/NTD Million) | 2.52 | 2.67 | 2.35 | 2.67 |
| Portfolio Coverage | 100 | 100 | 100 | 100 |
| Portfolio Type | | On-Balance Sheet a | ssets/products | |

- Note: 1. The 2024 investment and financing emission inventory encompasses the subsidiaries of the Group, including KGI Life Insurance, KGI Bank, KGI Securities (including KGI Futures), and CDIB Capital. Currently, the Group calculates financed emissions based on Scope 1 and Scope 2 emissions of its investees and borrowers.
 - 2. In 2024, the Group expanded the scope of its financed emissions inventory to include new asset classes such as mortgage loans and sovereign bonds (excluding LULUCF), resulting in an increase in both absolute emissions and carbon footprint (tCO₂e per NT\$1 million of investment and financing) compared to the previous year. Additionally, the carbon emissions from sovereign bonds (excluding LULUCF) amounted to 2,849 (Metric Kilotonnes CO₂e), while the carbon emissions from sovereign bonds (including LULUCF) amounted to 718 (Metric Kilotonnes CO₂e).
 - 3. The coverage ratio of the asset portfolio for this year is calculated based on the amount of each asset category that has been surveyed, in relation to the total investment positions applicable under the PCAF methodology. Additionally, the coverage ratio calculated using the balance of investment positions divided by the total of the assets on the balance sheet, including FVTPL, FVOCI, AC, and discounted and loans, is 91%. From 2021 to2023, the coverage ratio of the asset portfolio is calculated by using the surveyed asset position as the numerator and the sum of equity investments, corporate bond investments, electricity generation project finance, commercial real estate loans, and business loans positions on the balance sheet as the denominator.

The Group continues to adopt The Global GHG Accounting and Reporting Standard for the Financial Industry from PCAF and TCFD's disclosure recommendations. In 2024, a greenhouse gas emission inventory of investment and financing assets included equity investments, corporate bond investments, electricity generation project finance, mortgage loans and sovereign bonds, commercial real estate loans, and business loans and the inventory coverage ratio was 100%. The total carbon emissions from investment and financing was 7,031 metric kilotons, and the carbon footprint of investment and financing was 2.67 metric tons per NT\$ million.

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

In terms of the financed emission inventory by assets, corporate equity and bond investments were the largest portion of the investment and financing portfolio at 71.35%, followed by sovereign bonds (excluding LULUCF) at 13.21%, business loans at 10.38%, mortgage loans at 3.59%, electricity generation project finance at 0.86%, and commercial real estate loans at 0.60%. Among these, the carbon footprint of sovereign bonds (excluding LULUCF) is the highest, at 8.19 metric tons per NT\$ million. Distributed by industry type, the carbon emissions of the top five carbon-emitting industries account for about 75.62% of the investment and financing portfolio. They are electricity and gas supply industry, petroleum and coal products manufacturing industry, other non-metallic mineral products manufacturing industry, and basic metals manufacturing industry. These industries will be the priority for engagement and adjustment. In addition to prioritizing the management of the top five carbon-emitting industries, we will also review industries and assets with higher carbon footprints, moving towards the goal of low carbon emissions and low carbon footprints.

■ 2024 GHG Emissions Proportion and Carbon Footprint by Assets



Corporate Equity and Bond Investments

- Proportion of Carbon Emissions:
 47.54%
- · Carbon Footprint: 1.78 metric tons per million dollars
- WACI: 5.17 metric tons per million dollars
- · Data Quality: 1.25



Sovereigh Bonds-Excluding LULUCF

- Proportion of Carbon Emissions:
 40.52%
- Carbon Footprint: 8.19 metric tons per million dollars
- · Data Quality: 2.35



Mortgage Loan

- Proportion of Carbon Emissions: **0.36**%
- Carbon Footprint: 0.27 metric tons per million dollars
- · Data Quality: 4.00



Commercial Real Estate Loans

- · Proportion of Carbon Emissions: 0.44%
- Carbon Footprint: 1.97 metric tons per million dollars
- · Data Quality: 3.00



Business Loans

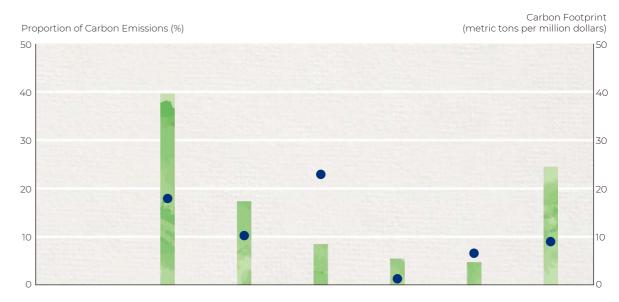
- Proportion of Carbon Emissions: 10.02%
- Carbon Footprint: 2.58 metric tons per million dollars
- · WACI: 5.02 metric tons per million dollars
- · Data Quality: 3.34



Electricity Generation Project Finance

- Proportion of Carbon Emissions: 1.12%
- Carbon Footprint: 3.46 metric tons per million dollars
- · Data Quality: 2.95

■ 2024 Top 5 Industries of GHG Emissions Proportion and Carbon Footprint



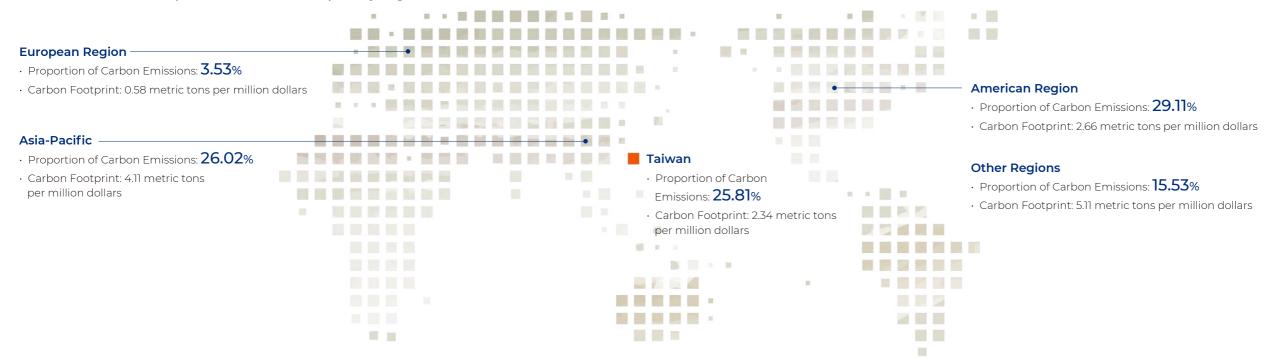
| | Electricity and Gas Supply Industry | Petroleum and Coal Products Manufacturing Industry | Other Non-metallic Mineral Products | Electronic Component Manufacturing Industry | Basic Metals Manufacturing Industry | Other |
|--|---|---|--|--|---|-------|
| Proportion of Carbon Emissions (%) | 39.57 | 17.46 | 8.43 | 5.46 | 4.71 | 24.38 |
| Carbon Footprint (metric tons per million dollars) | 17.91 | 10.32 | 22.92 | 1.26 | 6.57 | 8.98 |
| Weighted Average Carbon Intensity (WACI) | 72.73 | 13.78 | 81.27 | 4.21 | 10.72 | - |

Note: Financed emissions inventory by industry distribution calculation excluded sovereign bonds and mortgage loans.

Appendix

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

■ 2024 GHG Emissions Proportion and Carbon Footprint by Region



4.1.3 Internal Carbon Pricing Mechanism

To achieve KGI Financial's goal of Net Zero across the entire asset portfolio by 2045, the company has established an internal carbon pricing mechanism. A shadow price is used for internal reference to encourage carbon reduction. The internal carbon pricing is separated for the Company's own operations and its investment and financing portfolios. For own operations, we focus on driving energy efficiency and plan financial strategies such as renewable energy and carbon offsets to reduce emissions across the value chain. For investment and financing portfolios, we promote cost-benefit analysis and stress testing to encourage the consideration of climate related issues in risk assessment and decision-making, thereby identifying and seizing low-carbon opportunities and driving low-carbon investments.

The carbon pricing for own operations is calculated based on the Company's the price difference of renewable energy for the entirety of 2023, resulting in a carbon price of NT\$3,990 per ton. We calculated the implicit cost of emissions for 2024 operations (Scope 1 and 2) and manage emissions through a centralized system, evaluating and planning low-carbon transition actions across capital expenditures, operations, procurement, and risk management. Emission reduction actions and outcomes are implemented and linked to performance metrics, and are applicable to all of the Company's global operating locations.

The carbon pricing for investment and financing is based on the forecasts of future carbon price changes provided by the "Network for Greening the Financial System (NGFS)" composed of central banks and financial regulatory authorities from major countries around the world. It utilizes the "Integrated Assessment Model" REMIND-MAgPIE to determine the carbon price per ton, which will be adjusted annually in accordance with inflation. This serves as a reference for the risk management of investment and financing (Scope 3) for the Company's main subsidiaries, and plans to engage with clients in high carbon-emitting industries.

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

4.2 SBT Targets and Progress

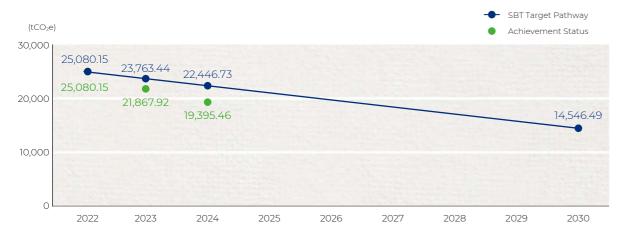
4.2.1 Near-Term SBT Targets and Achievement Status

Following the methodology of the Science Based Targets initiative (SBTi), KGI Financial obtained validation for its SBT targets in March 2025. The Group has set near-term emissions reduction targets covering both its own operations (Scope 1 and Scope 2) and investment and lending portfolio (Scope 3), which include corporate loans for residential real estate sector, corporate loans for commercial real estate sector, electricity generation project finance, corporate loans for electricity generation, corporate loans for fossil fuel and manufacturing sectors, corporate loans for other long-term debt(commercial services sector), and corporate instruments (listed equity, corporate bonds, ETFs, mutual funds, REITs). The applicable entities include the KGI Financial and its subsidiaries (KGI Bank, KGI Life Insurance, KGI Securities, CDIB Capital, KGI SITE). For the target setting declaration, please refer to the

Own Operations

KGI Financial has set Science-Based Target (SBT) for own operations, aiming to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year. The SBT target pathway is drawn linearly from the base year to the target year. For related strategic actions, please refer to \$\infty\$4.1.1 GHG Emissions of Own Operations.

Scope 1 and 2 Target



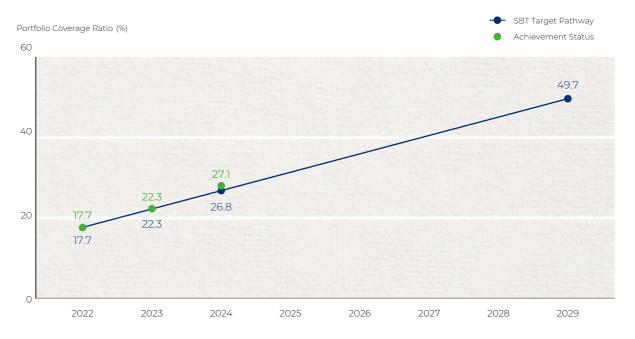
Note: The percentage of target achievement relative to the base year for the SBT goal is 54.0%.

Financial Assets

Entities subject to near-term targets for financial assets include KGI Financial and its subsidiaries (KGI Life Insurance, KGI Bank, KGI Securities, and CDIB Capital). Target-setting methodologies include the Portfolio Coverage (PC) approach and the Sectoral Decarbonization Approach (SDA). For related strategic actions, please refer to \$2.2 Climate Response Strategy.

Corporate Instruments (listed equity, corporate bonds, ETFs, mutual funds, REITs)

- · Method: PC Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to 49.7% of its listed equity, corporate bond, ETFs, Mutual funds, and REITs portfolio by invested value setting SBTi-validated targets by 2029 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 29.4%.



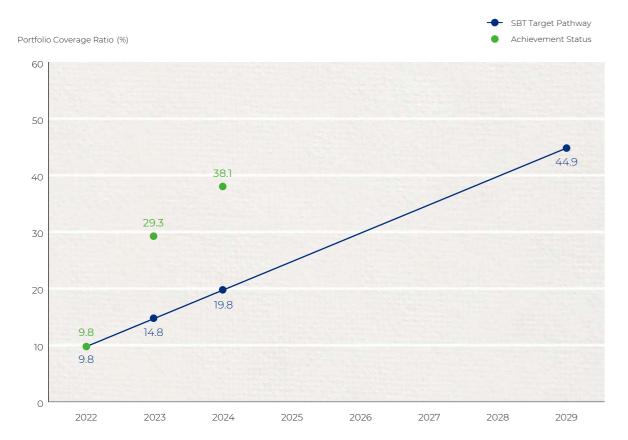
Note 1: For asset class using the PC method, the SBT target pathway is plotted with a linear progression from the base year to the target year. Also ,the targets and performance comparisons against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal - base year performance).

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

Corporate Loans: Fossil Fuel and Manufacturing Sectors

- · Method: PC Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to 44.9% of its corporate loan portfolio within the fossil fuel and electronic parts and components manufacturing sectors by loan value setting SBTi-validated targets by 2029 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 80.7%.

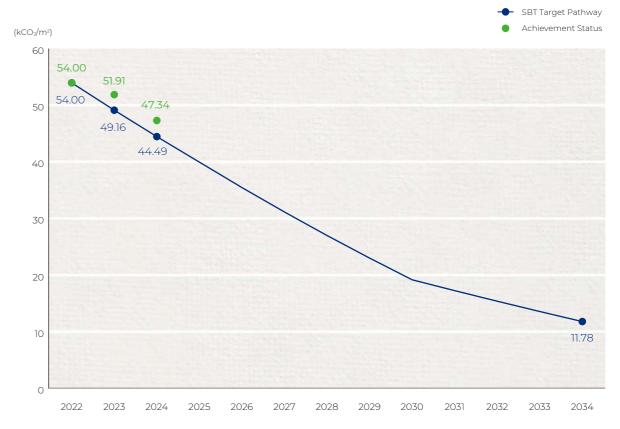


Note 1: For asset class using the PC method, the SBT target pathway is plotted with a linear progression from the base year to the target year. Also, the targets and performance comparisons against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal - base year performance)

Corporate Loans: Other Long-term Debt

- Method: SDA Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to reduce GHG emissions from the finance, service, food and lodging, retail, wholesale, real estate development, health, education sectors within its long-term corporate loan portfolio 78.2% per square meter by 2034 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 15.8%.



Note 1: For asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory. Also, the targets against SBT verification results are rounded up to one decimal place.

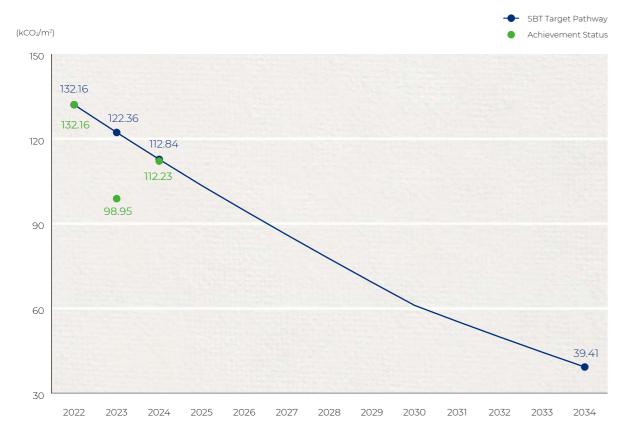
Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal base year performance).

KGI 2024 CLIMATE AND NATURE RELATED REPORT

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

Corporate Loans: Residential Real Estate Sector

- · Method: SDA Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to reduce GHG emissions from the residential real estate sector within its corporate loan portfolio 70.2% per square meter by 2034 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 21.5%.

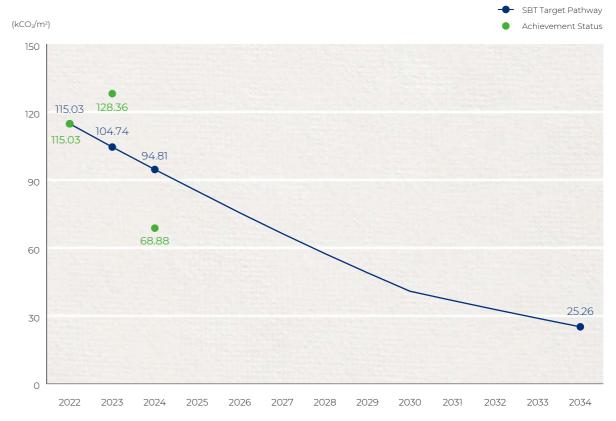


Note 1: For asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory. Also, the targets against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal base year performance).

Corporate Loans: Commercial Real Estate Sector

- Method: SDA Note 1
- Target language: KGI Financial Holding Co., Ltd. commits to reduce GHG emissions from the commercial real estate sector within its corporate loan portfolio 78.1% per square meter by 2034 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 51.4%.



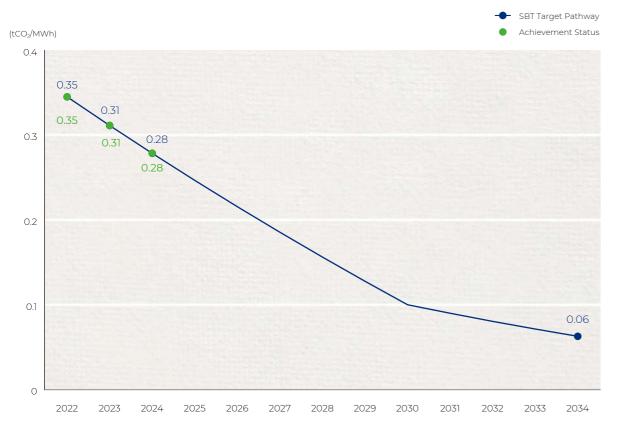
Note 1: For asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory. Also, the targets against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal base year performance).

4.1 Key Climate Metrics 4.2 SBT Targets and Progress

Corporate Loans: Electricity Generation

- Method: SDA Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to reduce GHG emissions from the electricity generation sector within its corporate loan portfolio 81.9% per MWh by 2034 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 23.4%.

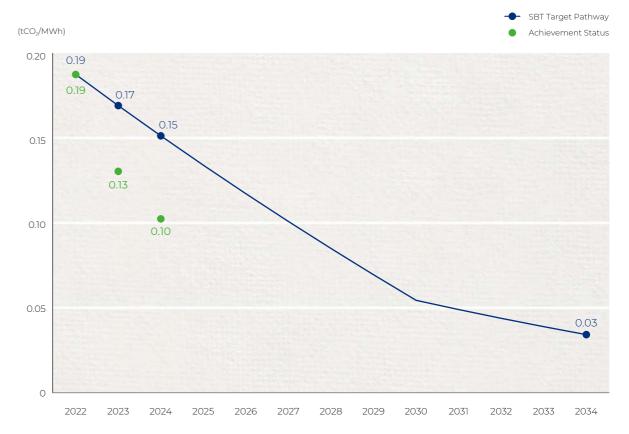


Note 1: For asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory. Also, the targets against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal - base year performance).

Electricity Generation Project Finance

- Method: SDA Note 1
- Target Language: KGI Financial Holding Co., Ltd. commits to reduce GHG emissions from the electricity generation project finance portfolio 81.8% per MWh by 2034 from a 2022 base year.
- Achievement Status: The percentage Note 2 of target achievement relative to the base year for the SBT target is 55.2%.



Note 1: For asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory. Also, the targets against SBT verification results are rounded up to one decimal place.

Note 2: The percentage of SBT target achievement relative to the base year is calculated as: (2024 performance - base year performance) / (near-term target year goal - base year performance).

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Annendix

KGI 2024 CLIMATE AND NATURE RELATED REPORT 5.1 Nature-related Dependencies and Impacts 5.2 Nature-related Dependencies and Impacts 5.3 Material Nature-related Risks and Opportunities 5.4 Management of Human Rights Issues Related to



5.1 Nature-related Risk Management 5.2 Nature-related Dependencies and Impacts 5.3 Material Nature-related Risks and Opportunities 5.4 Management of Human Rights Issues Related to Nature

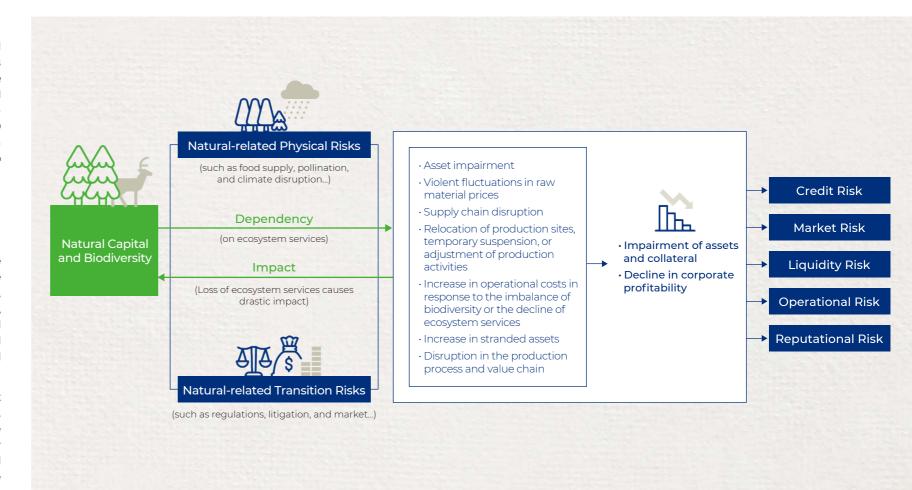
5.1 Nature-related Risk Management

When the ecological chain of animals and plants, air, water resources, soil and other natural capital are damaged, people's lives, businesses and countries will be significantly affected, and they will have a dramatic impact on the overall environment, economy, and social stability. Based on risk-oriented management strategies, KGI Financial is gradually incorporating nature-related risks into its risk management scope. The group has joined as a TNFD Adopter (The Taskforce on Nature-related Financial Disclosures, TNFD) in August 2024, and will follow the 14 requirements of the TNFD framework to gradually disclose the management of nature-related risks.

5.1.1 The Impact of Nature-related Risks on KGI Financial

KGI Financial believes that the imbalance of ecosystem services and the loss of natural capital will have a direct or indirect impact on the value chain of financial institutions. This impact will be felt through customers, counterparties, assets, and the economic environment in which they operate, leading to associated risks and losses for financial businesses. KGI Financial also believes that it will contribute to a sustainable future by exerting financial influence and assisting in the global effort to protect and restore natural capital.

The Group recognizes that natural risks and climate risks are not independent of one another but are closely interconnected and mutually dependent. Changes in natural capital, such as the atmosphere and forests, can influence the climate, while climate change, including increased precipitation or changes in the frequency of natural disasters, can in turn impact natural capital. These two elements are inextricably linked. Understanding the interdependence between climate change and natural capital, the Group is committed to taking appropriate actions. Through the influence of sustainable finance, we aim to manage climate change risks effectively and maximize the benefits of ecosystem services, thereby assisting in the global restoration of natural capital, adapting to climate change, and gradually advancing decarbonization.



4 Metrics and Targets

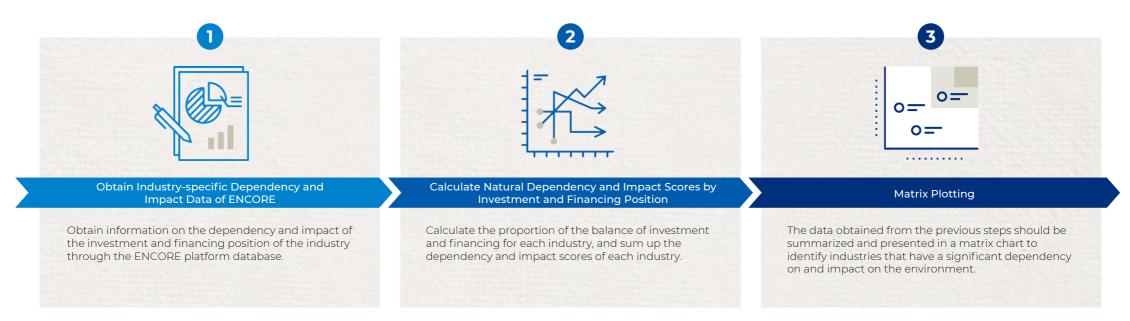
5 Natural Risk Assessment

Appendix

5.2 Nature-related Dependencies and Impacts

5.2.1 Identification Process for Nature-related Risks Dependencies and Impacts

Introduction



Exploring Natural Capital Opportunities, Risks, and Exposure (ENCORE) is an online tool jointly developed by Global Canopy, the United Nations Environment Programme Finance Initiative (UNEP FI), and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). It helps companies understand their dependencies and impacts on natural capital and assess the potential natural risks they may face.

In order to understand the industries that are more likely to impact natural capital in the Group's investment and financing portfolio, the ENCORE tool was used this year to obtain updated data on the dependencies and impacts of the industries to which the investment and financing targets belong on natural capital in 2024. After considering the proportion of the investment and financing portfolio balance, the top 10 industries were selected to draw a matrix diagram of the dependencies and impacts of nature-related risks.

5.1 Nature-related Risk Management 5.2 Nature-related Dependencies and Impacts 5.3 Material Nature-related Risks and Opportunities 5.4 Management of Human Rights Issues Related to Nature

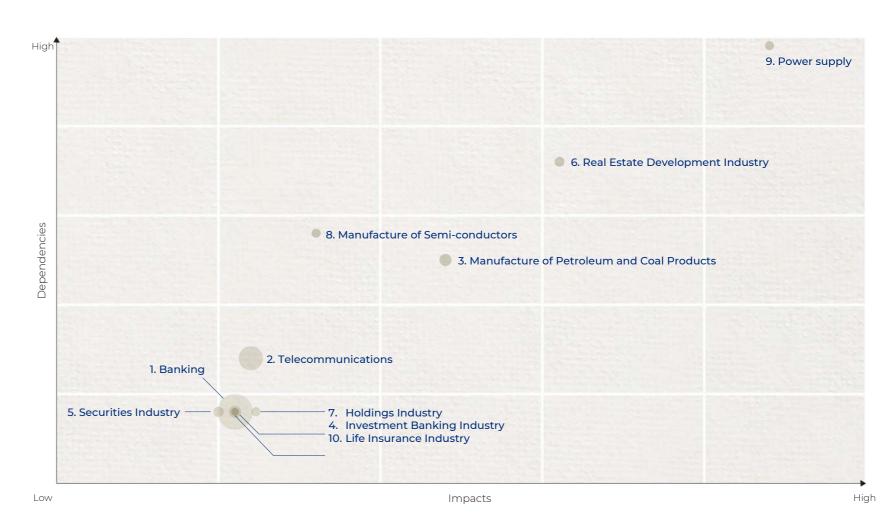
5.2.2 Identification Results for Naturerelated Risks Dependencies and Impacts

After reviewing the results of the identification of the natural capital dependency and impact of the industries in which the group invests and finances, the dependency and impact matrix diagram of the top 10 industries by balance for the year 2024 is shown below, mostly belonging to industries with low dependency and low impact. However, some industries have above moderate dependency and impact, which may face higher natural transition risks in the future (for example, natural-related policies and regulations).

Furthermore, after a comprehensive evaluation of dependencies, impact levels, the electric power supply industry, real estate development industry and petroleum and coal products manufacturing industry have been identified as top 3 industries with higher dependency and impact on natural capital in terms of the top 10 balance proportion of investment and financing positions for the year 2024.

Going forward, the Group will continue to deepen its assessment of natural dependencies and impacts to provide more detailed decision-making information. We will also continue to monitor and manage the aforementioned industries, adjusting our investment and financing positions as needed, gradually aligning with industries that have lower dependencies on and impacts on natural capital.





Note: The size of the bubble represents the proportion of investment and financing balance, and the symbol number is sorted from large to small according to the investment and financing balance.

Low Risk

High Risk

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Dependency and Impact Factor Analysis of Climate Change, Forests and Land and Oceans and Water

The Group has conducted an analysis of the dependency and impact factors of the top 10 industries by investment and financing portfolio balance in relation to climate change, forests and land and oceans and water. The consolidated results are presented in the table below.

Based on the analysis results of the dependency and impact matrix, this section further explores the interrelationship between the three natural capital factors and the three industries with the highest levels of natural capital dependency and impact—namely, the electric power supply industry, the real estate development industry, and the petroleum and coal products manufacturing industry.

Overall, the three key industries exhibit a higher level of dependency and impact on climate change compared to forests and land, and oceans and water. Further analysis reveals that the electric power supply industry, real estate development industry, and petroleum and coal products manufacturing industry not only heavily rely on stable climatic conditions but also generate significant carbon dioxide emissions through their operations, resulting in a moderate to high level of impact on climate change. The following section provides a detailed explanation of how these industries interact with and both depend on and influence the three natural capital factors—climate change, forests and land, and oceans and water.

| | | | THE RESERVE | | COLUMN TWO IS NOT THE OWNER. | |
|---|----------------|----------------------|------------------|----------------|------------------------------|------------------|
| Industry Name | | Dependence on Nature | | | Impact on Nature | |
| | Climate Change | Forests and Land | Oceans and Water | Climate Change | Forests and Land | Oceans and Water |
| Banking | | | | | | |
| Felecommunications | | | | | | |
| Petroleum and Coal Products Manufacturing Industry | 0 | | | 0 | 4 | |
| nvestment Banking Industry | | | | | | |
| Securities Industry | | | | | | |
| Real Estate Development Industry | 2 | | | 2 | | 5 |
| Holdings Industry | | | | | | |
| Manufacture of Semi-conductors | | | | | | |
| Electric Power Supply Industry | 3 | | | 3 | 6 | 7 |
| ife Insurance Industry | | | | | | |

4 Metrics and Targets

5 Natural Risk Assessment

Appendix



1 Extreme weather events may disrupt the operations of offshore oil drilling platforms and damage critical infrastructure. For example, powerful waves and abnormal tides can cause platform instability, posing life-threatening risks to personnel and necessitating emergency evacuation and rescue procedures. As such, the petroleum and coal products manufacturing industry is highly dependent on climate stability to maintain operational continuity. At the same time, the combustion of petroleum and coal releases large quantities of greenhouse gases, thereby exacerbating climate change.

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4 Hydraulic fracturing, commonly employed in oil and gas extraction, requires significant volumes of freshwater, which is injected into groundwater wells at high pressure. This process creates fractures in the rock formations, allowing hydrocarbons to surface. However, these fractures can potentially lead to contamination of local water resources, thereby adversely impacting marine ecosystems.



Real Estate Development Industry

- 2 The real estate development industry relies on stable climate system regulation services, particularly the regulation of rainfall patterns. A stable climate system can reduce the damage caused by natural disasters, such as floods, to buildings, facilitating real estate developers in planning and advancing land and project development plans, lowering development costs, and avoiding the need to pay high insurance premiums to prevent losses caused by natural disasters. At the same time, the production of building materials, construction processes, and the usage phase of buildings all emit greenhouse gases, exacerbating climate change.
- 5 Real estate development in areas adjacent to the Tamsui region may lead to changes in the surrounding ecosystem and hydrological systems, potentially causing phenomena such as droughts, floods, or partial river interruptions.



Electric Power Supply Industry

- 3 Hydropower, wind power, and solar power generation are all highly dependent on climate change. If the frequency and intensity of extreme weather increase, the risk of damage to power generation facilities will also rise. Electricity usage is also one of the largest causes of greenhouse gas emissions.
- 6 The power supply industry requires extensive land to build power plants, cables and towers, substations, and other infrastructure. This not only occupies land but also alters land use patterns beneath the lines, affecting surrounding economic development and the natural environment.
- 7 Hydropower generation can affect the local hydrological system. Building reservoirs upstream may lead to smoother water flow, reducing the downstream water volume and potentially causing sections of the river to dry up.

Based on the analysis results mentioned above, we have identified a significant overlap between industries with high natural capital dependency and impact, and those industries that heavily influence climate change. These high carbon-emission industries play a critical role in the global natural environment, biodiversity, and climate change. Consequently, we have further assessed the impact on the Group through risk identification and scenario analysis in " Chapter 3 Risk Management" of this report.

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Additionally, regarding industries that have profound implications for global natural environments and climate change, such as petroleum and coal products manufacturing industry, the Group has committed to a gradual reduction in involvement with industries related to thermal coal and unconventional oil/gas, with a complete phase-out by 2040. This includes exiting business activities related to these industries, such as project financing, credit lines and lending, fixed income products, underwriting and all active, passive, and third-party managed investments. For more details on this commitment, please refer to " Section 2.1 Net Zero Commitment" of this report.

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5.3 Material Nature-related Risks and **Opportunities**

5.3.1 The Identification Process and Results of Significant Naturerelated Risks and Opportunities

Based on the sectoral exposure and the ENCORE analysis of natural capital dependency and impact, the Group has prioritized the assessment of three high-exposure industries with significant natural capital dependency and impact - namely, the petroleum and coal products manufacturing industry, the electric power supply industry, and the real estate development industry. Corresponding to the TNFD sector-specific guidance published in December 2023 for the sector of Oil and Gas, Electric Utilities and Power Generators and the guidance for the Engineering, Construction and Real Estate scheduled for release in January 2025, the Group has conducted an analysis of how nature-related risks and opportunities may financially impact these three key industries. This assessment aims to evaluate the potential indirect financial impacts on the Group's investment and financing activities in these sectors, thereby enabling continued monitoring and management of nature-related risks and opportunities.

The Identification and Assessment of Nature-related Risks

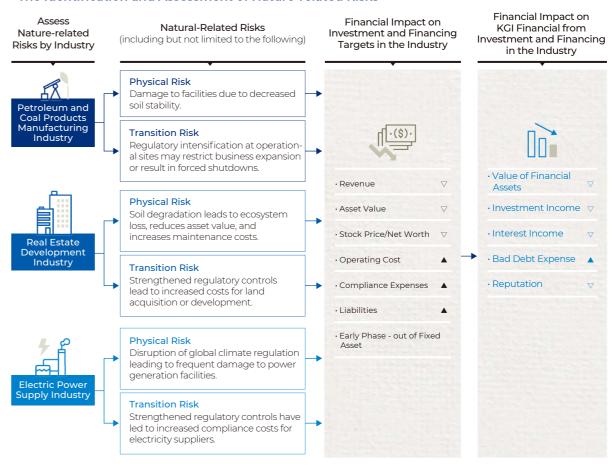
Before assessing the financial impacts on the Group resulting from natural risks affecting our investment and financing targets, we categorized the industries into three sectors: electric power supply industry, real estate development industry and petroleum and coal products manufacturing industry. Following the TNFD classification, we categorized natural-related risks into two major categories: "Physical Risks" and "Transition Risks." We then identified the financial impacts caused by these risks on the investment and financing targets within these three sectors, thereby recognizing the financial impacts faced by our financial holding company.

Operators in the petroleum and coal products manufacturing industry, real estate development industry, and electric power supply industry, facing various natural physical and transition risks, may experience multiple adverse effects, leading to declining revenues and asset value impairment. When companies fail to implement appropriate natural risk mitigation measures, resulting in an inability to adapt to environmental changes or facing operational difficulties due to policy shifts, their stock prices or company equity may further plummet.

With the rising trend of international environmental protection, government regulations are expected to become increasingly stringent. Companies will inevitably need to allocate more funds and resources to comply with regulatory requirements, thereby increasing their financial burden due to higher compliance costs. Moreover, regulatory changes and shifting market demands may force companies to retire production equipment prematurely or lead to the stranding of assets, exacerbating the financial pressure on companies that have not adequately prepared for natural risks. This can result in reduced profitability and even increased default risk.

These adverse factors will also impact the Group's investment and financing in these industries, leading to a depreciation of our financial asset value and a corresponding decline in investment returns. Furthermore, as companies inadequately prepared for natural risks experience a decrease in their repayment capacity, the Group may face a reduction in interest income and an increase in bad debt expenses, further eroding our profitability. Investing in high natural risk industries could also damage the reputation of financial institutions, leading to a decline in investor and client trust, thereby affecting the Group's market position.

The Identification and Assessment of Nature-related Risks



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The Identification and Assessment of Nature-related Opportunities

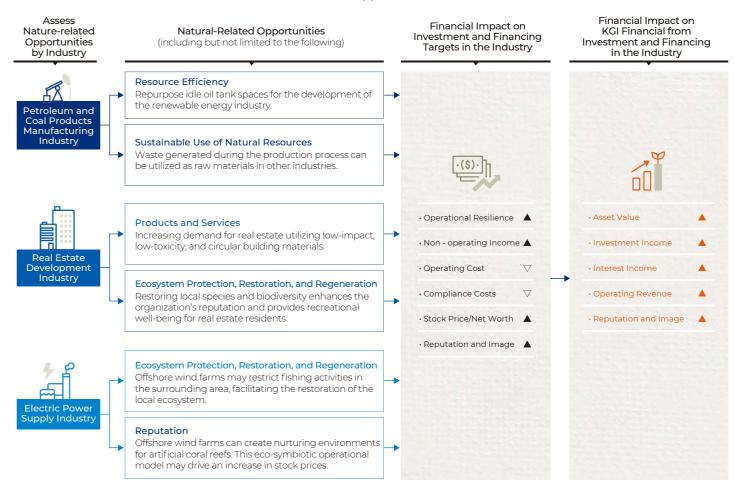
The identification of nature-related opportunities within the petroleum and coal products manufacturing industry, real estate development industry, and electric power supply industry primarily focuses on two major factors: "Financial Performance" and "Sustainability Performance." These are further broken down into multiple opportunity factors, such as market opportunities, resource efficiency, products and services, reputational capital, sustainable use of natural resources, and the protection, restoration, and regeneration of ecosystems. The Group assesses the financial impact of each opportunity factor on the investment and financing targets within these three industries and measures the positive financial benefits.

Actively protecting natural ecosystems can result in a more stable ecosystem surrounding operational sites, providing businesses with stable energy and resource supplies, and reducing the impact of extreme weather and natural disasters on operational activities. Companies in the petroleum and coal products manufacturing industry, real estate development industry, and electric power supply industry that effectively seize these nature-related opportunities and demonstrate awareness and management of natural issues will significantly enhance their operational resilience in the face of natural risks. For example, the petroleum and coal products manufacturing industry, by transitioning to the renewable energy sector, can reduce its reliance on high-carbon energy sources. Additionally, leasing idle assets (e.g., unused land for oil storage) can generate diversified non-operating income, creating new revenue streams and improving overall operational efficiency.

Companies that proactively address nature-related risks and accurately seize nature-related opportunities are likely to gain more trust and positive feedback from investors in the future. By actively managing risks and developing sustainable business models in an uncertain environment, these companies will positively influence the Group's investments and financing activities in these industries. A robust operational model will ensure stable interest income and investment returns for the Group, while we can also provide the necessary funding for these companies' sustainable transitions, creating a mutually beneficial cycle.

In the future, the Group will continue to leverage our financial influence to lead the sustainable transformation of industries, achieving growth in both asset value and scale while helping companies capitalize on nature-related opportunities.

■ The Identification and Assessment of Nature-related Opportunities



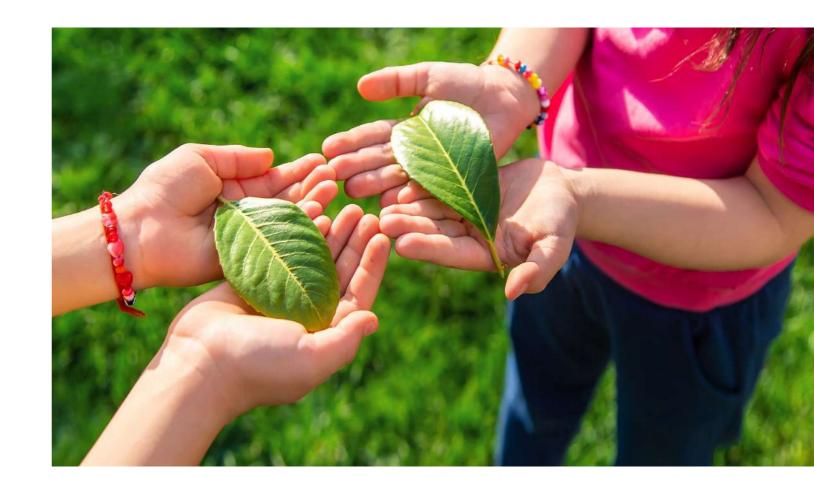
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5.4 Management of Human Rights Issues Related to Nature

KGI Financial Group is committed to upholding human rights values and adheres to various international human rights conventions. We have established a "Human Rights Policy" to eliminate any acts of infringement or violation of human rights. We strictly comply with the human rights protection regulations in all the locations where we operate. The Policy encompasses six major human rights commitments: no discrimination, no bullying, no harassment; no forced labor; freedom of association and smooth labor-management communication; workplace safety and health; work-life balance; information security and privacy protection. The policy applies to the overall operational activities and new business activities (such as mergers and joint ventures) of KGI Financial and its subsidiaries. Based on this, a "Letter of Undertaking regarding Sustainability for Supplier" and a Sustainable Finance Commitment have been established, requiring partners, investment and financing targets, and clients to adhere to the same standards. Any acts of infringement or violation of human rights are prohibited. There is a shared focus on human rights risk management, and human rights due diligence should be conducted in accordance with the Human Rights Policy.

A comprehensive management mechanism has been established to protect human rights, which includes conducting regular human rights risk assessments and implementing improvement measures. This mechanism also encompasses continuous promotion and training on key issues such as workplace inclusion, gender equality, prevention of sexual harassment, personal data protection, and workplace safety. The goal is to enhance employees' awareness and understanding of human rights.

KGI Financial Group also emphasizes in the "Sustainable Development Guidelines" that business operations should consider the impact on ecological benefits, promote and advocate sustainable consumption concepts, reduce resource and energy consumption, properly manage waste disposal, sustainably utilize water resources, maximize the sustainable use of renewable resources, and adopt energy-saving and environmentally friendly products. These principles guide procurement, operations, and service activities to effectively reduce the environmental and human impact of the Company's operations.



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Appendix

Appendix I: TCFD Correspondence Table Appendix II: TNFD Correspondence Table Appendix II: IFRS S2 Index Table Appendix IV: Assurance Statem



Appendix I: TCFD Correspondence Table

| Dimension | TCFD Disclosure Recommendation | Chapter |
|---------------------|--|---|
| | a) Describe the board's oversight of climate-related risks and opportunities. | 1.1 Organizational Structure and Responsibilities for Climate and Nature Governance |
| | -, | 1.2 Climate and Nature-Related Education and Training |
| Governance | | 1.3 Climate and Nature-Linked Performance Evaluation Mechanism |
| Covernance | | 1.1 Organizational Structure and Responsibilities for Climate and Nature Governance |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | 1.2 Climate and Nature-Related Education and Training |
| | | 1.3 Climate and Nature-Linked Performance Evaluation Mechanism |
| | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 3.1 Climate and Nature-Related Risk and Opportunity |
| | | 2.2 Climate Response Strategy |
| | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | 3.1 Climate and Nature-Related Risk and Opportunity |
| Strategy | | 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment |
| | | 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 3.3 Resilience Verification |
| | a) Describe the organization's processes for identifying and assessing climate-related risks. | 3.1 Climate and Nature-Related Risk and Opportunity |
| Risk Management | b) Describe the organization's processes for managing climate-related risks. | 3.1 Climate and Nature-Related Risk and Opportunity |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | 3.1 Climate and Nature-Related Risk and Opportunity |
| | | 4.1 Key Climate Metrics |
| | a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process. | 4.2 SBT Targets and Progress |
| Metrics and Targets | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | 4.1 Key Climate Metrics |
| | | 2.2 Climate Response Strategy |
| | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | 4.1 Key Climate Metrics |
| | | 4.2 SBT Targets and Progress |
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Appendix II: TNFD Correspondence Table

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| and Opportunity |
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Appendix III: IFRS S2 Index Table

| | 1. | |
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| Objective Paragr | raph 1~2 3. | 2.1.2.2.33 |
| | 4. | . Metrics and Targets |
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| Scope Paragi | 2. raph 3~4 | Strategy |
| Scope Faragi | 3. | Risk Management |
| | 4. | . Metrics and Targets |
| | 1.1 | Organizational Structure and Responsibilities for Climate and Nature Governance |
| Governance Paragr | raph 5~7 | 2 Climate and Nature-Related Education and Training |
| | 1.3 | 3 Climate and Nature-Linked Performance Evaluation Mechanism |
| Paragi | raph 8~9 | |
| Paragi | 2. raph 10~12 | 1 Net Zero Commitment |
| | | 2 Climate Response Strategy |
| Strategy Paragi | | Climate and Nature-Related Risk and Opportunity |
| | raph 14 3. | Climate Risk Scenario Analysis and Quantitative Impact Assessment |
| Paragi | raph 15~21 | |
| Paragi | raph 22~23 3. | 3 Resilience Verification |
| Risk Management Paragi | | Climate and Nature-Related Risk and Opportunity Climate Risk Scenario Analysis and Quantitative |
| | | Impact Assessment |
| Paragi | raph 27~28 | |
| Metrics and Targets Paragr | raph 29~32 | .1 Key Climate Metrics .2 SBT Targets and Progress |
| Paragi | raph 33~37 | 2 55. Targets and Progress |



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KGI 2024 CLIMATE AND NATURE RELATED REPORT

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Appendix IV: Assurance Statement



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English Translation of a Report Originally Issued in Chinese

Independent Accountant's Limited Assurance Report

To KGI Financial Holding Co., Ltd.

We have been engaged by KGI Financial Holding Co., Ltd. (hereinafter referred to as "KGI Financial") to perform a 'limited assurance engagement', hereinafter referred to as the "Engagement", as defined by the Taiwan Accounting Research and Development Foundation, to report on the selected climate and nature related financial information ("the Subject Matter") included in KGI Financial's 2024 Climate and Nature Related Report ("the Report").

The Subject Matter selected by the Company and their applicable criteria

Regarding the Subject Matter selected by KGI Financial and their applicable criteria, please refer to Appendix A.

KGI Financial Responsibility

The KGI Financial management is responsible for preparation of the Report in accordance with the applicable criteria, including referencing to Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TCFD) sused by Financial Stability Board (FSB), and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Report. KGI Financial's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to finad or error.

Our Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibility is to plan and perform a limited assurance engagement in accordance with the International Statements on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the Taiwan Accounting Research and Development Foundation. The standard requires that we plan and perform our engagement to express a conclusion on whether



we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which basic principles are integrity, objectivity, professional competence, due care and professional behavior.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulator recouriements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to movide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:



- Conducted interviews with KGI Financial's key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Performing analytical procedures on selected information; Collecting and assessing
 other supporting documentation and the obtained management representation letter;
 Select samples from relevant documents related to source information for testing to
 verify their accuracy:
- Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- Reading the Report to confirm with the consistency of the indicators in the Report which contribute to the selected information.

Inherent Limitations

Non-financial information contained within the Subject Matter are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined. Any internal control is subjected to limitations. Consequently, it is not possible to detect all existing material misstatements whether resulting from fraud or error.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter, in order for it to be in accordance with the Criteria.

Emst & Young

Ernst & Young Jul. 18, 2025

Taipei, Taiwan, Republic of China

Notice to Renders.

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese last assurance report shall prevail.



| No. | Chapter | Content Title | Selected Information | Applicable Criteria |
|-----|----------------|--|---|---|
| 1 | 3.2.2 | Scenario Analysis Quantitative Results Physical Risks | Analysis Result: (1) Operational Locations: Under the 2°C and 4°C warming scenarios, and after factoring in floor levels and adaptation measures, none of the Group's operational sites fall within high-risk zones (Level 5) or areas requiring attention (Level 4). The estimated property value impairment accounts for 0.2% of total building value, indicating no significant operational impact on the Group. (2) Investment Proporties: Analysis of the Group's investment properties № and and +C scenarios shows that over 98% of locations fall within low to medium risk levels (Level 1.3). The estimated property value impairment in both scenarios accounts for 0.2% of the total building value, suggesting minimal impact on the Group's investment losses. (3) Supplier: Under the warming scenarios of 2°C and 4°C, and taking into account the analysis results after considering floor levels and adaptation measures, 100% of the Group's supplier operational sites are classified within the low-risk category (Level 1). (4) Mortgage in consumer banking: After considering the floor height and the remaining loan term for Mortgage in consumer banking, the Group has identified that 3.87% and 4.14% of the exposures are located in the high-risk areas (Level 5) under scenarios of a 2°C and 4°C. Cemperature increase, respectively. Additionally, 8.50% and 9.65% of the exposures are located in the areas of concern (Level 4). (5) Real estate mortgage loans in corporate banking: The Group conducted a scenario analysis on the real estate mortgage loans in corporate banking. After considering factors such as floor height and remaining loan term, it was determined that under scenarios of a 2°C and 4°C temperature increase, 8.28% and 8.27% of the exposures are located in the high-risk area (Level 5) respectively. | KGI Financial disclosed the analysis results of physical risks based on the TCFD framework. |
| 2 | 3.2.3 3.2.4 | Scenario Analysis and Quantitative Results- | 3.2.3 Analysis of the Impact of Carbon Pricing Transition on the Group's Long-Term Investment Portfolio Financial impact The Group evaluates the quantitative impact of carbon costs on | KGI Financial disclosed the analysis results of the impact |
| | | Transition | the credit risk of long-term corporate bond investments and the | of the impact |

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Appendix

KGI 2024 CLIMATE AND NATURE RELATED REPORT

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| No. | Chapter | Content Title | Selected Information | Applicable Criteria |
|-----|---------|--|--|------------------------|
| No. | Chapter | Content Title Risk, Quantitative Results of Scenario Analysis - Climate Change Scenario Onducted by Domestic Banks | market risk of long-term equity investments through scenario simulation analysis. The results of the analysis are as follows: 1. Equity Investment: • Analysis Results by Group In the scenario of disorderly transition, the Group does not anticipate any additional expected losses before 2030. As we approach 2050, the maximum climate-related expected loss will represent 3.3% of the asset scale. • Analysis Results by Group capeted climate-related loss by 2030 accounts for 0.8% of the asset scale. As we approach 2050, the maximum climate-related expected climate-related loss by 2030 exacusts for 0.8% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 9.6% of the asset scale, as we promote a compared to the scale of th | |
| | | | transition, the Group expected climate-related loss by 2030 accounts for 0.034% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 0.065%, therefore, the assessment indicates that the financial impact of climate transition risks on the Group's corporate bond investments is relatively low. | |
| | | | • Analysis Results by Sector From an industry perspective, in both scenarios, the electricity and gas supply industry, the chemical industry, the service industry, the financial industry and the mining industry are among the top five industries with higher expected losses | |



