KGI FINANCIAL

2025
CLIMATE AND NATURE RELATED REPORT

Contents

Preface

This report discloses the business operations of KGI Financial Holding Co., Ltd. (formerly CDF, hereinafter referred to as "the Group") and its subsidiary (KGI Life Insurance, KGI Bank, KGI Securities, CDIB Capital, and KGI SITE) as the disclosure boundary. The disclosure period spanned from January 1, 2025, to December 31, 2025. Significant developments occurring after the reporting period were appropriately included to provide a more comprehensive presentation of the Group's governance, strategy, risk management, and future direction regarding climate and nature-related issue.

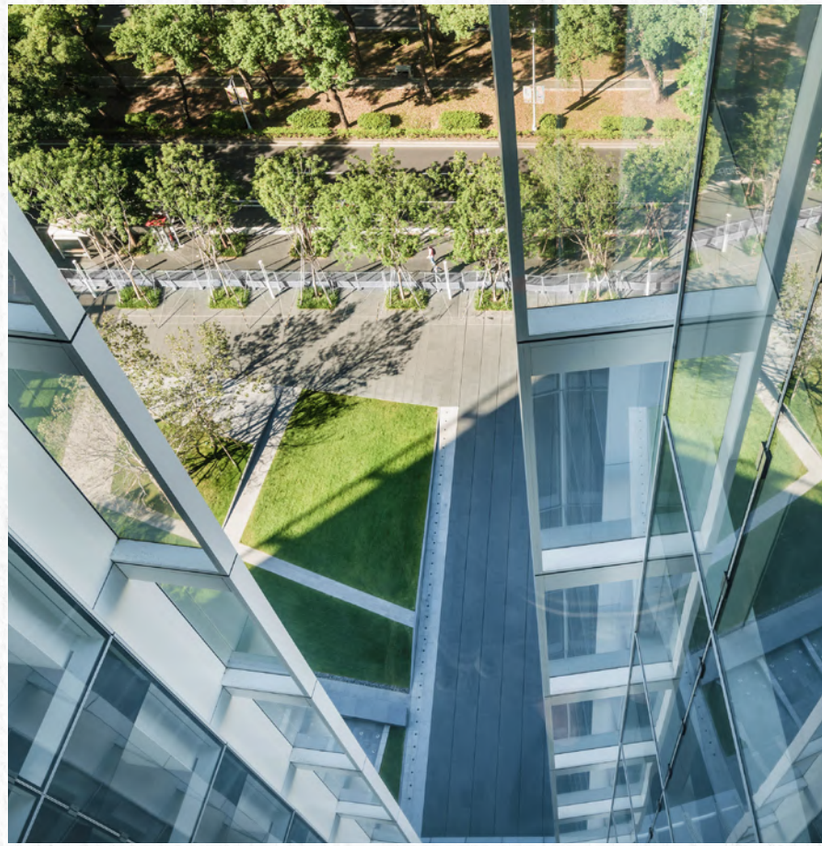
In the face of intensifying global climate change and mounting pressures on natural resources, against the backdrop of advancing green and transition finance, increasingly transparent sustainability disclosures, and evolving domestic and international regulatory trends, the Group continues to enhance climate governance while extending its management perspective from climate issues to nature-related matters. The Group adopted the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) as its disclosure framework, and gradually introduced the Recommendations of the Taskforce on Nature-Related Financial Disclosures (TNFD) in order to strengthen the identification, assessment, and management of climate and nature-related risks and opportunities. In addition, the Group incorporated these issues into its governance and risk management frameworks to enhance operational resilience and capture the long term opportunities arising from the low-carbon transition and nature-positive development.

To further strengthen climate and nature governance, the Group leverages the Climate and Nature Management Task Force and cross-subsidiary collaboration mechanisms to advance climate targets, manage nature-related issues, and implement corresponding action plans. At the same time, with a focus on high-emission industries, the Group conducts climate transition maturity assessments, engages clients, and promotes green financing and sustainable financial products and services, thereby exerting financial influence to support clients and industries in steadily advancing toward low-carbon transition. With respect to nature and biodiversity, the Group continues to deepen its focus, progressively assessing nature-related risks and opportunities while exploring the development of financing, products, and services linked to nature and biodiversity.

In response to regulatory authorities' promotion of sustainable finance and requirements for sustainability disclosures aligned with international standards, the Group continues to adopt global sustainability disclosure frameworks and further strengthens the application of the International Financial Reporting Standards (IFRS) S2 "Climate-related Disclosures." The focus is placed on assessing the financial impacts of climate risks and opportunities, with scenario analysis and resilience testing employed to evaluate the capacity of strategies and portfolios to withstand different climate scenarios. At the same time, the Group continues to advance steadily along its established net-zero pathway, progressing toward the goal of achieving net-zero operations by 2040 and net-zero across the entire asset portfolio by 2045.

The Group's sustainability performance continues to be recognized both domestically and internationally, including achieving the highest global score in the insurance sector in the S&P Global 2025 Corporate Sustainability Assessment (CSA), with climate strategy ranked first worldwide. In the 2025 CDP (Carbon Disclosure Project) evaluation, the Group received the highest grade of A for climate change, water security, and supplier engagement, and attained leadership level recognition on forest issues, demonstrating the Group's ongoing progress in environmental governance and sustainability management. In terms of carbon reduction achievements, KGI Financial Holdings together with its subsidiaries KGI Life and KGI Securities were jointly awarded the CommonWealth Magazine 1.5°C Climate Goal certification in alignment with the Paris Agreement. Notably, KGI Financial Holdings was selected for the second consecutive year, while KGI Life secured first place in the life insurance category of the financial industry. These recognitions highlight the Group's concrete results in embedding sustainability governance, carbon reduction actions, and financial influence into business management.

Looking ahead, the Group will continue to deepen climate and nature governance, refine risk management and transition strategies, and seize opportunities arising from the development of green and transition finance. By leveraging financial influence to guide capital toward low-carbon, resilient, and nature-positive economic activities, the Group aims to work hand in hand with stakeholders in advancing toward a more sustainable and robust future.

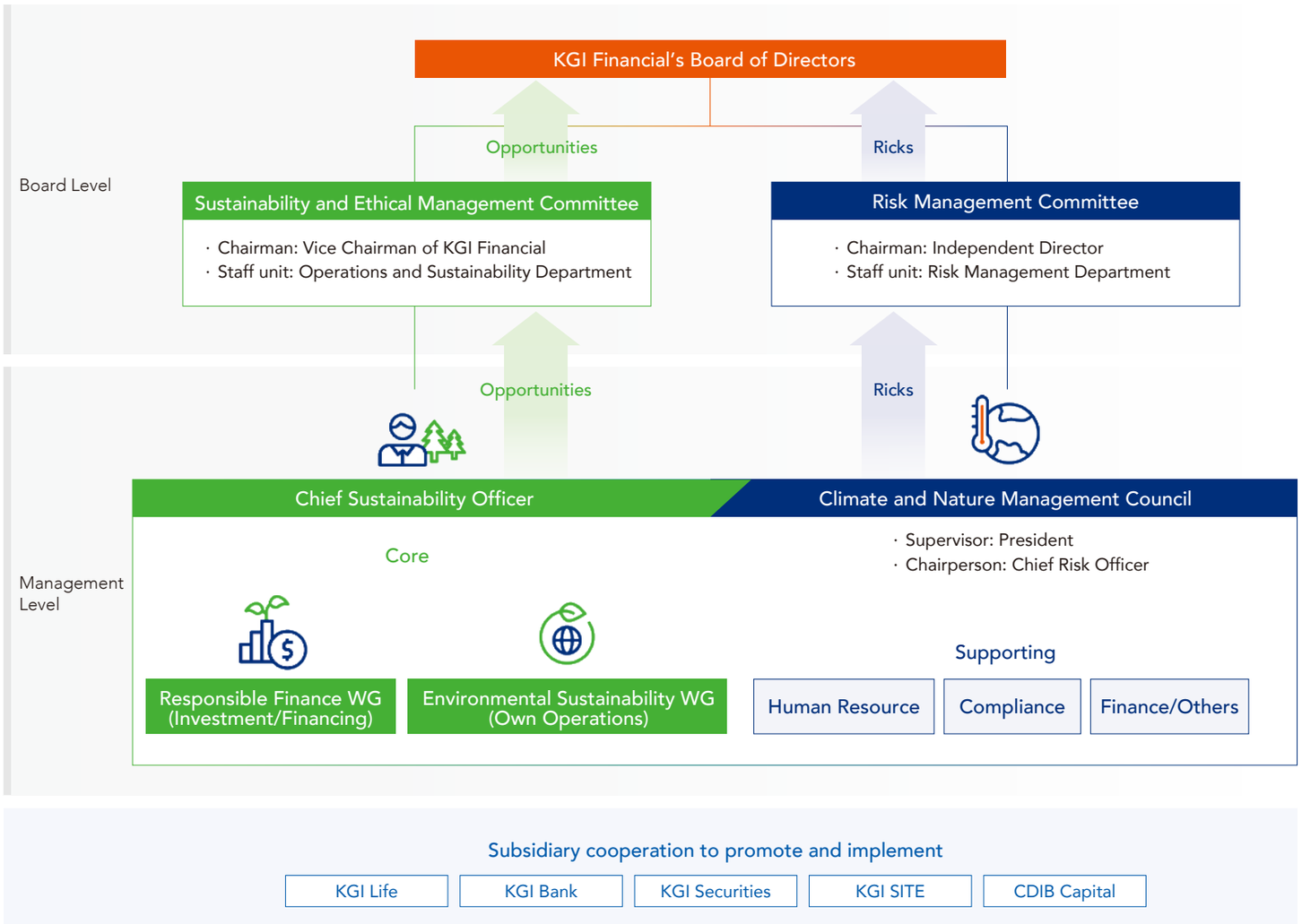


1 Governance

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 Board-level Sustainability and Ethical Management Committee and the Risk Management Committee, which report to the Board of Directors, are responsible for climate governance-related guidelines and systems. The Sustainability and Ethical Management 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



Climate and Nature Governance and Management Responsibilities

Governance/Management Organization		Responsibilities	Chair	Meeting Frequency
Board of Directors Level	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 overseeing material climate-related issues, action plans, and progress toward target achievement as reported by the Sustainability and Ethical Management Committee and the Risk Management Committee.	Chairman	At least once per quarter
	Sustainability and Ethical Management Committee	The Sustainability and Ethical Management Committee serves as the overseeing body for achieving the Group's sustainable finance objectives, composed of the holding company's directors (including three independent directors). 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 at least once per year.	Chairperson: Vice Chairman	At least twice a year
	Risk Management Committee	Committee members are composed of the holding company's directors (including three independent directors). 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 lines model 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 (covering 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 Director	Once per quarter
Management Level	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 and Ethical Management 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.	-	-
	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 risks and opportunities identification while gradually introducing TNFD.	Supervisor: President Chairperson: Chief Risk Officer	One governance meeting and two management meetings per year
	Sustainability and Ethical Management Committee Working Group	The Sustainability and Ethical Management 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 Promote and support economic activities for sustainable development, manage climate-related issues in investment and financing, formulate strategies and goals, promote related action plans, and assess the implementation status. · Environmental Sustainability WG Establish specific goals and practices in connection with environmental protection, energy conservation and carbon reduction to actively promote and co-manage a sustainable living environment. Manage climate-related issues arising from the Group's own operations, formulate strategies and goals, develop mitigation and adaptation plans, and assess the implementation status.	Group Leader: Senior Executives	At least three times a year

1.2 Climate- and Nature-Related Education and Training

Climate change and natural resource issues are evolving rapidly and increasingly prioritized by investors and regulators. These developments are expected to exert profound impacts on the financial system, corporate operations, and long-term value, making such topics a critical core of corporate governance, strategic decision-making, and risk management. The Group has convened multiple training sessions and encourages directors, management, and relevant colleagues to participate in courses organized by internal and external institutions on sustainability and net-zero transition industry trends. By enhancing awareness and professional capabilities at all levels regarding climate and nature-related risks and opportunities, the Group strengthens decision-making quality and execution capacity, thereby improving its ability to address climate and nature issues and ensuring sound operations and sustainable development.

The following summarizes the participation of directors, management, and employees of the Group and its subsidiaries in relevant training programs in 2025:

Educational Training	Number of Participants	Hours	Number of Sessions
Board Members	45	127.35	28
Management and Employees	18,494	33,935.75	30

Development of Directors' Climate-Related Expertise and Capabilities

In response to the growing importance of global climate change and natural resource issues, KGI Financial and its subsidiaries arrange for directors to participate in training programs on climate change and nature-related topics. These initiatives aim to strengthen directors' overall understanding of the risks and opportunities arising from climate and natural resources, and their implications for corporate strategy, risk management, and sustainable development. The objective is to enhance the Board's decision-making capacity in sustainability governance, risk oversight, and long-term value creation. The training programs cover climate-related topics such as Sustainable Finance Trends, Climate Change in Thailand: Current Situation, Impacts, and Adaptation Measures, CSR disclosure guidelines and case studies, observations on nature issues following UNFCCC COP30, the 2025 Cathay Sustainable Finance and Climate Change Summit, renewable energy development and challenges, Climate Change Training, Board responses to 12 ESG risk issues, ESG Fundamentals: Interpreting Taiwan's Sustainability Transition Blueprint, risk-management-driven corporate sustainability, sustainable city infrastructure powered by financial ESG symbiosis, and climate change and sustainable finance. These courses enable Board members to continuously strengthen climate governance, deepen understanding of nature-related issues, and ensure that the Group's future development direction remains aligned with climate transition strategies and objectives.

Management and Employee Training Programs

To comply with regulatory requirements on climate-related management measures and align with international net-zero targets, the Group strengthens the capacity of managers and employees at all levels to effectively respond to, assess, and address risks and opportunities arising from climate transition. In 2025, KGI Financial and its subsidiaries organized climate and nature-related training programs, including SBTi FINZ Net-Zero Standard workshops, the Guidelines for Sustainable Economic Activities in Transition Finance, TNFD trend briefings, Climate Governance Enhancement Project; Environmental Sustainability Lectures; Sustainable Finance and Investment Practices; 2025 Sustainable Economic Activities and Climate and Nature Finance Practices; 2025 Global Climate and Nature Regulatory Trends and Recommended Responses; Climate and Nature Risk Issues; Sustainable Finance Policies and Trends; TCFD Physical Risk Scenario Analysis Training; Climate Change and Sustainable Environmental Management; Sustainable Development Seminars (climate and nature-related topics); Climate Change and Sustainable Finance: Impacts and Challenges in the Financial Sector; KGI Bank 2025 ESG Seminar; IFRS Sustainability Disclosure Workshop; and the Certified Sustainable Finance Professional Training Program, covering sustainability risk identification, environmental initiatives, and related advocacy activities. Courses were delivered both in-person and online to ensure broad participation, enhancing overall risk identification and opportunity management capabilities, thereby supporting the effective implementation of the Group's climate and nature sustainability strategies and development goals.

Cultivation of Talents in Sustainable Management

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. To date, more than 1,600 employees across the Group have obtained climate management and sustainability-related certifications. These include ISO 14067 Product Carbon Footprint Lead Verifier, ISO 14064 Greenhouse Gas Lead Verifier, ISO 14068-1 Lead Verifier, PAS2060 Carbon Neutrality Management Verification, iPAS Net-Zero Carbon Planning Manager, Sustainability and Climate Risk Certification, Sustainability and Climate Risk (SCR) Certificate, Corporate Sustainability Manager, as well as foundational and advanced Sustainable Finance certifications.

1.3 Climate- and Nature-Linked Performance Evaluation Mechanism

To achieve KGI net-zero targets of portfolio-wide carbon emissions by 2045 and operational net-zero emissions by 2040, while addressing natural capital issues, the Group has integrated climate and nature considerations (including water resources and forests) into performance evaluation mechanisms. These factors are embedded in daily operations and decision-making, collectively advancing the implementation of net-zero strategies and ensuring the achievement of long-term sustainability goals.

Performance Indicators for the CEO (Presidents)

The performance evaluation of the CEO(Presidents) of KGI Financial and its subsidiaries is based on financial, non-financial, and governance dimensions. Variable compensation considers overall corporate performance and individual achievements, while emphasizing long-term incentive policies aligned with sustainable corporate performance and shareholder interests. The variable compensation mechanism is strongly linked to individual performance and company share price, and is further connected to non-financial aspects such as the net-zero climate strategy. The purpose of this incentive/compensation mechanism is to ensure delivery on KGI Financial commitment to achieve net-zero emissions across its entire asset portfolio by 2045 and operational net-zero emissions by 2040. During the execution of the incentive/compensation mechanism, KGI Financial has planned and implemented five major net-zero climate strategies to advance the achievement of SBT-aligned greenhouse gas reduction targets. The attainment of net-zero transition objectives, particularly in green financing, has been explicitly incorporated into the performance evaluation metrics of the Presidents of KGI Group (KGI Life, KGI Bank, KGI Securities, KGI SITE, CDIB Capital). This ensures the continuous promotion and realization of net-zero strategies across KGI Financial and its subsidiaries.

Variable Compensation Indicators for Executives and Senior-mid Management

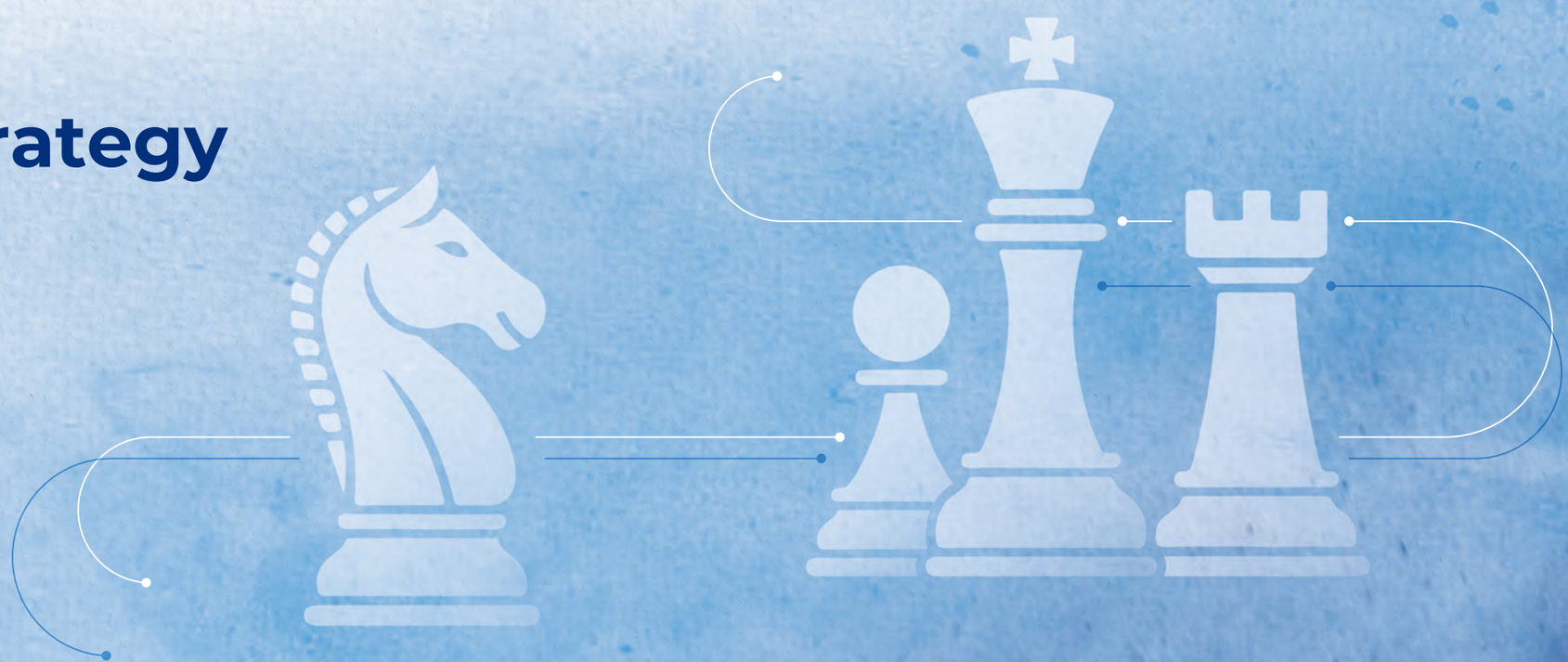
The management hierarchy of the KGI Group's climate governance includes the Chief Sustainability Officer and executives and senior-mid managers of the Climate and Nature Management Council, as well as relevant managerial personnel. These leaders play a crucial role in the planning, monitoring, and implementation of climate change response initiatives. To achieve its net-zero goals, the KGI Group has adopted a series of measures, including incorporating sustainability performance outcomes and the effectiveness of carbon-reduction strategies into the performance evaluation metrics of managerial officers (including senior executives and relevant supervisors). These metrics are linked to the overall effectiveness of the Group's ESG strategy, with a focus on the results of reducing carbon emissions.

Variable compensation for the Group's executives and senior-mid managers, in addition to considering 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. It must also be reviewed and approved by the Remuneration Committee and the Board of Directors. The performance evaluation of relevant executives and senior-mid managers is based on a comprehensive set of financial, non-financial, and governance indicators. Non-financial metrics account for 10%–55% of the overall evaluation, including corporate sustainability items such as operational carbon reduction, investment and financing carbon reduction, green financing, and nature-related indicators. To meet its net-zero targets, the Company has set goals for carbon reduction and increased green financing in line with the SBT reduction pathway. Achievement of these climate objectives—including carbon-reduction targets and expansion of green financing—is incorporated into annual performance evaluations and linked to variable remuneration for executives and senior-mid managers, thereby ensuring collective action in advancing corporate sustainability. To address natural capital issues, natural indicators have been incorporated into the annual remuneration performance evaluation of the Chief Sustainability Officer and Chief Risk Officer, integrating natural factors (such as water resources and forests) into daily operations and decision-making.

Performance Indicators for Employees Variable Compensation

To advance climate-related opportunity and risk action plans, the Group has set targets for carbon reduction and increased green financing in line with the net-zero pathway and the SBT reduction trajectory. Accordingly, ESG indicators, such as achievement of carbon-reduction goals and expansion of green financing, have been incorporated into annual performance evaluations. Different departments establish corresponding evaluation criteria based on their characteristics, integrating climate factors into daily operations and decision-making. For employees in operations management, performance bonuses incorporate the achievement rate of operational carbon-reduction targets. For staff in green investment and green lending departments, evaluations emphasize engagement with investees or clients, attainment of green financing objectives, and risk control for high-emission industries.

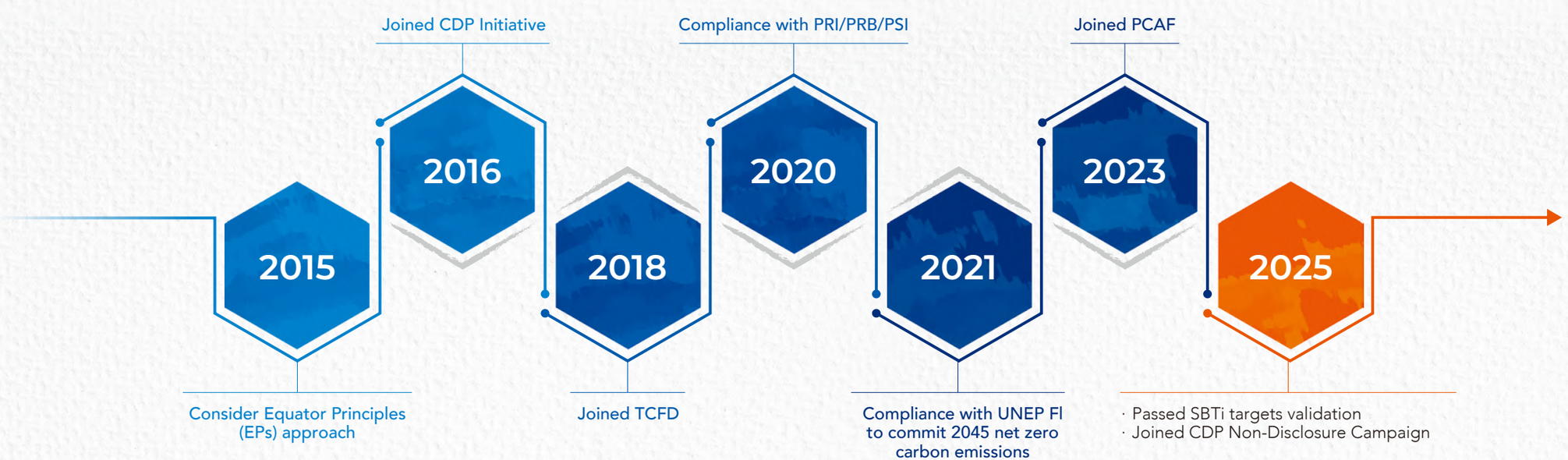
2 Strategy



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 financed emissions inventory across various asset classes, including equity and corporate bond investments, business loans, commercial real estate loans, mortgage loans, motor vehicle loans, sovereign bonds and electricity generation project finance, 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.



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.

With respect to thermal coal related industries and unconventional oil and gas related industries, we are committed to phasing out our investment and financing exposure by the end of 2040. This commitment applies to all relevant business activities, including project investment and financing, credit lines and loans, fixed income, underwriting business, and all active, passive, and third-party managed investments portfolios. Our phased commitments are:

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.

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 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].

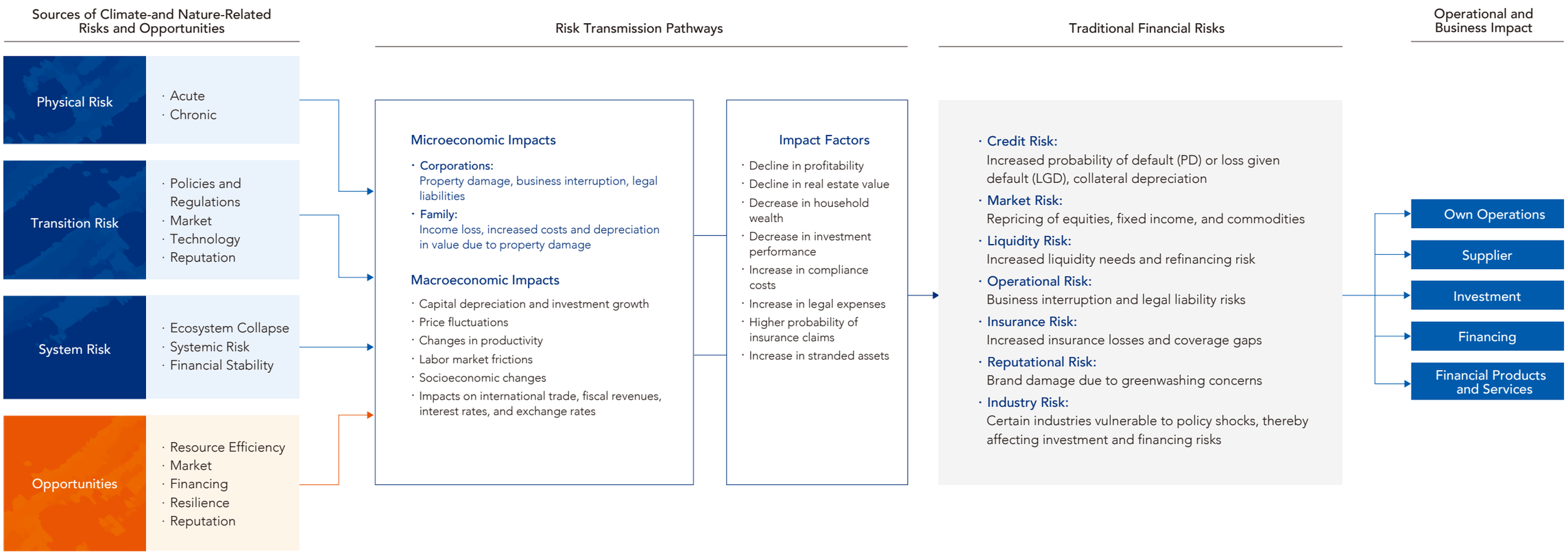
Business Type		Policy Aspects	Timeline	Relative/Absolute Thresholds for Clients/Investees [Note 1~5]
Thermal Coal Related Industries	· Coal mining · Coal-fired power generation · Coal mining-related infrastructure	New projects or expansion of existing projects	Starting from January 1, 2025.	Ceased direct project investment and financing
		In industrialized countries in the European Union and OECD Member States	By the end of 2030	Phase out most of our direct investment and financing from companies (A business deriving more than 30% of their revenue or generated power from thermal coal related industries)
		Globally thermal coal related industries.	By the end of 2040	Phase out globally from the investment and financing support of thermal coal related industries. (A business deriving more than 5% of their revenue or generated power from thermal coal related industries)
Unconventional Oil and Gas Related Industries	· Tar sands · Shale oil and gas · Arctic oil and gas · Liquified natural gas (LNG) · Ultra-Deep-Water (UDW) oil & gas	New projects or expansion of existing projects	Starting from January 1, 2025.	Ceased direct project investment and financing
		In industrialized countries in the European Union and OECD Member States	By the end of 2030	Phase out most of our direct investment and financing from companies (A business deriving more than 30% of their revenue or generated power from thermal coal related industries)
		Globally Unconventional oil and gas related industries.	By the end of 2040	Phase out globally from the investment and financing support of thermal coal related industries. (A business deriving more than 5% of their revenue or generated power from thermal coal 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.

2.2 Climate and Nature-Related Risk and Opportunity

2.2.1 Climate and Nature-Related Risk and Opportunity Identification Process

Climate and Nature-Related Risk and Opportunity Transmission Pathway Diagram



The Group annually identifies and assesses climate and nature-related risks and opportunities to understand the present and future impacts arising from climate change and environmental shifts. We primarily 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 a comprehensive list of climate- and nature-related risks and opportunities. The list span the entire value chain, including upstream suppliers, own operations, and downstream investment and financing targets. It encompasses current regulations, emerging regulations, technology, litigation, market, reputation, as well as acute and chronic physical risks across short, medium, and long-term time horizons. Ultimately, the Group has established 11 key topics, consisting of 6 climate- and nature-risk topics and 5 opportunity topics. Each subsidiary is required to evaluate these topics based on its specific business model. The assessment dimensions include impact pathways, timelines, financial impacts, and likelihood of occurrence for each climate and nature risk and opportunity, thereby prioritizing those with material impacts 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

Step 1

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.

Step 2

Climate and Nature-Related Risk and Opportunity Assessment

Relevant departments within each subsidiary assessed the current financial impacts and future likelihood of occurrence for each identified climate- and nature-related risk and opportunity, based on their understanding of these issues involved with their specific business operations, while KGI Financial evaluated the level of investor concern regarding each theme.

Step 3

Significant Climate and Nature-Related Risk and Opportunity Identification

The assessment results provided by relevant departments across subsidiaries were consolidated to determine the degrees of current financial impact [Note 1], future likelihood of occurrence [Note 2], and investor concern for each climate- and nature-related risk and opportunity. These dimensions were categorized as low, medium, or high, with corresponding scores from 1 to 3 assigned to calculate the total score. Based on the total score ranking, material topics among the climate- and nature-related risks and opportunities were identified. In 2025, two material risks and two material opportunities related to climate and nature were identified.

Step 4

Review

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 and Ethical Management Committee and the Board of Directors for oversight.

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

2.2.2 Identification Results of Climate- and Nature-Related Risk and Opportunity

Through discussions with relevant departments, the Group assessed potential climate- and nature-related risks and opportunities from both operational and business perspectives. We prioritize each risk and opportunity topic by comprehensively considering the evaluation results of financial impact levels, likelihood of occurrence, and investor concern. This year, the top two ranked climate- and nature-related risk topics and the top two ranked opportunity topics were respectively selected as the Group's material topics, with the scope of impact encompassing own operations and the value chain.

The Group monitors the development of climate finance trends and actively expands related financial opportunities. Therefore, the evaluation results for this year indicate that climate opportunities have a high potential impact on the overall financial performance of the Group's investment and financing business, as well as the products and services provided. In contrast, the financial impact level of climate risks on the Company is relatively low, reflecting the effectiveness of the Group's climate risk management. However, it remains necessary to continuously monitor the low-carbon transition risk tolerance of investment and financing targets, thereby controlling the indirect financial impact generated on the Group. The Group will continue to review current initiatives and formulate corresponding response strategies to mitigate potential risks, while capturing the increasing climate- and nature-related operational and business opportunities.

2025 Group Climate and Nature-Related Risks

Ranking	Risk Factors and Descriptions	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
				Current	Future			
1	**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	High	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 Risk · Credit Risk · Operational Risk · Reputation 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	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 net-zero emissions goals, the Company plans to increase renewable energy use and procure green electricity, which is expected to raise operating costs.	· Operational Risk
3	**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	Low	Low	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.	· Market Risk · Credit 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	Low	Mid-term to 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	Moderate	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	Moderate	Low	Low	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: Impact Level. The financial impact of the climate- and nature-related issue on the Group is categorized as low if it is less than 1% of the Group's average consolidated net profit after tax over the past three years; moderate if between 1% and 2.5% of the Group's average consolidated net profit after tax over the past three years; and high if greater than 2.5% of the Group's average consolidated net profit after tax over the past three years.

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

2025 Group Climate and Nature-Related Opportunities

Ranking	Opportunity Factors and Descriptions	Potential Impact on the Value Chain	Likelihood of Occurrence Note 1	Impact Level Note 2		Impact Period Note 3	Cause of Financial Impact
				Current	Future		
1	**Markets** The benefits of green investment and financing for the Company	· Investment and Financing Business	High	High	High	Short-term, mid-term to long-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.
2	**Product and Service** The benefits of offering green sustainable finance products and services for the Company	· Financial Product Services	Moderate	High	High	Mid-term to long-term	Actively investing in green financial products and low-carbon economic value services helps attract specific potential clients and enhance market favorability toward the brand. Furthermore, it indirectly supports the low-carbon transition of industries, with the ultimate goal of increasing related revenues amidst the low-carbon economy trend and promoting sustainable business operations.
3	**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	Low	Low	Short-term, mid-term to long-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
4	**Energy Efficiency Usage** The benefits of enhancing the efficiency of energy resource utilization and financing for the Company	· Own Operations	Moderate	Low	Low	Short-term, mid-term to long-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 carbon reduction goals for own operations.
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	Low	Short-term, mid-term to 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.

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

Note 2: Impact Level. The financial impact of the climate- and nature-related issue on the Group is categorized as low if it is less than 1% of the Group's average consolidated net profit after tax over the past three years; moderate if between 1% and 2.5% of the Group's average consolidated net profit after tax over the past three years; and high if greater than 2.5% of the Group's average consolidated net profit after tax over the past three years.

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

2.3 Climate Response Strategy

2.3.1 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 and Ethical Management 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.

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

Strategic Direction	UNEP FI's Recommendations for Credible Net-Zero Commitments	Actions Taken by KGI Financial
Net Zero Compliant Scenarios	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.
	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.
Complete Carbon Footprint Inventory	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.
	Commit to transparent reporting of GHG emissions	Each year, our report reveals specific GHG emissions and allocation results.
	Establish an appropriate emission scope, striving for full coverage as soon as possible	Subsidiaries have followed PCAF methodologies to complete financed emissions inventory across various asset classes, including equity and corporate bond investments, business loans, commercial real estate loans, mortgage loans, motor vehicle loans, sovereign bonds and electricity generation project finance, and have set annual carbon reduction targets.
Specific Implementation Approach	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.
	Neutralize remaining carbon emissions through investment cooperation	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.
	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.
	Provide metrics to classify products as sustainable	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. 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.
	Identify specific products and services that have a unique transition purpose	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.
Periodic Public Disclosure	Disclose transparently and comprehensively the metrics, targets and progress	We disclose full targets and progress on an ongoing basis in our reports.

2.3.2 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.

Dimension	Significant Climate Opportunity Description	Internal Strategies and Targets	Company	Response Measures and Effectiveness
Financial Assets	The Benefits of Green Investment and Financing for the Group	The Group and its subsidiaries have established the "Sustainable Finance Commitment," the "Responsible Investment Policy," and the "Sustainable Credit Guidelines." The "Responsible Finance" working group, under the Sustainability and Ethical Management Committee of the Board of Directors, oversees the implementation of these policies. This includes reducing investments and financing in high-carbon industries and continuously increasing the proportion of green investments and financing.	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$195.3 billion, of which approximately 70% of the investments are in green power and renewable energy.
			KGI Life	Proportion of green or sustainable investments increased by 44.4% compared to a 2022 base year.
			KGI Bank	Renewable energy project financing increased by 97.3% compared to a 2022 base year.
			KGI Securities	The par value of investment in sustainability bonds increased by 7.8% compared to a 2024 base year.
			CDIB	Amount of new green investment increased by 122.8% by 2025 compared to a 2023 base year.
Financial Products and Services	The Benefits of Offering Low Carbon Sustainable Finance Products and Services for the Group	**Sustainable Insurance** The Group's subsidiary, KGI Life Insurance, adheres to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (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.	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.
		Green Underwriting and Advisory Services 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.	KGI Securities	· Acted as the underwriter (as well as financial advisor) for a total of 19 sustainable bonds in 2025, including 14 green bonds, 1 social bond, 4 sustainability bonds, with a total of NT$17.097 billion. · In 2025, KGI Securities executed a total of 18 sustainable equity underwriting cases, accounting for approximately 50% of all equity underwriting cases for the year. The aggregate underwriting value of these sustainable equity transactions amounted to NT$15.564 billion, accounting for approximately 59% of the total equity underwriting volume in 2025.
		Green Deposits The Group's subsidiary, KGI Bank, actively promotes green deposits, allocating project deposits to green purposes such as renewable energy, energy technology development, and pollution prevention and control.	KGI Bank	· Continues to promote its Green Deposit Program, ensuring that all deposited funds are allocated to green financing or related loan demands within the program's scope. This initiative directs corporate capital toward sustainable development efforts. Since its inception, the scale of green deposits has continued to grow, accumulating a total of NT$43.9 billion. · Green loan amount reached NT$38.163 billion in 2025, representing an increase of over 28.6% compared to NT$29.67 billion at the end of 2024.
		Green Credit and Green Industry Financing The group's subsidiary, KGI Bank, not only participates in iconic large-scale renewable energy power plant financing projects but also actively engages in pollution prevention, green building, and other green credit-related financing.		
		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	In 2025, the total fund size of KGI SITE's ESG Bond ETFs and actively managed sustainable bond funds amounted to approximately NT$2.8 billion.

(Continue)

Dimension	Significant Climate Opportunity Description	Internal Strategies and Targets	Company	Response Measures and Effectiveness
Advocacy and Engagement	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 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 Financial	KGI Financial has signed 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. KGI Financial has signed CDP Non-Disclosure Campaign advocating for increased corporate disclosure of carbon-related information. In 2025, a total of 223 signatories representing nearly US$23 trillion in assets participated. The 2025 NDC targeted 1,314 companies have been engaged and specific engagements were also undertaken for forests and water security, numbering 306 and 711 companies, respectively. We leverage the impact of sustainable finance.
Own Operations	Potential Benefits of Digital Financial Transformation for the Group	KGI Financial Holding adopts the "ONE KGI" strategy as its core, integrating digital resources across subsidiaries to build a seamless and efficient digital financial ecosystem. Through innovative technologies, we enhance customer satisfaction, transform digital initiatives into a driver of sustainability, and strengthen our market competitiveness.	KGI Life	By digitalizing policy services, KGI Life Insurance integrates policy information into the asset overview of the KGI Mobile Banking App, enabling customers to access real-time policy details and asset allocation. This enhances transparency and convenience of financial information, while strengthening synergies across subsidiaries and integrated financial services.
			KGI Securities	Pioneered a dual digital identity verification mechanism between banking and securities services, linking group synergies to enable the opening of integrated three-in-one accounts. By leveraging cross-system data integration and innovative applications such as using portfolio holdings as proof of financial capacity, the Company delivers a one-stop digital account opening and application process, enhancing service convenience and overall customer experience
			KGI Bank	Promotes the "KGI inside" strategy by offering open API modules applied to social housing rental payments and charitable donation services. It pioneered the use of credit cards for rent payments and supports small and medium-sized social welfare organizations in rapidly establishing donation channels, thereby enhancing financial accessibility.
	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 own operations."		**Use of renewable energy** In 2025, KGI Financial purchased and used 9,887.0 MWh and self-generated 83.5 MWh of renewable energy, totaling 9,970.5 MWh of renewable energy, accounting for approximately 23.17% of KGI Financial's total electricity consumption, equivalent to a reduction of 4,726.02 tCO_2e **Implementation of Energy Management System** The Company have successively introduced the 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. We are committed to improving energy efficiency while reducing emissions **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 5.88% compared to 2024.

2.3.3 Assessment of Sustainable Economic Activities

The results of the assessment of subsidiaries' financial activities in accordance with the second edition of the "Reference Guidelines for the Recognition of Sustainable Economic Activities" issued by the Taiwan Financial Supervisory Commission (FSC) (hereinafter referred to as the "Reference Guidelines"), are presented below along with an explanation of transition management.

KGI Life Insurance

To achieve Taiwan's national goal of net-zero emissions by 2050, the Financial Supervisory Commission has issued the Reference Guidelines to guide financial institutions in systematically incorporating sustainability classification into areas such as investment and financing assessments, capital allocation, engagement with investees and borrowers on transition, and disclosure of the proportion of sustainability-related investments. This initiative aims to facilitate the effective allocation of capital toward economic activities that make substantial environmental contributions or that have credible transition plans, thereby enhancing the transparency and credibility of sustainable finance.

To exert financial influence in supporting the orderly transition of Taiwan's industries toward net zero, KGI Life Insurance calculates and discloses key performance indicators (KPIs) for its investment-related economic activities in accordance with the Reference Guidelines. In 2025, KGI Life Insurance reported that the proportion of eligible investments in its investment portfolio was 7.52%, of which the proportion of taxonomy-aligned investments was 4.26% and the proportion of transitioning investments was 2.42%. The alignment ratio was 56.62%.

KGI Bank

To further understand the status of sustainable economic activities and transition progress of its corporate borrowers, KGI Bank leverages the results of the "Corporate ESG Information and Sustainable Economic Activities Self-Assessment Questionnaire" to identify whether borrowers' economic activities are covered by, aligned with, or supportive of the Reference Guidelines. The results serve as a reference for credit assessment, risk management, client engagement, and transition monitoring.

For companies whose activities are covered by the Reference Guidelines but have not yet met the criteria for alignment, KGI Bank encourages them to propose concrete transition actions, such as setting carbon reduction targets, advancing energy transition, improving production processes, or adopting low-carbon technologies. These actions are incorporated, on a case-by-case basis, into subsequent credit assessments and engagement tracking.

For companies not yet covered by the Reference Guidelines, KGI Bank also encourages them—through credit relationships, engagement, and financial services—to gradually establish climate change response measures and decarbonization plans, thereby enhancing their sustainability management capabilities and future transition resilience.

In addition, KGI Bank continues to monitor financing needs related to the supportive economic activities outlined in the Reference Guidelines and provides financial services such as green lending, sustainability-linked loans, low-carbon transition financing, and renewable energy project financing to support companies in building the infrastructure and capabilities required for a net-zero transition.

As of December 31, 2025, among corporate banking credit cases classified in accordance with the Reference Guidelines, the coverage ratio was 31.82% and the alignment ratio was 14.06%, with aligned activities accounting for 44.18% of covered activities.

KGI Securities

In 2025, KGI Securities reported that the proportion of eligible investments in its long-term investment portfolio was 10.46%, while the proportion of taxonomy-aligned investments was 10.34%. For underwriting and advisory clients, the number of cases covered by the Reference Guidelines was 26, with a corresponding amount of NTD 25.002 billion; the number of cases aligned with the Reference Guidelines was 12, with a corresponding amount of NTD 9.155 billion.

As the implementation of the Reference Guidelines is still at an early stage, KGI Securities will continue to support its underwriting and advisory clients through financial industry engagement. By progressively applying the Reference Guidelines issued by the Financial Supervisory Commission to conduct preliminary assessments of underwriting and advisory clients as well as long-term investment targets, KGI Securities will further assist those that fall within the scope of the Reference Guidelines in proactively addressing transition challenges.

2.4 Climate Risk Scenario Analysis and Quantitative Impact Assessment

2.4.1 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. Given in 2021, Taiwan's pledge to achieve "2050 Net-Zero Emissions", alongside the release of Taiwan's 2050 Net-Zero Emissions Roadmap and the Climate Change Response Act, choosing this orderly transition scenario aligns seamlessly with both domestic and international net-zero pathways. 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 2025 climate risk quantitative impact assessment covers the entire value chain, including upstream suppliers' operational sites, our own operations, downstream investment and financing, as well as insurance product-related business activities. By conducting physical risk flooding scenario analysis, physical risk continuous warming scenario analysis, combined physical and transition risk climate change scenario analysis, and carbon pricing transition risk scenario analysis, we further measure the potential financial impacts of climate change on the Group.

Scenario Analysis Overview

Type of Climate Risk		Physical Risk – Acute	Physical Risk – Chronic	Physical Risk & Transition Risk	Transition Risk – Policies and Regulations
		Flood Risk Level Scenario Analysis	Continuous Warming Scenario Analysis	Combined Climate Change Scenario Analysis	Carbon Pricing Impact Scenario Analysis
Climate Scenario	2°C or below 2°c	AR6 SSP1-2.6	SSP1-2.6	NGFS Net Zero 2050 (SSP1-1.9) NGFS Delayed Transition (SSP1-2.6)	NGFS Net Zero 2050 NGFS Delayed Transition
	Above 2°c	AR6 SSP5-8.5	SSP2-4.5 SSP5-8.5	NGFS Fragmented World (SSP2-4.5)	NGFS Fragmented World
Subject of Analysis	Upstream Activities	Supplier Locations (leased data center)		-	-
	Own Operations	Business Premises		-	-
	Downstream Activities	Investment Properties, real estate collateral for retail and corporate loans	Life insurance products	Domestic credit (consumer banking, corporate banking), foreign credit Domestic and foreign investments in equity, corporate bond, and sovereign bond	Long-term equity investments
Assessment Period Note 1		Short-term, Mid-term, Long-term 2030, 2050	Short-term, Mid-term, Long-term 2030, 2040, 2050, 2060	Short-term, Mid-term, Long-term 2030, 2050	Mid-term, Long-term 2030, 2035, 2040, 2045, 2050
Traditional Financial Risks		· Suppliers: Operational Risk - Additional procurement costs · Business Premises: Operational Risk - Asset repair expenses · Investment Property: Market Risk - Real estate asset impairment · Mortgage/Real Estate Collateral: Credit Risk - Real estate asset impairment	Insurance Risk - Claims losses	Credit Risk - Expected Credit Loss (ECL)	Market Risk - Market price fluctuation losses
Subsidiaries Covered		KGI Financial, KGI Life, KGI Bank, KGI Securities, KGI SITE, CDIB Capital	KGI Life	KGI Life, KGI Bank, KGI Securities, KGI Futures, CDIB Capital, KGI SITE (Own Funds)	KGI Life, KGI Bank, KGI Securities, KGI Futures, CDIB Capital, KGI SITE (Own Funds)
Section		2.4.2.1 Physical Risks: Flood Risk Level Scenario Analysis	2.4.2.4 Climate Physical Risk Scenario Analysis for Life Insurance	2.4.2.2 Climate Change Scenario Analysis for Investment and Financing Positions	2.4.2.3 Analysis of the Impact of Carbon Pricing Transition on Long-Term Equity Investment
Analysis Frequency and Reporting Period		Scenario analysis is conducted annually and disclosed accordingly. This scenario analysis covers the period from January 1, 2025, to December 31, 2025.			

Note 1: Consideration is given to the "Climate Physical Risk Information Integration Platform Database" provided by the Joint Credit Information Center (JCIC). According to the platform's guidelines, a risk analysis year designated as the 2030s represents the average value from 2021 to 2040, and so forth. This coverage period is defined and mapped against the Company's defined assessment periods (Short-term: within 3 years inclusive; Mid-term: over 3 years and up to 10 years; Long-term: beyond 10 years).

Note 2: As the analysis methodology relies on specific assumptions and parameter settings configured as projected values under various risk scenarios, and given that the long-term scenario evaluation periods extend far into the future, the expected losses estimated under each scenario are subject to inherent uncertainties and do not represent actual future impacts. Caution should be exercised regarding the limitations of these analysis results during utilization and interpretation.

2.4.2 Scenario Analysis Quantitative Results

2.4.2.1 Physical Risks: Flood Risk Level Scenario Analysis

Description of the Analysis

To mitigate the impacts of climate disasters on operations and business, the Group conducts extreme weather event scenario analyses across suppliers, own operational sites, investment properties, and both individual and corporate real estate collateral. Financial impact scenario analyses are performed for each asset class based on its business attributes and holding purposes, as outlined below:

- **Own Operation Premises:** Repair costs for asset damage caused by flooding.
- **Investment Properties:** Real estate asset impairment.
- **Suppliers:** Additional procurement costs.

For downstream investment and financing targets, financial impacts are further quantified to assess the resulting effects on business operations and asset value impairment caused by climate change.

Information Applied and Methodology

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 the proportion of real estate value loss and the unit asset loss amount for different flood depths. The Group's flood hazard-vulnerability assessment categorizes flood risk into Level 1 to Level 5, representing risk levels from low to high. The assessment applies two climate scenarios—a below 2°C warming scenario (SSP1-2.6) and a greater than 4°C warming scenario (SSP5-8.5)—to evaluate the potential impacts of flood-related hazards on the locations under review across multiple dimensions. 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 JCIC, hazard and vulnerability are divided into five risk levels, respectively. Then a matrix produces five flood-induced property value impairment risk levels, where Level 1 indicates the lowest risk and Level 5 the highest. Level 5 is classified as a high-risk area according to the Group's definition, while Level 4 is an area of concern.

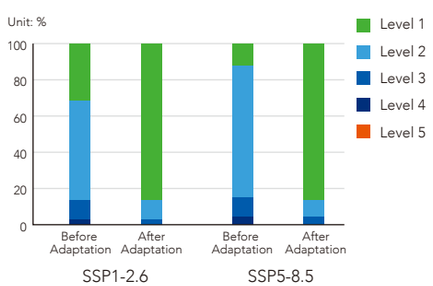
Consideration of Building Floor Levels and Adaptation Measures

1. **Adjustment Mechanism A:** The risk level and flooding probability of locations and real estate situated above specific floors will be reduced.
2. **Adjustment Mechanism B:** 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.

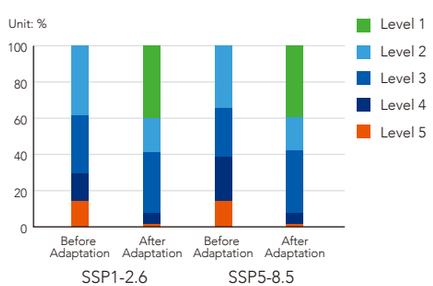
Assessment of Impacts and Resilience

1. **Own Operation Premises:** Under both the 2°C and 4°C warming scenarios for 2050, and factoring in building floors and adaptation measures, none of the Group's operation premises fall within high-risk zones (Level 5) or zones of concern (Level 4). Expected repair costs range from approximately TWD 126 to 149 thousand, indicating no severe impact on the Group's operations.
2. **Investment Properties:** Under both the 2°C and 4°C warming scenarios for 2050, and factoring in building floors and adaptation measures, over 92.3% of the Group's investment properties [Note] are categorized as low to medium risk (Levels 1–3). Real estate asset impairment losses account for only 0.15% to 0.17% of the total building market value, suggesting that the expected impact on the Group's investment losses remains reasonable and manageable.
3. **Suppliers:** Under both the 2°C and 4°C warming scenarios, and factoring in building floors and adaptation measures, only one supplier operation premises is categorized at Level 2. In terms of financial impact, should flooding occur and disrupt supplier services, the Group would incur additional procurement costs. However, because the Group has established service disruption clauses with major suppliers and secured typhoon and flood insurance for primary data center equipment, any related risk of loss remains manageable. The assessment indicates that the potential for financial loss to the Group has been sufficiently mitigated.

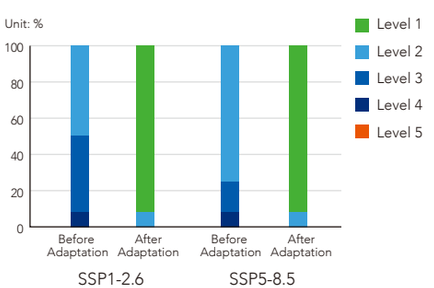
Proportion of Own Operation Premises by Risk Level



Proportion of Investment Properties by Risk Level



Proportion of Supplier by Risk Level



Note: Pursuant to Article 75 of the Banking Act, commercial banks are prohibited from investing in real estate not for own use. The investment properties held by the banking subsidiary primarily consist of foreclosed collateral assumed for debt settlement and leased portions of own office premises.

Although the Group's operations and assets are not materially impacted by physical risks, the Company and its subsidiaries have implemented the following responsive strategies and adaptation measures for existing and new premises to account for climate risk uncertainties and to strengthen physical operational resilience:

- Implement flood prevention measures at major operation premises, including sandbags, flood barriers, water pumps, and floor elevation.
- Formulate and execute disaster prevention management mechanisms and Business Continuity Management (BCM) plans at major operation premises.
- Secure typhoon and flood insurance for selected premises.
- Continuously evaluate and develop relevant responsive measures.

4. Real Estate Mortgage Loans

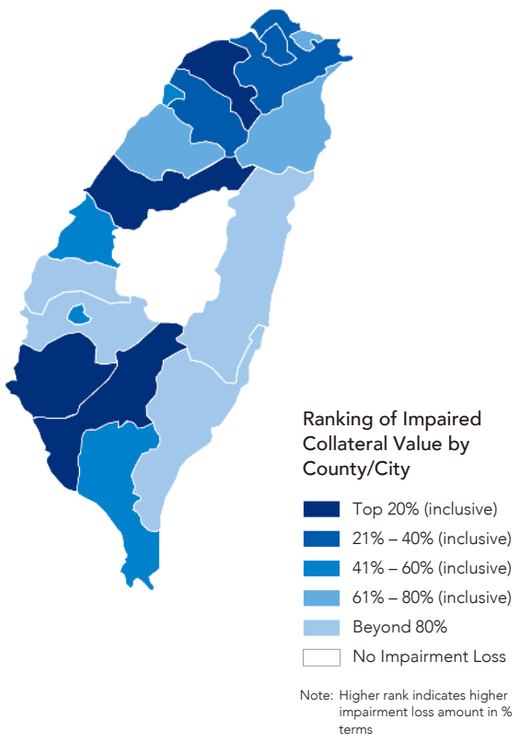
The financial impacts evaluated in this scenario analysis reflect the potential loss in collateral value under specific disaster scenarios. The banking subsidiary's actual loan amounts typically represent only a portion of the collateral value. Taking retail loans as an example, the average loan-to-value (LTV) ratio generally ranges between 70% and 75%; for corporate loans, due to the diverse nature of the collateral, the LTV ratio varies between 30% and 80%. Therefore, although the collateral may experience asset impairment under these scenarios, it does not imply that the banking subsidiary will directly incur a credit loss of the same magnitude. The actual credit risk must still be comprehensively assessed based on factors such as the borrower's repayment capacity, default status, and whether the proceeds from the liquidation of the collateral are sufficient to cover the outstanding loan balance. To sum up, the results of this analysis are primarily used to evaluate the sensitivity of collateral value to physical climate risks, serving as a reference for the banking subsidiary to identify and manage the climate risks of its credit assets.

(1) Mortgage in Consumer Banking

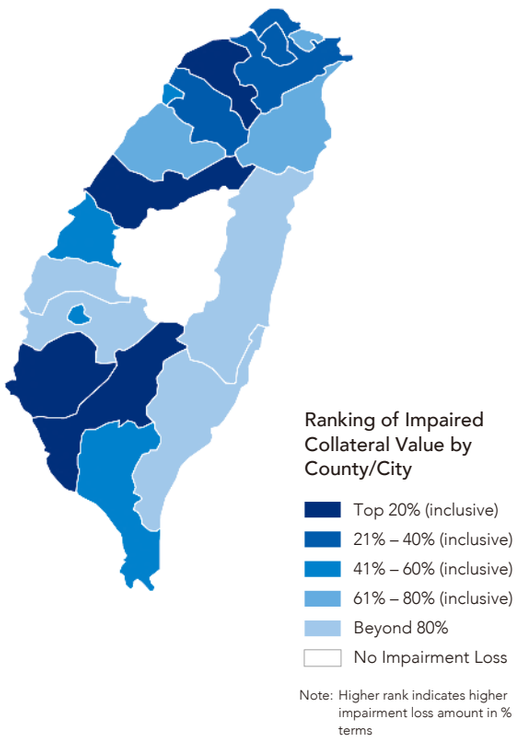
After factoring in the building floors and the remaining loan terms of individual real estate, the Group identified that under the 2°C and 4°C warming scenarios, 4.0% and 4.3% of the outstanding loan balance, respectively, are exposed to high-risk zones (Level 5). According to the heatmap, the dark-shaded areas are primarily concentrated in Taoyuan City, Taichung City, Tainan City, and Kaohsiung City, indicating that these regions may face higher real estate asset impairment under both warming scenarios.

Risk Level for Flood Scenario	2°C		4°C	
	Quantity Ratio (%)	Percentage of Exposures (%)	Quantity Ratio (%)	Percentage of Exposures (%)
Level 5	6.1	4.0	6.5	4.3
Level 4	12.4	9.6	13.9	10.9
Level 3	47.1	45.4	45.4	44.1
Level 2	24.1	25.2	23.9	25.0
Level 1	10.3	15.8	10.3	15.7
Total	100	100	100	100

2°C



4°C



Response Measure

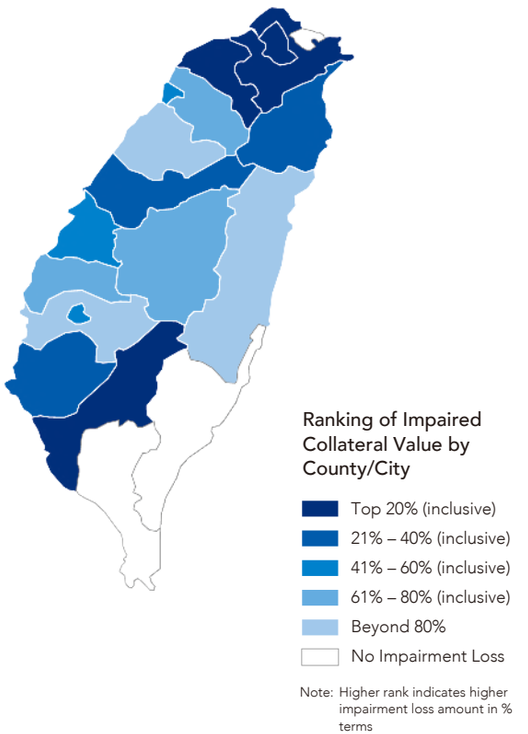
The banking subsidiary conducted an inventory of the locations and building types of real estate collateral, and carried out assessments by taking building floor height into consideration. The evaluation results indicate that the overall risk impact is within a reasonable and controllable range. The 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.

(2) Real Esate Mortgage Loans in Corporate Banking

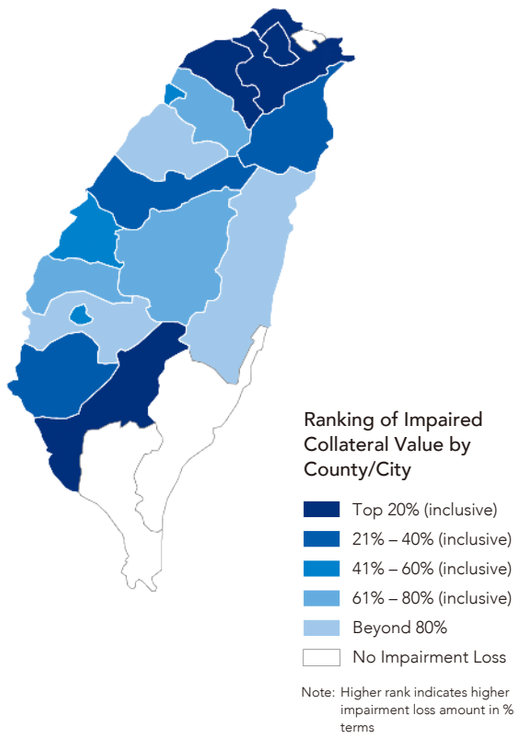
The Group conducted a scenario analysis on the real estate mortgage loans in corporate banking. After considering factors such as floor height and remaining loan term, it was determined that under scenarios of a 2°C and 4°C temperature increase, 7.3% of the outstanding loan balance are exposed to the high-risk zones (Level 5), respectively. As shown in the heatmap, the darker areas are mainly located in Taipei City, New Taipei City, Taoyuan City, and Kaohsiung City, indicating that these regions may face relatively higher levels of property value impairment under both warming scenarios.

Risk Level for Flood Scenario	2°C		4°C	
	Quantity Ratio (%)	Percentage of Exposures (%)	Quantity Ratio (%)	Percentage of Exposures (%)
Level 5	9.0	7.3	8.9	7.3
Level 4	18.8	15.3	18.2	14.9
Level 3	25.9	25.9	23.0	18.6
Level 2	27.5	37.5	31.1	45.2
Level 1	18.8	14.0	18.8	14.0
Total	100	100	100	100

2°C



4°C



Respose 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.

2.4.2.2 Climate Change Scenario Analysis for Investment and Financing Positions

Description of the Analysis

In accordance with the competent authority's "Operational Planning on Climate Change Scenario Analysis by Domestic Banks," The Company conducted a comprehensive climate change scenario analysis to evaluate risks across the Group's portfolios. This analysis was conducted to examine changes in the expected losses on both domestic and foreign investment portfolios (corporate bonds, equities, and sovereign bonds) and the credit positions (domestic credit – corporate, domestic credit - personal, and foreign credit) by measuring the change in incremental expected loss as a percentage of the portfolio size (▵EL%) against the baseline scenario.

Based on this year's "Operational Planning on Climate Change Scenario Analysis," the analysis profiles three distinct transition pathways. The orderly transition 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. Conversely, the disorderly transition scenario aligns with the NGFS "Delayed Transition" and the IPCC "SSP1-2.6" pathway, which assesses a delayed global transition beginning around 2030 while still aiming to limit global warming to within 2°C by the end of the century. Finally, 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.

The analysis methods for physical risks, transition risks, and impact factors are shown in the table below.

Type of Position	Credit			Investment		
	Domestic Credit – Personal	Domestic Credit – Corporate	Foreign Credit	Domestic Investment – Corporates	Foreign Investment – Corporates	Sovereign Bonds
Physical Risk Assessment Factors	Flooding, Landslides	Flooding, Work stoppages due to heavy rain, Drought, Landslides, Heatwaves	Flooding, Droughts, Heatwaves	Flooding, Work stoppages due to heavy rain, Drought, Landslides, Heatwaves	Flooding, Droughts, Heatwaves	
Transition Risk Assessment Factors	-	Carbon emission intensity of countries and industries, Trends in industry emissions, Carbon prices, and National net-zero commitments				National electricity emission factor, Net zero commitment
Impact Factors / Analytical Approach	Collateral Value Impairment	Corporate revenue reduction, collateral value impairment	Stress adjustment on corporate credit rating	Stress adjustment on corporate credit rating		Stress adjustment on sovereign Rating

To compare the magnitude of physical and transition risk impacts across different scenarios and time horizons, the raw physical and transition risk data utilized in the initial analyses of the Group's domestic and foreign corporate investment and financing portfolios were reclassified into standardized risk ratings across scenarios and periods. A risk-level mapping was then performed at the individual transaction level to evaluate the exposure distribution of portfolios facing high climate change risks that require the Group's ongoing monitoring.

Assessment of Impacts and Resilience

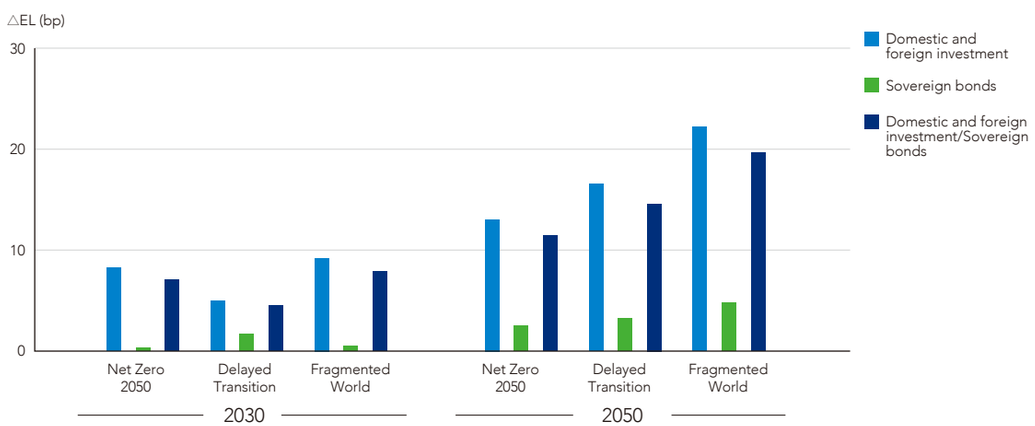
Investment

The Group's climate scenario analysis for investment portfolios utilizes a comprehensive assessment of transition and physical risks to evaluate credit rating downgrades across asset classes, observing expected loss changes relative to the baseline scenario by corporate bonds, equities, sovereign bonds and the overall portfolio.

Results show that by 2030, overall impacts begin to materialize. For corporate equities and bonds, the increase in expected losses is the highest under the "Fragmented World" scenario, followed by the orderly transition scenario "Net Zero 2050" and disorderly transition scenario "Delayed Transition". For sovereign bonds, as only country-specific risks are factored in, the increase in expected losses is the highest under the disorderly "Delayed Transition" scenario, followed by the "Fragmented World" scenario, while the orderly "Net Zero 2050" scenario exhibits the lowest increase. By asset class, corporate equities and bonds exhibit significantly higher climate sensitivity than sovereign bonds, showing that corporate portfolios are more vulnerable to industry transition paces, rising carbon costs, and operational adjustment pressures.

For the 2050 long-term outcomes, expected losses across all scenarios expand further compared to 2030. Both the overall portfolio and respective asset classes demonstrate the most significant impacts under the "Fragmented World" scenario, reflecting that delayed global climate action or insufficient transition will subject investment assets to higher credit deterioration and valuation pressures over time.

Ratio of Incremental Expected Loss under Different Scenarios to Investment Category Exposure

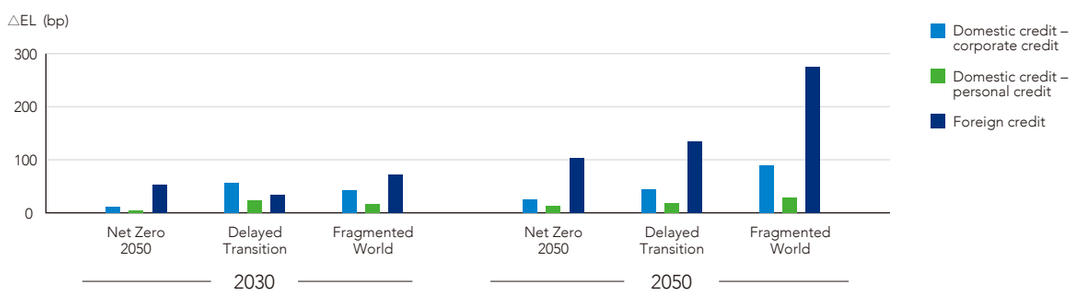


To sum up, the quantitative results of the Group's investment indicate that the impact of climate risk on investment portfolios exhibits a significant temporal accumulation effect, which becomes particularly prominent under scenarios of delayed or failed transition. Consequently, the Group will closely monitor changes in exposure across high climate-risk countries/industries/asset classes, and then progressively incorporate climate risk factors into investment evaluations, asset allocations, and subsequent management mechanisms. Furthermore, through portfolio monitoring and risk diversification measures, the Group aims to enhance the resilience of its overall investment assets against medium- and long-term climate risks

Credit

The banking subsidiary comprehensively assesses both physical and transition risks for its credit positions. Analysis of various scenarios for 2030 indicates that domestic credit (including corporate and personal) experiences a relatively larger ratio of incremental expected loss to total exposure under the disorderly transition scenario "Delayed Transition", demonstrating that if the global transition is delayed and only accelerates in 2030, domestic credit will be the key positions requiring the Group's mid-term attention. For the overall financing positions, the impact in 2030 is larger under the "Fragmented World" scenario, followed by the disorderly transition scenario "Delayed Transition", while the orderly transition scenario "Net Zero 2050" incurs the lowest loss. Analysis of various scenarios for 2050 shows that both domestic and foreign credit positions experience higher ratios of incremental expected losses under the "Fragmented World" scenario, with the impact on foreign credit positions being particularly significant under this scenario. Consequently, if the pace of global transition delays or fails, it will subject the Group's various credit assets to higher climate risks and financial pressures. To mitigate long-term impacts, the Group will continuously monitor high climate risk exposures under each scenario and developments related to global climate change impacts, while strengthening the integration of climate risk into financing decision-making processes and actively managing financing positions potentially impacted by climate change to ensure the resilience of the credit against climate-related risks.

Ratio of Incremental Expected Loss under Different Scenarios to Credit Category Exposure



Analysis Results of Climate Risk Impacts across Scenarios and Periods

Regarding the analysis results for domestic and foreign corporate investment and credit positions, the scenario and period with the greatest physical risk impact for both occur under the "Fragmented World" scenario. Under this scenario, the percentage of domestic and foreign corporate investment and credit exposed to high physical risk areas reach 16% and 21%, respectively. Similarly, the scenario and period with the greatest transition risk impact for both also occur under the "Fragmented World" scenario, where the percentage of domestic and foreign corporate investment and credit assets exposed to high transition risk industries reach 3% and 15%, respectively.

Analysis Results - Domestic and Foreign Corporate

Scenario	Investment						Credit					
	Net Zero 2050		Delayed Transition		Fragmented World		Net Zero 2050		Delayed Transition		Fragmented World	
Time Horizon	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050
Risk Level-Impact of Transition Risk	Medium	Low	Low	Medium	Low	High	Medium	Low	Low	Medium	Low	High
Risk Level-Impact of Physical Risk	Low	Medium	Low	Medium	Low	High	Low	Medium	Low	Medium	Low	High

Note: The risk level is divided based on percentiles: below PR50 is considered low, PR50 to PR80 is medium, and above PR81 is high.

2.4.2.3 Analysis of the Impact of Carbon Pricing Transition on Long-Term Equity Investment

Description of the Analysis

Through scenario simulation analysis, the Group evaluates the potential incremental expected loss of climate risk on its long-term equity investment. Assumptions are described as follows.

Assuming that the Group's equity investment will continuously maintain their current investment patterns and distribution in the future, and corporations will incur additional carbon costs for compliance-driven carbon reduction, carbon trading, or carbon taxes and fees under global carbon reduction regulations. Consequently, we projected the additional carbon costs of investee companies by assessing the impact on their corporate net worth, and then analyzed the ratio of climate-related expected valuation losses to the total long-term equity positions held.

Holding Position
Long-Term Equity Outstanding held by the Group's subsidiaries

Input Parameters
- Carbon Emissions of Investment Targets
- Country-Specific Carbon Price/Carbon Cost Note 1
- BaU Scenario Industry Carbon Emission Growth Path Note 2

→ **Transition Scenario Stress Testing**
Net Zero 2050 / Delayed Transition/ Fragmented World

→ **Analysis Results**
Proportion of Expected Climate-Related Impairment Losses on Equity Investments Relative to Total Holding Equity Positions Under Different Climate Scenarios

Note 1: Carbon costs are based on the country-specific carbon prices from NGFS Phase V GCAM 6.0. From 2030 to 2050 under different scenarios, the carbon price range for each country is $80.32 to $1581.43 under the orderly transition, $0 to $984.15 under the disorderly transition, and $0.01 to $283.58 under the Fragmented World, with adjustments made for inflation.

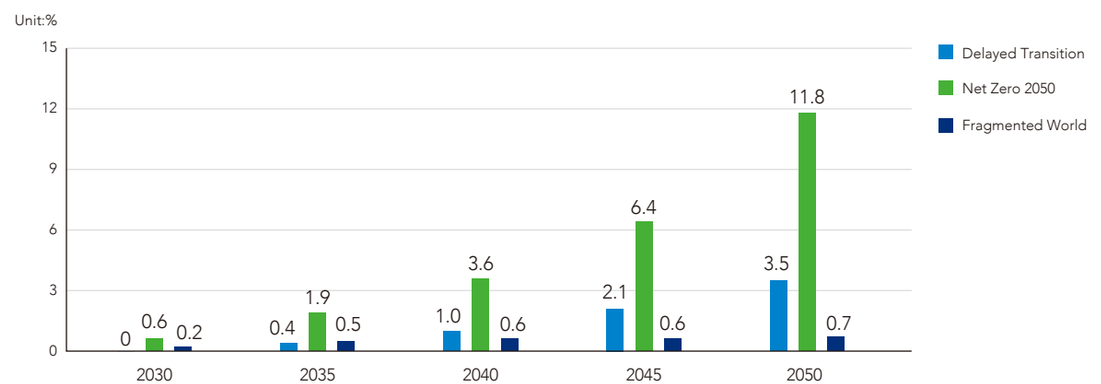
Note 2: Referencing the industry carbon emission growth rate data from the prediction scenarios of the IEA World Energy Outlook 2025.

Assessment of Impacts and Resilience

Through scenario simulation, the Group evaluates the quantitative impact of carbon costs on the market risk of its long-term equity investment. Under the disorderly transition scenario "Delayed Transition", no incremental expected loss generated for the Group by 2030; however, as time progresses to 2050, the maximum incremental expected loss reaches 3.5% of the total size of long-term equity assets held. Under the orderly transition scenario "Net Zero 2050", carbon prices are higher due to the gradual achievement of net-zero emissions by 2050; consequently, the Group's maximum incremental expected loss reaches 0.6% of the total size of assets held by 2030, and reaches 11.8% by 2050. Under the "Fragmented World", facing delayed and divergent global climate policies, carbon prices are relatively lower, resulting in a relatively insignificant ratio of incremental expected loss to the total size of assets held.

In order to minimize the impact of carbon price on the investees, the Group consistently utilize risk management tools such as scenario analyses to regularly identify, evaluate, and monitor climate risk. If the risk is considered as a significant operational risk, appropriate response strategies will be developed in accordance with the Group's climate governance framework and reported to the Risk Management Committee/ Sustainability and Ethical Management Committee. To effectively identify high climate risks, the Group will consistently monitor and manage its vulnerable positions. Additionally, the Group will establish transition assessment mechanism for high-carbon-emission industries, and enhance engagement with relevant industries to continually reduce carbon emissions from its holdings, leading industries into a low-carbon transition.

Ratio of Incremental Expected Loss Under Various Scenarios to the Holding Long-term Equity Positions



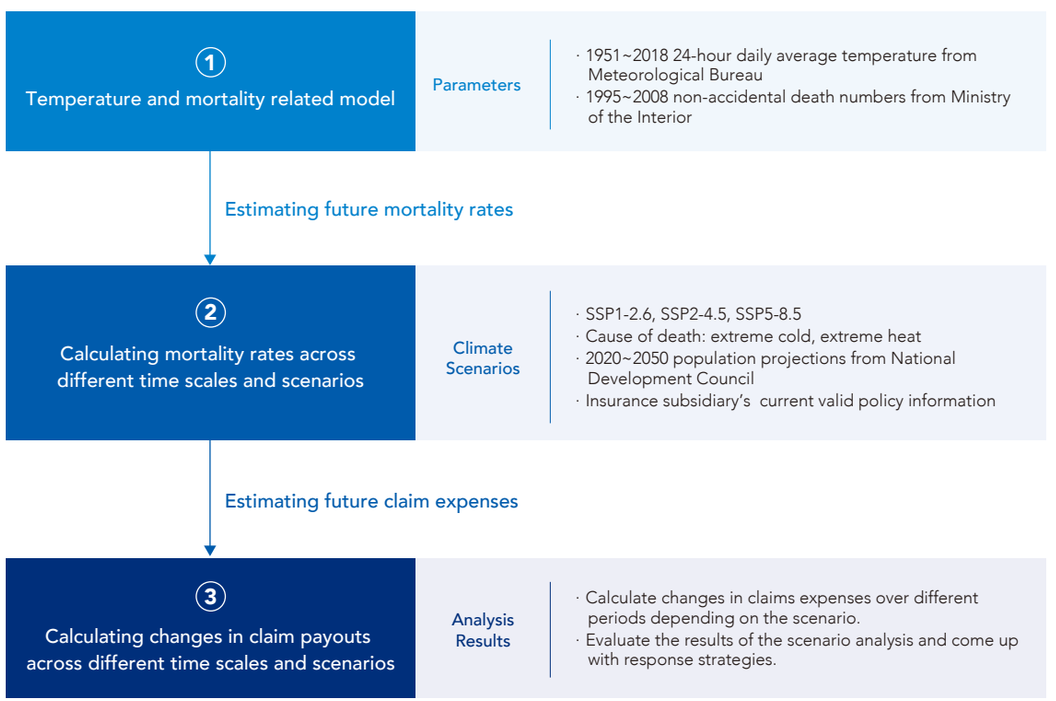
2.4.2.4 Climate Physical Risk Scenario Analysis for Life Insurance

Description of Assessment

Climate change has significantly increased the frequency of extreme high and low temperature events, posing a material impact on human health. Research indicates a significant correlation between temperature anomalies and mortality rates related to cardiovascular and respiratory diseases. For the insurance subsidiary, estimating potential variations in policyholder mortality rates caused by extreme low and high temperatures, along with their subsequent impacts on life insurance claim payouts, helps strengthen climate change risk management and long-term financial robustness.

Process of Assessment

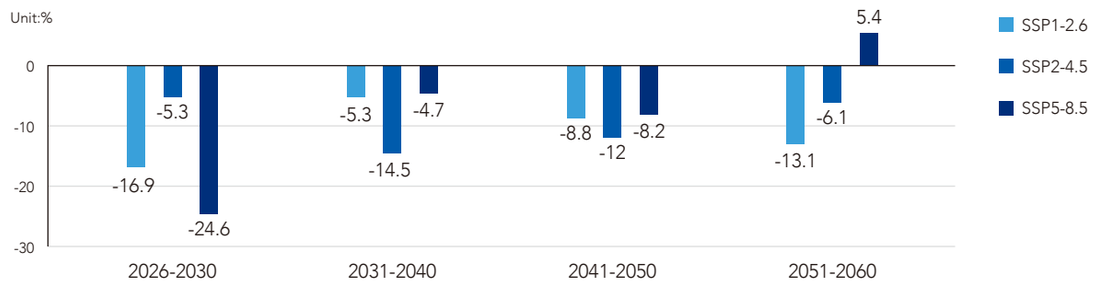
Evaluation Flowchart for Changes in Life Insurance Death Claims



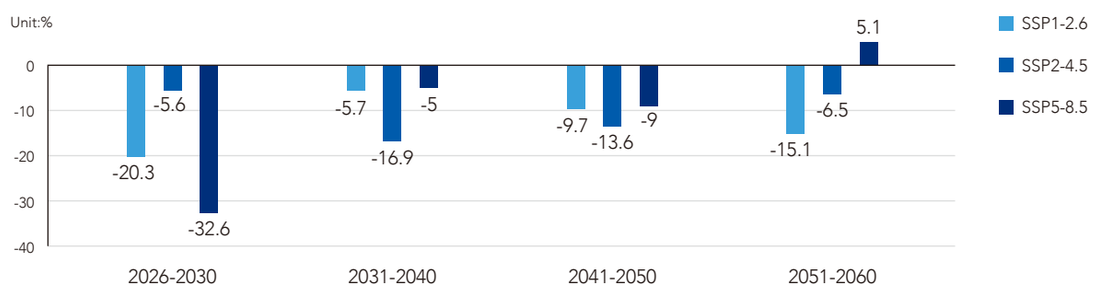
Note: Mortality rates reflect structural adjustments based on the age distribution of the insurance subsidiary's policyholders.

Assessment Results

Changes in Mortality Rate



Changes in Claims Expenses



Note: The baseline year of the analysis model is 2018; the insurance subsidiary utilizes the 2025 in-force policy data to assess changes in claims expenses from 2026 to 2060.

Analysis results across three different climate scenarios indicate that the overall mortality rate caused by extreme temperatures is lower than the base year during most periods, which is inferred to be related to the fact that the policyholder structure of the insurance subsidiary is predominantly composed of a younger population, who typically possess a higher capacity for temperature adaptation. However, under the SSP5-8.5 temperature scenario, the mortality rate caused by extreme temperatures during the 2051-2060 period is higher than the base year, demonstrating that the impacts of climate change intensify over time, the effects of extreme temperatures on mortality rates will gradually materialize, and claim payouts will increase accordingly.

As analyzed above, the global warming trend caused by climate change will increase the likelihood of deaths among people in Taiwan due to extreme temperatures over time. The higher the warming scenario, the more obvious the impact trend becomes. Preliminary assessments indicate that life insurance claims payouts by insurance subsidiaries may increase along with this trend in the future.

Risk Mitigation Strategies

According to the identification results of this scenario analysis, the insurance subsidiary may face upward pressure on future insurance claim payouts under the trend of rising temperatures. Therefore, through insurance product design and related service measures, the insurance subsidiary will continuously enhance and strengthen policyholders' adaptation capacity to extreme temperatures to mitigate potential impacts.

The insurance subsidiary has successively launched multiple spillover insurance policies, integrating health management with policy design through a spillover mechanism to encourage policyholders to actively engage in self-health management. For instance, policyholders can collect and upload health data, such as sleep duration records and daily step counts, via wearable smart devices to the insurance subsidiary's data platform; those who qualify can enjoy rewards such as premium discounts or increases in insurance coverage. To incentivize policyholders to proactively practice health management and prevent illnesses associated with temperature fluctuations, the insurance subsidiary establishes a positive cycle where "the healthier the policyholders, the more capacity they have to cope with future risks". At the same time, this further enhances the overall adaptation and risk response capabilities when facing extreme climate impacts.

3 Risk Management

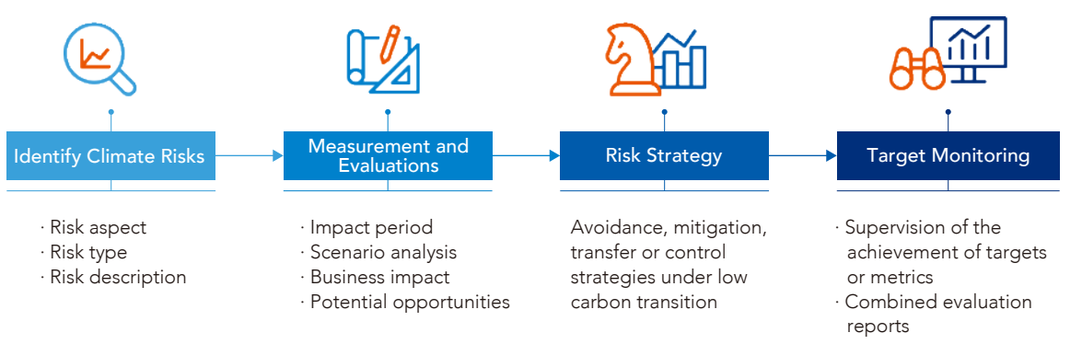
3.1 Climate Risk and Opportunity Measurement and Management Processes

3.1.1 Processes for Identifying, Measuring, and Managing Climate Risks and Opportunities

The Group's processes for identifying, measuring, and managing climate risks and opportunities are highly integrated. The identification, assessment, prioritization, and monitoring of climate-related risks and opportunities have been incorporated into the overall enterprise risk management system, with the Risk Management Committee and the Sustainability and Ethical Management Committee jointly responsible for supervising the implementation progress and related initiatives of sustainability and climate-related risks and opportunities.

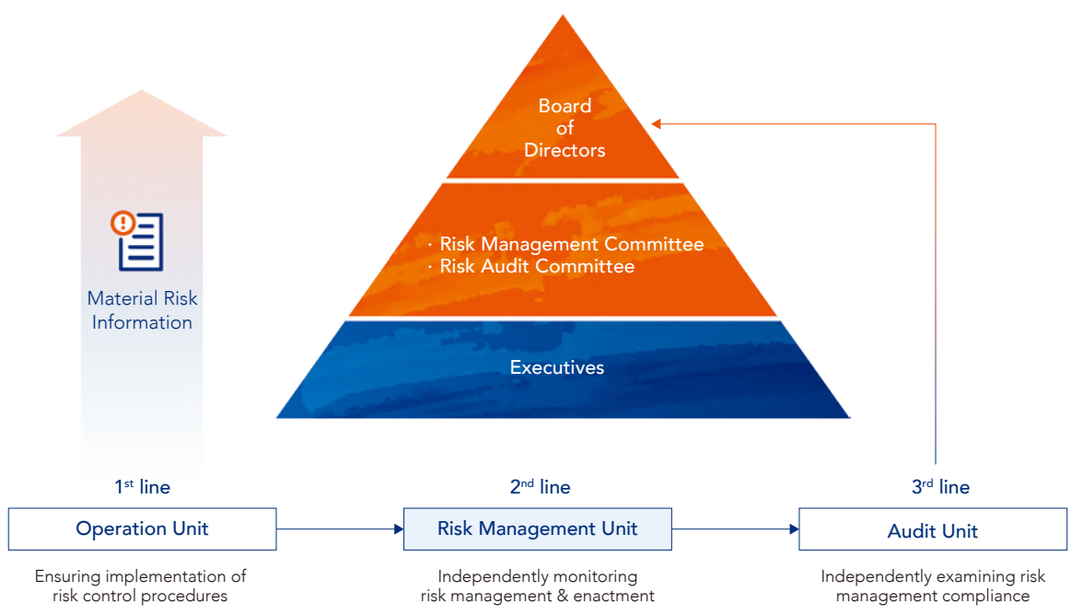
Through a comprehensive climate risk management framework, KGI Financial Holding identifies and assesses climate-related risk dimensions and categories, evaluates impact time horizons through scenario analysis, and examines potential business impacts as well as emerging opportunities. Based on these assessments, the Company formulates appropriate response strategies under the low-carbon transition, including risk avoidance, mitigation, transfer, and control measures.

To ensure effective implementation, KGI Financial Holding conducts ongoing monitoring through oversight of target and key indicator performance, as well as portfolio assessment reports. In addition, the Company reviews the adequacy of organizational capabilities, internal control procedures, and risk mitigation or response measures. In alignment with domestic and international regulations, standards, and the Group's risk management policies, relevant guidelines and frameworks are established to serve as the basis for climate risk management and governance. The Group's Board of Directors approved the "Climate Risk Management Guidelines," formally integrating climate factors into the company's three lines model risk management framework for effective governance and control. Under the transition to a low-carbon economy, manageable climate opportunities across corporate financial, strategic, and other dimensions are identified and measured using the same framework.



3.1.2 Three Lines Model Risk Management Framework

The Group's climate risk is encompassed under the overall risk management framework and is managed through a three lines model structure. As the first line, each operational unit is responsible for the identification, management, and response of climate risks within its managed operational activities, and ensures the effective execution of relevant risk management and control procedures to comply with the Company's various risk management regulations, thereby implementing climate risk control. The second line is overseen by the risk management units, which are responsible for planning and supervising the Company's overall risk management system, guiding subsidiaries to establish and implement risk management measures, and continuously monitoring the reasonableness of climate risk exposures and the effectiveness of risk control mechanisms, while providing necessary climate-related risk management information to senior management, the Risk Management Committee and the Board of Directors. The third line consists of the internal audit units, which are responsible for reviewing the establishment of various climate risk mechanisms and auditing the compliance and execution status of each mechanism.



3.1.3 Prioritization of Climate-Related Risks Relative to Other Risks

In coordination with the implementation project for IFRS S1 and S2 this year, the Group integrated the assessments of various internal units and investor perspectives to identify material sustainability and climate risks and opportunities, which were then prioritized based on the materiality of their impacts. The prioritization of climate-related risks and opportunities relative to other risks and opportunities is presented as follows.

As shown in the risk prioritization table below, the two climate-related risks of "Climate Transition Risk" and "Extreme Climate Physical Risk" rank first and eighth, respectively, relative to the overall nine sustainability risks. Among these, the result that "Climate Transition Risk" ranks first in materiality among numerous sustainability risk type highlights that the transition risks brought by climate change mitigation policies exert an unignorable impact and shock on the financial industry's own operations as well as the management of its investment and financing. Regarding the extreme climate physical risk, because the operational premises of both the Group and its suppliers are not located in areas highly exposed to climate hazards, and the Group has properly planned adaptation measures and implemented actions such as signing service interruption clauses and purchasing relevant insurance, the risk of related losses remains controllable if they occur; therefore, this risk is prioritized relatively lower.

Ranking	Sustainability Risks	Ranking	Sustainability Risks
1	**Climate Transition Risks**	6	Investment and Financing Governance and Social Risks
2	Cybersecurity and Tech Crime Risks	7	Labor Rights Risks
3	Reputation risks of sustainable investing and financial products	8	**Extreme Weather Physical Risks**
4	Risks of Business Ethics and Professional Integrity	9	Risk of Talent Loss and Rising Recruitment Costs
5	Customer Personal Data and Privacy Risks	-	-

In the ranking of opportunities below, the climate-related opportunities of 'green financing, products, and services' and 'climate operational opportunities' are ranked first and fifth, respectively, among the six overall sustainability opportunities. Among them, 'green financing, products, and services' tops the six sustainability opportunities, reflecting the growing global consensus on net-zero carbon emissions. From 'Green Finance 3.0' to the 'Green and Transition Finance Action Plan,' the Financial Supervisory Commission encourages capital to support corporate net-zero transitions, disclose carbon reduction targets and strategies, and provide nature-related financial information, creating potential operational opportunities. Against this backdrop, KGI financial actively responds to the government, striving to expand green finance-related products and services, seize investment opportunities, promote the development of green industries, and continuously generate positive business outcomes.

Ranking	Sustainability Opportunity	Ranking	Sustainability Opportunity
1	**Green investment and financing, products and services**	4	Inclusive financial products and services
2	Digital Services	5	**Climate Business Opportunities**
3	Social investment and financing, products and services	6	Attracting, Developing, and Retaining Talent

3.2 Climate Risk Control Mechanism

3.2.1 Management Mechanism for Carbon Intensive Industries

To achieve the long-term target of net-zero carbon emissions for the total portfolio by 2045 and to implement the decarbonization principles established in the "KGI Financial Sustainable Finance Commitment", the Group has incorporated the investment and financing management of carbon intensive industries as a core component of its climate risk management mechanism. Furthermore, the Group has defined the scope of carbon intensive industries under management and established limits for oversight by referencing international standards, guidelines from competent authorities, TCFD, PCAF, and domestic and international industry research, serving as the foundation for investment and financing management and risk monitoring.

In addition, for industries with high carbon emissions intensity and significant transition risks, the Group has established clear decarbonization timelines and divestment commitments, pledging to fully withdraw investment and financing support from global coal fuel and unconventional oil/natural gas-related industries by the end of 2040 (refer to → 2.1 Net-Zero Commitment). Concurrently, a systematic climate transition assessment mechanism has been introduced for the identified carbon intensive industries to serve as the basis for subsequent investment and financing decisions, client engagement strategy, and adjustments to management measures.

Considering the significant differences in transition pathways, technical conditions, and progress of actions across various industries, the Group does not rely solely on industry classification or carbon emissions intensity as the basis for its transition assessment. Instead, the Group dynamically adjusts its approach by synthesizing the transition strategy, actual actions, and governance maturity of individual enterprises. Based on the assessment results, the Group employs a phased and differentiated management approach for investment and financing targets to balance the dual target of risk management and supporting the low-carbon transition of the real economy.

Through limit management for carbon intensive industries and climate transition risk assessment mechanisms, the Group is able to prioritize capital and financial services toward investment and financing targets with clear low-carbon transition directions, provided that exposures to carbon intensives industries remain controlled. This allows the Group to exert its financial influence to support industrial transition while ensuring alignment between the Group's net-zero pathway and risk management targets.

3.2.2 Assessment Mechanism for Climate Transition in High Carbon Emission Industries

To systematically identify and manage the climate transition risk of high carbon emission industries, while exerting financial influence to support the low-carbon transition of these industries, the Group has established the "Assessment Mechanism for Climate Transition in High Carbon Emission Industries." Through the assessment of the transition readiness and implementation effectiveness of investment and financing targets within high carbon emission industries, the Group utilizes the results as a basis for credit and investment making-decisions, client engagement, and risk management.

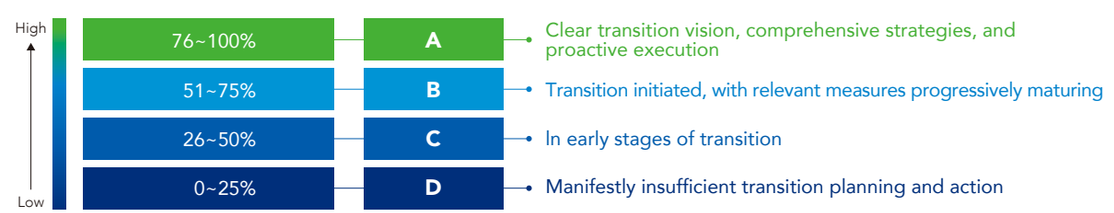
Assessment Scope and Oversight Subjects

The Group has defined a list of high carbon-emission industries for oversight, utilizing it to review the Group's 2025 investment and financing exposures and climate transition progress for listed companies within these related industries. The exposure amount related to the investment and financing targets selected for assessment account for approximately 6.19% of the Group's long-term investment and financing exposure in listed companies.

Assessment Methodology and Transition Evaluation Framework

The Group categorizes clients in high carbon emission industries into four ratings- A, B, C and D- based on their transition maturity. These clients are evaluated through a comprehensive scoring system across five criteria: vision, execution strategy, engagement, performance indicators, and governance. The descriptions of transition maturity for each rating are as follows.

Assessment Results



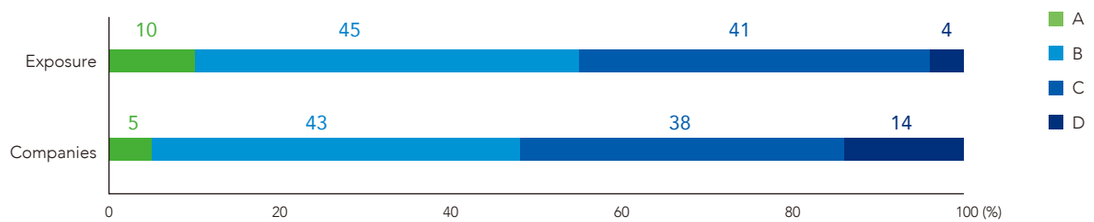
The rating is primarily determined based on a review of publicly available information and internal assessment data. A designated unit conducts quantitative scoring according to pre-established standards, and the final rating is finalized following an internal review. The climate transition rating is reviewed at least once annually.

Assessment Results and Key Observations

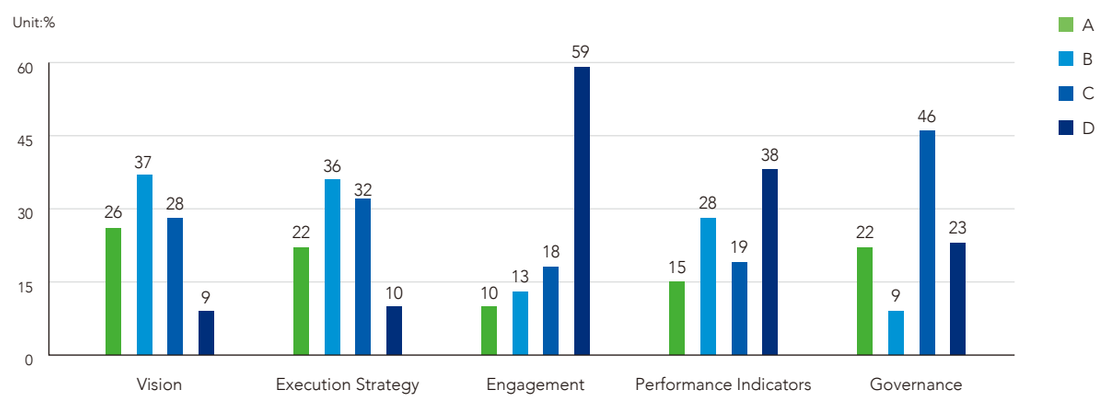
Overall High Carbon Emission Transition Rating

The transition pace of the Group's high carbon emission industry clients is primarily distributed across rating B and C, with exposure accounting for 45% and 41%, respectively. The proportion of the number of companies is also highest in rating B and C, which indicates that most enterprises have initiated their transition, while they remain in the development stage.

Distribution by High Carbon Transition Score



Exposure Distribution by Scoring Criteria



Analysis by Transition Scoring Criteria

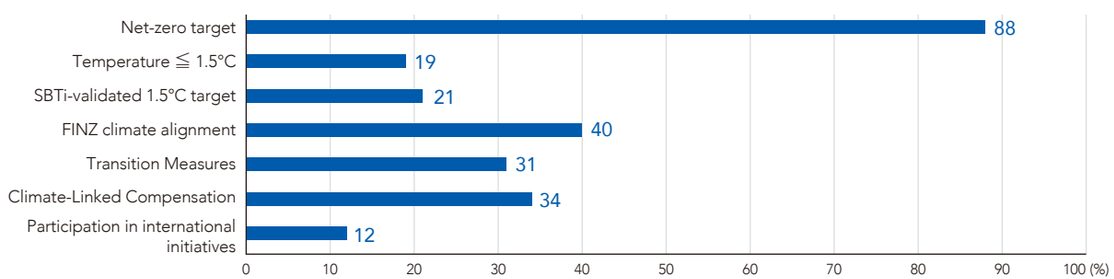
Most clients in high carbon-emission industries fall into rating B and C regarding declarative criteria such as "vision, execution strategy, and governance," indicating that carbon reduction targets and transition plans have been generally established. However, they tend to fall into lower ratings regarding concrete action aspects like "performance indicators and engagement"—including actual carbon emission reductions, remuneration linkage, and stakeholder engagement—revealing a "Do–Say Gap" where transition commitments outpace practical implementation.

Analysis by Transition Indicator

1. **Ambitious target setting with insufficient external verification:** While approximately 88% of exposed clients have established net-zero targets, only 21% have received verification under the SBTi 1.5°C standard.
2. **Concrete actions for transition remain insufficient:** Only approximately one-third of clients have implemented actual transition measures or linked climate performance to compensation, respectively, while even fewer participate in relevant initiatives.
3. **Signs of transition in specific high carbon-emission industries:** Among enterprises receiving investment and financing within the electricity and gas supply and other non-metallic mineral products manufacture sectors, 61.13% and 74.82%, respectively, recorded a decrease in their fossil fuel share compared to the previous year.

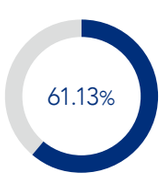
In summary, the results indicate that the investment and financing targets for high carbon emission industries have shifted from "target declarations" to "concrete actions," and there remained significant room for improvement in aligning with international standards.

Exposure Distribution by Indicators



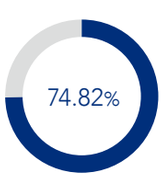
Specific Industry – Electricity and Gas Supply Industry

Proportion of financing and investment allocated to companies with a year-over-year (YoY) decrease in the share of fossil fuels in their energy production mix



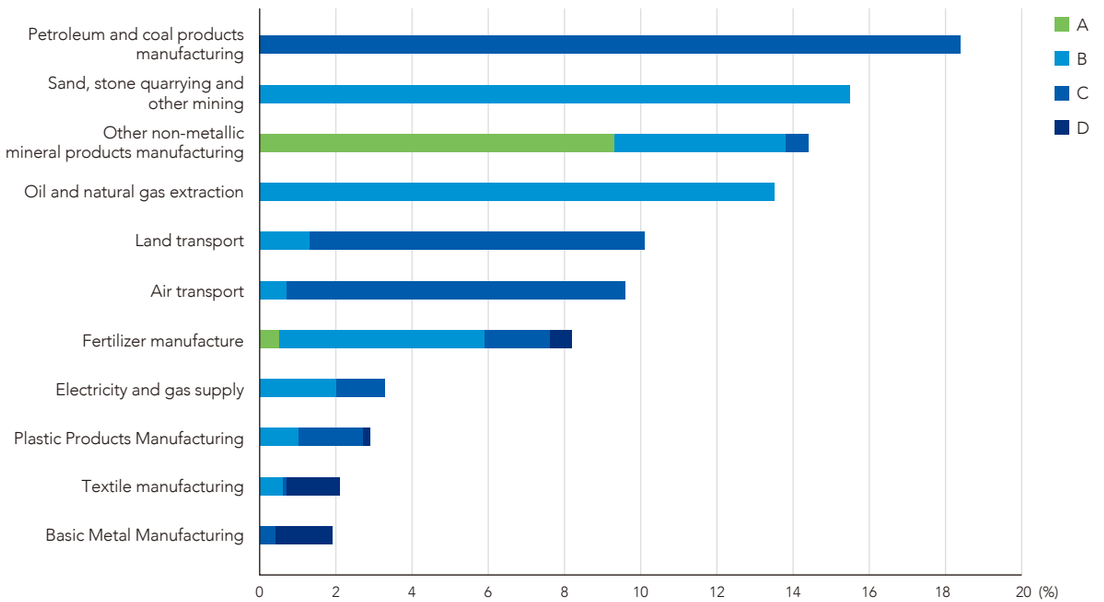
Specific Industry – Non-metallic Mineral Products Manufacturing Industry

Proportion of financing and investment allocated to companies with a year-over-year (YoY) decrease in coal's share of total fuel consumption.



Exposure Distribution by Industry

The non-metallic mineral products manufacturing sector represents one of the few industries exhibiting a higher concentration of rating A exposure, indicating a relatively advanced transition trajectory. Conversely, the basic metals manufacturing and textile industries display a disproportionately high concentration of rating D exposure, signaling elevated transition risk.



Management, Application and Future Directions

The Group currently prioritizes the application of high carbon-emission industry transition ratings and related metric results to internal risk management and client engagement planning, serving as a reference for reviewing the exposure structure of high-carbon emission industries and setting engagement priorities. For investment and financing counterparties rated C and D, the Group prioritizes them for climate engagement, encouraging them to strengthen their GHG inventory and disclosure, and to propose concrete climate transition plans and carbon reduction targets. For investment and financing counterparties rated A and B, the Group prioritizes communication regarding potential green and transition finance needs and evaluated the provision of relevant financial products and services to support their adoption of low-carbon technologies and equipment upgrades.

4 Metrics and Targets

To respond the government's GHG reduction goals and net zero carbon emissions targets, KGI Financial has conducted a comprehensive inventory to get a good grasp of carbon emissions for the purpose of mapping out GHG reduction action plans. In line 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 own operations, actively striving towards the goals of "Carbon Neutrality by 2030 and Net Zero Emissions by 2040." KGI Financial has continuously promoted greenhouse gas reduction plans. In March 2025, the KGI Financial received official validation of its science-based targets (SBTs) from the Science Based Targets initiative (SBTi). The approved targets cover GHG emissions from both KGI's own operations (Scope 1 and 2) and its investment and financing activities (Scope 3). Thus, 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 target-setting principles for investment portfolios under Net-Zero Asset Owner Alliance Target Setting Protocol. 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.

4.1 Key Climate Metrics

4.1.1 GHG Emissions of Own Operations

To address global warming and adapt to climate change, it is important to accurately track greenhouse gas emissions ,and to establish effective carbon reduction targets. 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. The company's operating scale continued to expand. To control the impact of business on the environment, we identified opportunities for improvement and formulated response strategies, analysis and evaluation processes to effectively reduce the possible impact of the operation processes on the environment. GHG inventory in 2025 included all KGI Financial and subsidiaries global sites.

GHG Emissions

Unit: tCO_2e

		2022 (Base Year)	2023	2024	2025	2025 Target
Scope 1		1,124.07	1,452.67	1,525.41	1,641.00	3,346.02
Scope 2 (Market-based)		23,956.08	20,415.24	17,870.05	15,403.77	17,784.01
Scope 2 (Location-based)		23,956.08	20,894.19	22,224.04	20,090.17	22,001.80
Scope 1 & 2 (Market-based)		25,080.15	21,867.92	19,395.46	17,044.77	21,130.03
Intensity	Per Capita	2.88	1.66	1.44	1.22	-
	Per Net Revenue (TWD Million)	0.27	0.55	0.26	0.27	-
Scope 3		5,100,251.31	4,948,499.91	7,324,965.53	6,794,708.29	-
Inventory Coverage (%)		100.00	98.99	100.00	100.00	-
Verification Coverage (%)		96.14	98.99	100.00	100.00	-

Note: 1. 2025 target is to achieve an absolute reduction target of Scope 1+2 under the SBT of KGI Financial, reducing by 15.75% compared to 2022 (base year). Scope 2 (location-based) target aligns with the electricity-saving target.
2. We use GHG Protocol, and GHG Inventory Registration Operation Guidelines as the GHG inventory method. GWP value is cited from the 2023 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: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3
4. The emission factors for electricity usage applied were 0.474 $kgCO_2e/kWh$ (MOEA Energy Administration 2024 factor, used for calculating 2025 emissions), 0.494 $kgCO_2e/kWh$ (2023 factor, used for 2024), 0.495 $kgCO_2e/kWh$ (2022 factor, used for 2023), and 0.509 $kgCO_2e/kWh$ (2021 factor, used for 2022).
5. Per capita emission = total emission ÷ number of total employees.
6. The 2025 inventory includes all KGI Financial and subsidiaries global sites.
7. The operational control method is used as the method for consolidating the amount of greenhouse gases.

GHG (Scope 3) Emissions

Unit: tCO_2e

Category	Purchased Goods and Services	Fuel-and-energy-related-activities	Upstream Transportation and Distribution	Waste Generated in Operations	Business Travel	Employee Commuting	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	Investment
Emissions	602.47	4,073.72	2.52	466.36	737.4	213.92	2,910.73	1.04	10.32	8.75	0.68	17,844.48	6,767,835.90

Note: Inventory categories in Purchased goods and services, Fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, Employee commuting, upstream leased assets, downstream transportation and distribution, use of sold products, and end of life treatment of sold products were verified by third parties PwC.

4.1.2 GHG Emissions Inventory of Investment and Financing

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, KGI Financial 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, motor vehicle loans, sovereign bonds and electricity generation project finance.

The Status of Financed Emission Inventory

Scope 3 Investment and Financing GHG	2022	2023	2024	2025
Total Absolute Emissions (Metric Kilotons CO_2e)	5,094	4,689	7,031	6,768
Emission Intensity (Carbon Footprint) (t CO_2e/NTD Million)	2.67	2.35	2.67	2.52
Portfolio Coverage	100	100	100	100
Portfolio Type	On-Balance Sheet assets/products			

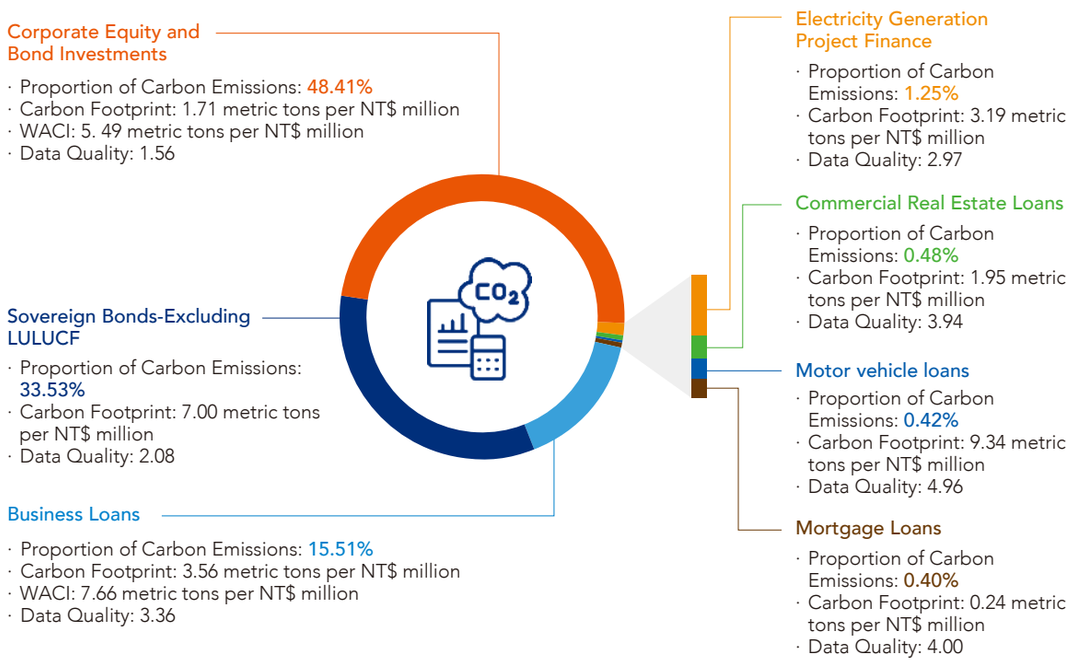
Note: 1. The 2025 investment and financing emission inventory encompasses the subsidiaries of the Group, including KGI Life Insurance, KGI Bank (including KGI Finance & Leasing Corporation, KGI Asset Management Limited), KGI Securities (including KGI Futures), KGI SITE (Proprietary position) and CDIB Capital. Currently, the Group calculates financed emissions based on Scope 1 and Scope 2 emissions of its investees and borrowers.
2. New asset class added to the GHG emissions inventory for the year 2025: Motor vehicle loans.
3. For the year 2025, the GHG emissions from sovereign bonds (excluding LULUCF) amounted to 2,269 (Metric kilotons CO_2e), while the GHG emissions from sovereign bonds (including LULUCF) amounted to 998 (Metric Kilotons CO_2e).
4. From 2024 to 2025, the coverage ratio of the asset portfolio 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, for the year 2025, 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 84%. From 2022 to 2023, 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 second edition of the Global GHG Accounting and Reporting Standard for the Financial Industry from PCAF and TCFD's disclosure recommendations. In 2025, a greenhouse gas emission inventory of investment and financing assets included equities, corporate bonds, electricity generation project finance, sovereign bonds, business loans, mortgage loans, motor vehicle loans and commercial real estate loans, and the inventory coverage ratio was 100%. The total carbon emissions from investment and financing were 6,768 metric kilotons, and the carbon footprint of investment and financing was 2.52 metric tons per NT$ million.

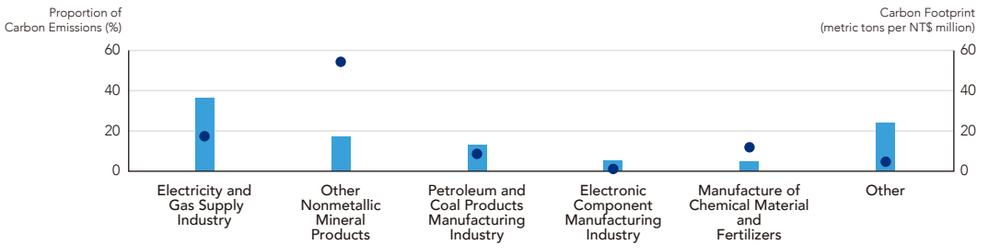
In terms of the financed emission inventory by assets, corporate equity and bond investments was the largest portion of the investment and financing portfolio at 71.12%, followed by sovereign bonds (excluding LULUCF) at 13.21%, business loans at 10.96%, mortgage loans at 4.13%, electricity generation project finance at 0.98%, commercial real estate loans at 0.62%, and motor vehicle loans at 0.11%. Among these, the carbon footprint of motor vehicle loans is the highest, at 9.34 metric tons per NT$ million. Distributed by industry type, the carbon emissions of the top five carbon-emitting industries account for about 76.09% of the investment and financing portfolio. They are electricity and gas supply industry, other non-metallic mineral products manufacturing industry, petroleum and coal products manufacturing industry, electronic components manufacturing industry, and chemical material and fertilizers 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.

2025 GHG Emissions Proportion and Carbon Footprint

By Assets



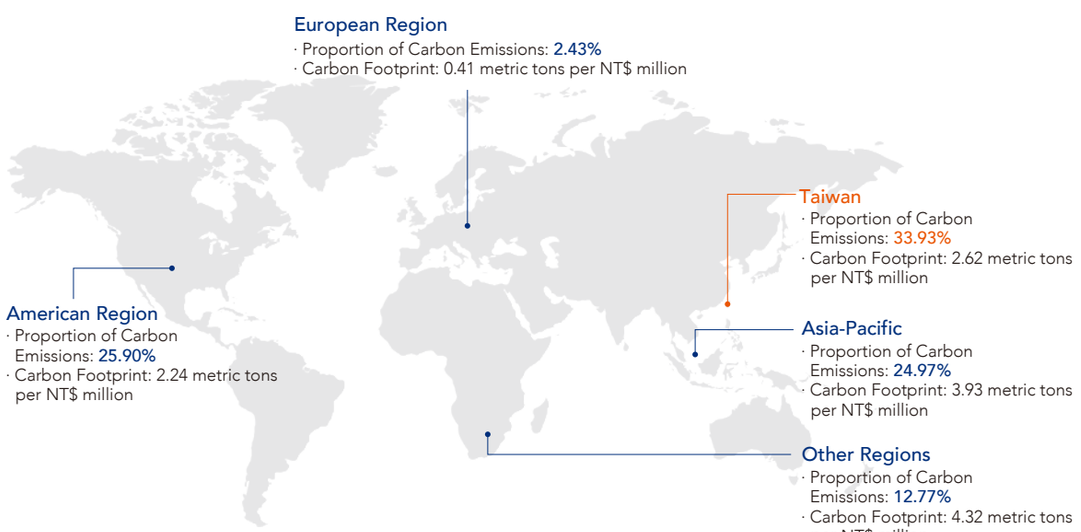
2025 Top 5 Industries of GHG Emissions Proportion and Carbon Footprint



	Electricity and Gas Supply Industry	Other Nonmetallic Mineral Products	Petroleum and Coal Products Manufacturing Industry	Electronic Component Manufacturing Industry	Manufacture of Chemical Material and Fertilizers	Other
Proportion of Carbon Emissions (%)	36.20	16.97	13.00	5.30	4.62	23.91
Carbon Footprint (metric tons per NT$ million)	17.38	54.34	8.63	1.13	11.89	4.72
Weighted Average Carbon Intensity (WACI)	0.09	0.17	0.01	0.00	0.02	-

Note: The calculation of financed emissions by industry classification excludes sovereign bonds, mortgage loans, and motor vehicle loans.

2025 GHG Emissions Proportion and Carbon Footprint by Region



Note: The calculation of financed emissions by region excludes motor vehicle loans.

4.1.3 Other Key Climate Metrics

Energy Saving Management

In support of the renewable energy policy, KGI Financial purchased and used 9,887.0 MWh and self-generated 83.5 MWh of renewable energy, totaling 9,970.5 MWh of renewable energy, accounting for approximately 23.17% of KGI Financial's total electricity consumption, equivalent to a reduction of 4,726.02 tCO_2e in 2025.

Energy-saving Measure and Investment

Energy-saving Measure	Investment Amount (TWD million)	Energy saving		Emission Reduction (tCO_2e)
		(MWh)	(GJ)	
Replacement of Environmentally Friendly, High-efficiency Air Conditioning Equipment and Lighting Fixtures	34.13	624.28	2,247.42	295.87
Use of Renewable Energy	42.36	9,970.50	35,893.79	4,726.02
Total	76.49	10,594.78	38,141.22	5,021.89

Note: 1. In line with KGI Financial's annual 1% electricity-saving target, the results are calculated based on comparisons with the previous year (2024)
2. 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)
3. The emission factor for electricity use is 0.474 kg CO_2e/kWh (Energy Bureau 2024 electricity carbon emission factor, used to calculate the 2025 electricity use emissions)

Voluntarily Carbon Offset to Support Net-Zero

To achieve our long-term commitments of "Carbon Neutrality by 2030 and Net Zero by 2040 in own operations." KGI Financial headquarter building achieved ISO 14068-1 carbon neutrality validation in 2025. We have not only achieved carbon neutrality but have also voluntarily committed to ongoing carbon offset.

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 headquarter buildings, a total of 1,055 metric tons of carbon credits had been retired for 2025. 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.

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 from the Company's own operations and its investment and financing portfolios. For own operations, we focus on driving energy efficiency and planning 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 price difference of renewable energy for the entirety of 2024, resulting in a carbon price of TWD 2,710 per ton. We calculated the implicit cost of emissions for 2025 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 reductions 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" → GCAM 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.

Promote Green Procurement

KGI Financial supports climate transition by identifying actual needs based on the principles of conservation, necessity, non-excessiveness, and waste avoidance. The Company promotes green procurement and energy conservation/carbon reduction by prioritizing the purchase of low-pollution, low-energy-consumption, recyclable products or equipment certified with eco-labels, and by reducing the procurement of single-use items. Suppliers are continuously encouraged to obtain and sell products with eco-label or relevant ISO certifications. In addition, the Company implements resource recycling for packaging cartons, empty bottles, copier toner cartridges.

4.2 SBT Targets and Progress

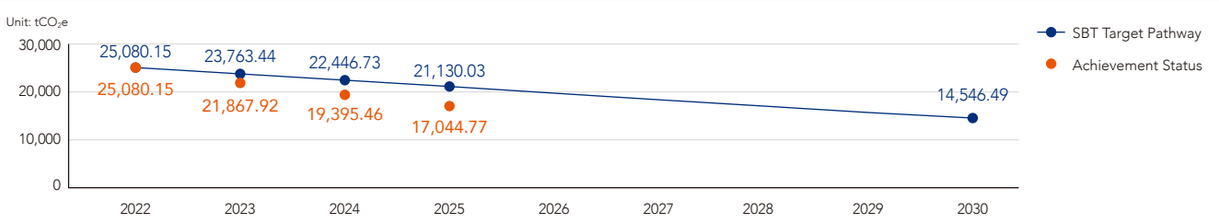
Following the methodology of the Science Based Targets initiative (SBTi), KGI Financial obtained validation for its SBT targets in March 2025. The Group has set near-term emissions reduction targets covering both its own operations (Scope 1 and Scope 2) and investment and lending portfolio (Scope 3), 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 financial asset targets are set based on 2022, and the target-setting methods include: 1) Sectoral Decarbonization Approach (SDA): aiming for the target year 2034, covering asset categories like 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 other long-term debt(commercial services sector); 2) Portfolio Coverage (PC): aiming for target year 2029, covering asset categories including corporate instruments (listed equity, corporate bonds, ETFs, mutual funds, REITs) and corporate loans for fossil fuel and manufacturing sectors.

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 → Target Setting Declaration.

Own Operations

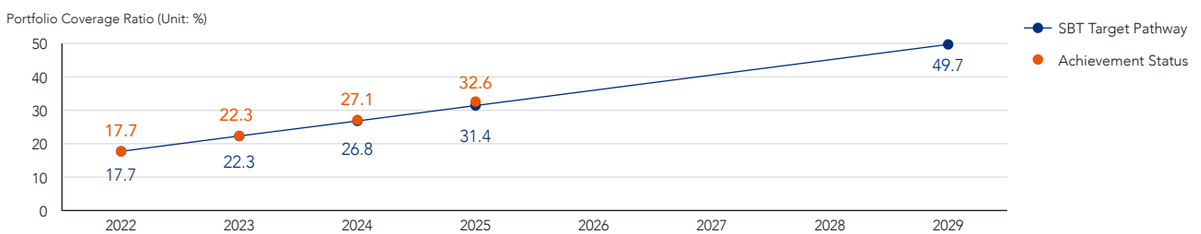
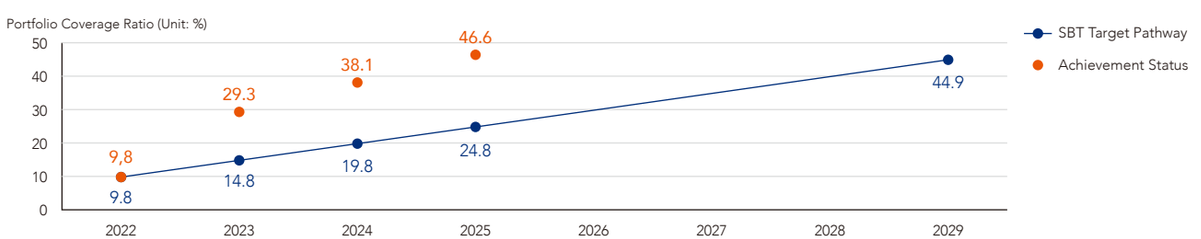
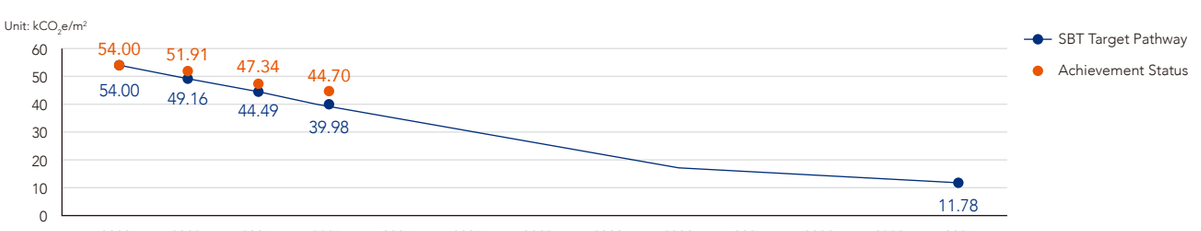
KGI Financial has set Science-Based Target (SBT) for own operations, aiming to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.

Scope	Method	Target Language	Achievement Status
Own Operations	Absolute Contraction Approach	KGI Financial Holding Co., Ltd. commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.	

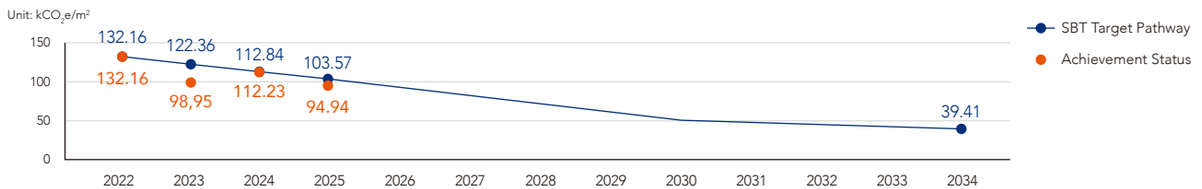
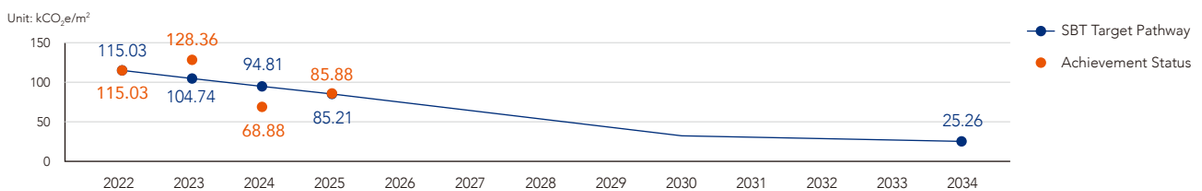
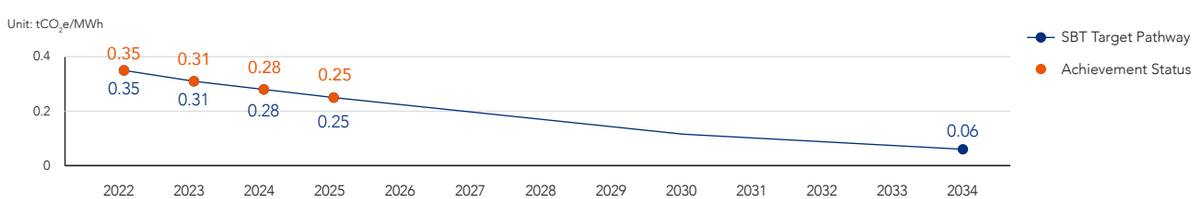
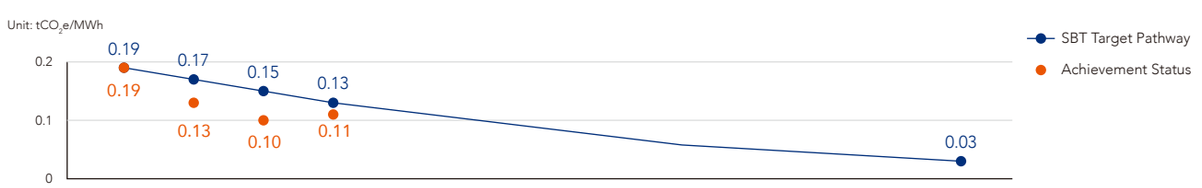
Note: The percentage of target achievement relative to the base year for the SBT goal is 76.3%

Investment and Lending Portfolios

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 →2.3 Climate Response Strategy.

Asset Class	Method	Target Language	Achievement Status
Corporate Instruments (Listed Equity, Corporate Bonds, ETFs, Mutual Funds, REITs)	PC	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 46.6%.
Corporate Loans: Fossil Fuel and Manufacturing Sectors	PC	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 105.0%.
Corporate Loans: Other Long-term Debt	SDA	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 22.0%.

(Continue)

Asset Class	Method	Target Language	Achievement Status
Corporate Loans Residential Real Estate Sector	SDA	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 40.1%.
Corporate Loans Commercial Real Estate Sector	SDA	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 32.5%.
Corporate Loans: Electricity Generation	SDA	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 34.9%.
Electricity Generation Project Finance	SDA	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.	 Note: The percentage of target achievement relative to the base year for the SBT target is 47.8%.

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; for asset class using the SDA method, the SBT target pathway is plotted according to the SDA-specified trajectory.
2. For asset class using the PC method, the targets and performance comparisons against SBT verification results are rounded up to one decimal place.
3. For asset class using the SDA method, the targets against SBT verification results are rounded up to one decimal place.
4. The percentage of SBT target achievement relative to the base year is calculated as: (2025 performance - base year performance) / (near-term target year goal - base year performance).

5 Advancing toward Nature-Positive Transition

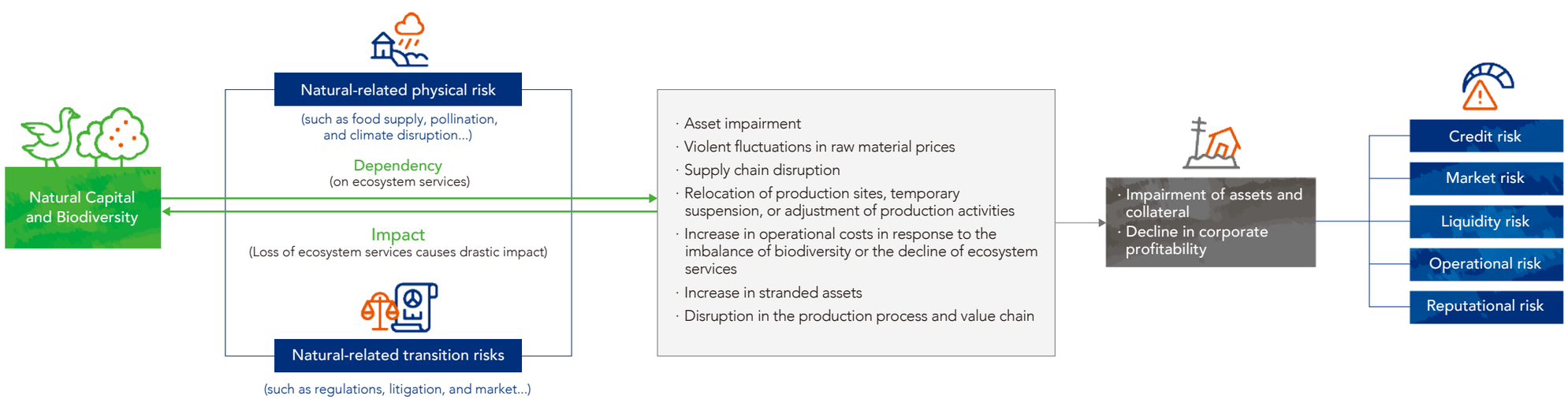
5.1 Nature-related Management Strategy

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 Task-force 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

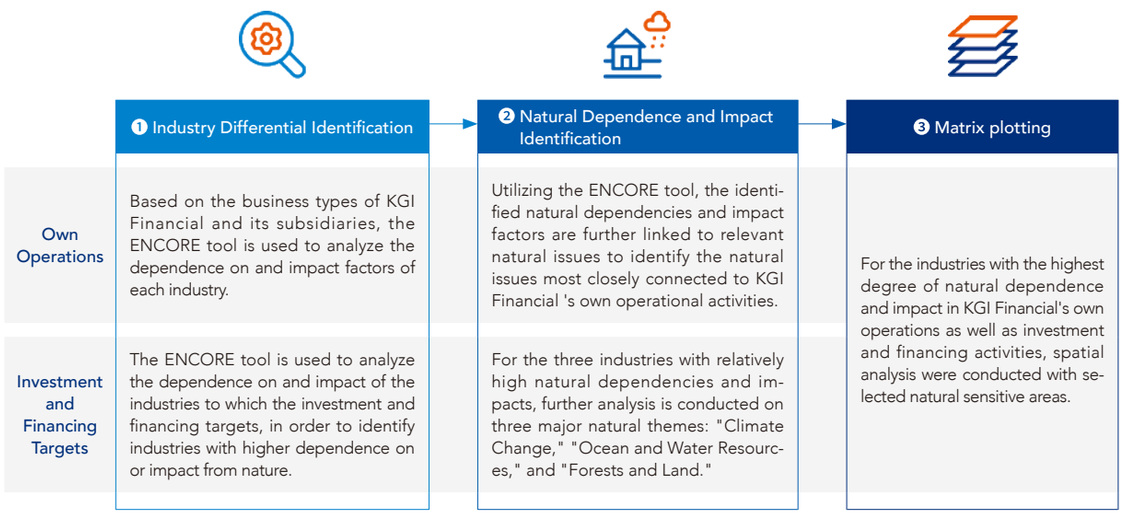
KGI Financial believes that the imbalance of ecosystem services and the loss of natural capital will have a direct or indirect impact on the value chain of financial institutions. This impact will be felt through customers, counterparties, assets, and the economic environment in which they operate, leading to credit, market, operation and reputation risks and losses for financial businesses.

KGI Financial also believes that with proper capital allocation and professional risk management, it will contribute to a sustainable future by exerting financial influence and assisting in the global effort to protect and restore natural capital, guide the capital market and businesses toward both climate and nature-friendly transitions, and create long-term positive impacts on global sustainable development, while laying a solid foundation for our group's long-term stable operations.



5.1.2 Nature-related Dependencies and Impacts

Identification Process for Nature-related Risks Dependencies and Impacts



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 Group's dependencies and impacts on natural capital, the Group used the ENCORE tool this year to analyze the dependencies and impacts on natural capital of the Group's own operations, as well as the industries of the investment and financing targets held as of the end of 2025, based on the database updated in September 2025. After considering the proportion of the investment and financing portfolio balance, the top 10 industries in terms of the proportion of the investment and financing portfolio balance were selected to draw a matrix diagram of the dependencies and impacts of nature-related risks.

Identification of Nature-related Dependencies and Impacts in Own Operations

In 2025, the Group adopted the TNFD framework to conduct an analysis of nature-related dependencies and impacts regarding our operations, serving as the foundation for assessing nature-related risks and opportunities. The Group utilized the ENCORE tool to identify and assess the key dependencies and pressures drivers of the financial holding industry on nature. The analysis results indicate that the Group's own operational dependence and impacts on nature mostly fall within the no-, very low, or low risk categories. However, among the pressure drivers for the financial holding industry, the assessment result for " Area of land use" is at the medium risk level. In view of this, the Group conducted an overlay spatial analysis of our operational sites and selected ecologically sensitive areas in 2025. For further details, please see → 5.1.3 Natural Overlay Spatial Analysis.

Very high | High | Medium | Low | Very Low | No risk/No data available

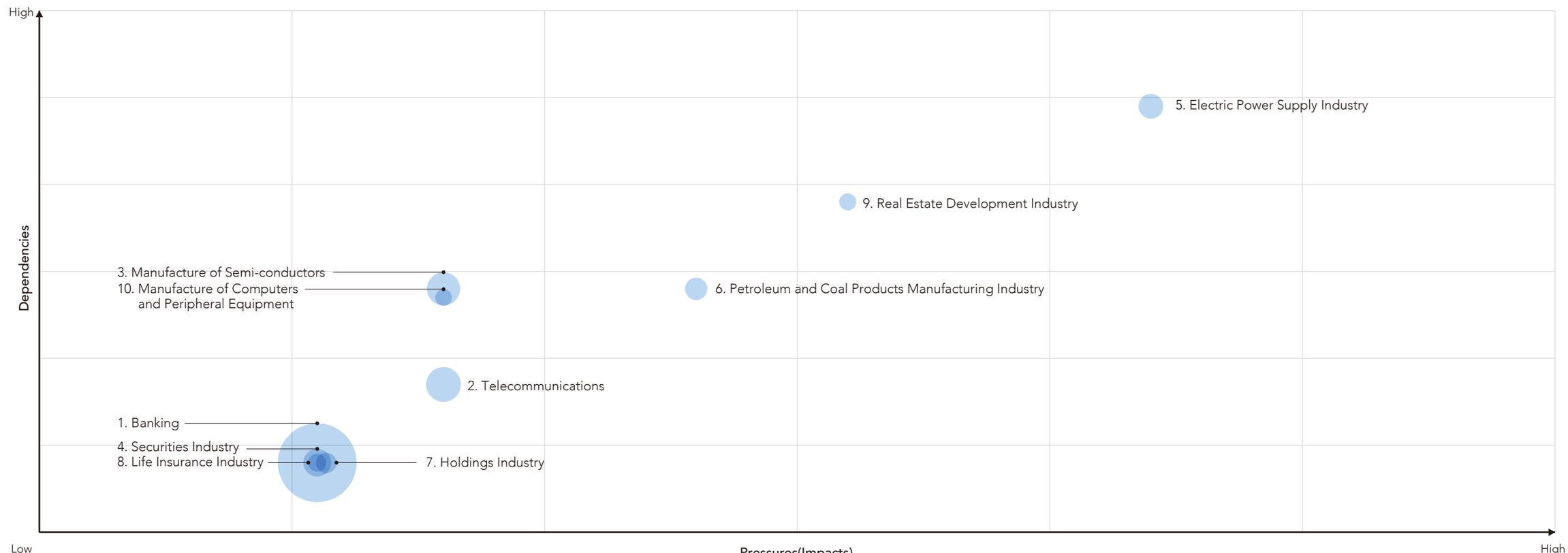
Dependency		Pressures (Impact)
Animal-based energy	Nursery population and habitat maintenance	Disturbances (e.g. noise, light)
Biomass provisioning	Noise attenuation	Area of freshwater use
Solid waste remediation	Other regulating and maintenance service - Mediation of sensory impacts (other than noise)	Emissions of GHGs
Soil and sediment retention	Local (micro and meso) climate regulation	Area of seabed use
Water purification	Pollination	Emissions of non-GHG air pollutants
Soil quality regulation	Storm mitigation	Other biotic resource extraction (e.g. fish, timber)
Other regulating and maintenance service - Dilution by atmosphere and ecosystems	Water flow regulation	Other abiotic resource extraction
Biological control	Rainfall pattern regulation	Emissions of toxic pollutants to water and soil
Air filtration	Recreation-related services	Emissions of nutrient pollutants to water and soil
Flood mitigation	Visual amenity services	Generation and release of solid waste
Genetic material	Education, scientific and research services	Area of land use
Global climate regulation	Spiritual, artistic and symbolic services	Volume of water use
Water supply	-	Introduction of invasive species

Identification Results for Nature-related Risks Dependencies and Impacts of Investment and Financing

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 2025 is shown below, most industries with low dependency and low impact. However, some industries have above moderate dependency and impact, which may face higher nature-related transition risks in the future due to nature-related policies, regulations, or market demands.

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 are the top three industry classifications with relatively higher degrees of natural dependency and impact for this year. 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.

Sectoral Analysis of Nature-related Dependencies and Impacts for KGI Financial Investment and Financing Targets



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.

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.

The analysis results indicate that 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, as well as oceans and water.

Industry Name	Dependence on Nature			Impacts on Nature		
	Climate Change	Forests and Land	Oceans and Water	Climate Change	Forests and Land	Oceans and Water
Banking						
Telecommunications						
Manufacture of Semi-conductors						
Securities Industry						
Electric Power Supply Industry	❶			❶	❷	❸
Petroleum and Coal Products Manufacturing Industry	❹			❹	❺	
Holdings Industry						
Life Insurance Industry						
Real Estate Development Industry	❻			❻		❼
Manufacture of Computers and Peripheral Equipment						

Electric Power Supply Industry

❶ Hydroelectric, wind, and solar power generation are all highly dependent on climate conditions. If the frequency and intensity of extreme weather events continue to increase, the risk of damage to power generation facilities will rise. Furthermore, fossil fuel power generation remains one of the major global sources of greenhouse gas emissions, accelerating global warming, the extinction of key species, and the collapse of ecosystems.

❷ During its operational processes, the electricity supply industry relies on extensive land to construct infrastructure such as power plants, cables, transmission towers, and substations. In addition to occupying land, these relevant facilities may alter existing land-use structures, thereby impacting local economic development and the natural environment.

❸ The process of hydroelectric power generation impacts local hydrological systems; constructing reservoirs upstream may cause the flow velocity of original rivers to slow down, thereby reducing downstream water volume and potentially causing certain rivers to dry up completely.

Petroleum and Coal Products Manufacturing Industry

4. Extreme weather events may increase the risks of operational disruptions and damage to critical infrastructure for offshore oil drilling platforms. For example, powerful waves and abnormal tides can cause platform instability, posing life-threatening risks to personnel and necessitating emergency evacuations, which indicates that the petroleum and coal products manufacturing industry is highly dependent on a stable climate environment to maintain operational continuity. At the same time, the industry remains one of the critical factors exacerbating climate change due to the large quantities of GHG emissions generated from the combustion and use of its relevant products.

5. When conducting activities such as open-pit coal mining and the installation of drilling platform facilities, the petroleum and coal products manufacturing industry requires the removal of surface vegetation, potentially leading to deforestation or the destruction of terrestrial ecological habitats. Furthermore, the construction of infrastructure such as oil pipelines, access roads, and storage tanks also requires the development of extensive land, which easily causes the fragmentation of wildlife habitats.

Real Estate Development Industry

6. The real estate development industry is highly dependent on climate system regulation services, particularly the regulation of rainfall patterns. Stable climate conditions reduce the potential damage caused by natural disasters, such as floods, to buildings, facilitating real estate developers in planning and advancing land and project development plans more effectively, thereby lowering overall development costs and avoiding the need to pay high insurance premiums to prevent natural disasters. Conversely, the production of building materials, construction processes, and the usage phase of buildings all generate GHG emissions, exacerbating climate change risks.

7. Real estate development in areas adjacent to freshwater bodies may lead to changes in local ecosystems and hydrological systems, potentially causing phenomena such as droughts, floods, or certain rivers drying up completely.

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.

Additionally, regarding the petroleum and coal products manufacturing industry, because it exerts significant impacts on nature and climate change globally, 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 → 2.1 Net Zero Commitment of this report.

5.1.3 Natural Overlay Spatial Analysis

Assessment Process for Domestic Nature-Related Risk Spatial Analysis

The Group conducted its first nature-related risk spatial analysis for its domestic operational sites and investment and financing targets this year. The analysis referenced the list of legally designated environment-sensitive areas provided in the "Research Report on the Application Demonstration of Nature-Related Risk Data" published by the "Financial Industry Net-zero Promotion Platform," with a primary focus on geospatial data related to the Forestry Act, the Wildlife Conservation Act, and the Wetlands Conservation Act. The relevant geospatial data sets encompass nature reserves, ecological conservation areas within national forest districts, terrestrial wildlife sanctuaries, critical terrestrial wildlife habitats, and wetlands of national importance. Strategic response measures were subsequently formulated based on the outputs of this analysis.

Note: Legally designated environment-sensitive areas refer to regions protected by various countries through laws or other effective means; such regulatory-mandated areas reflect local ecological conservation values.

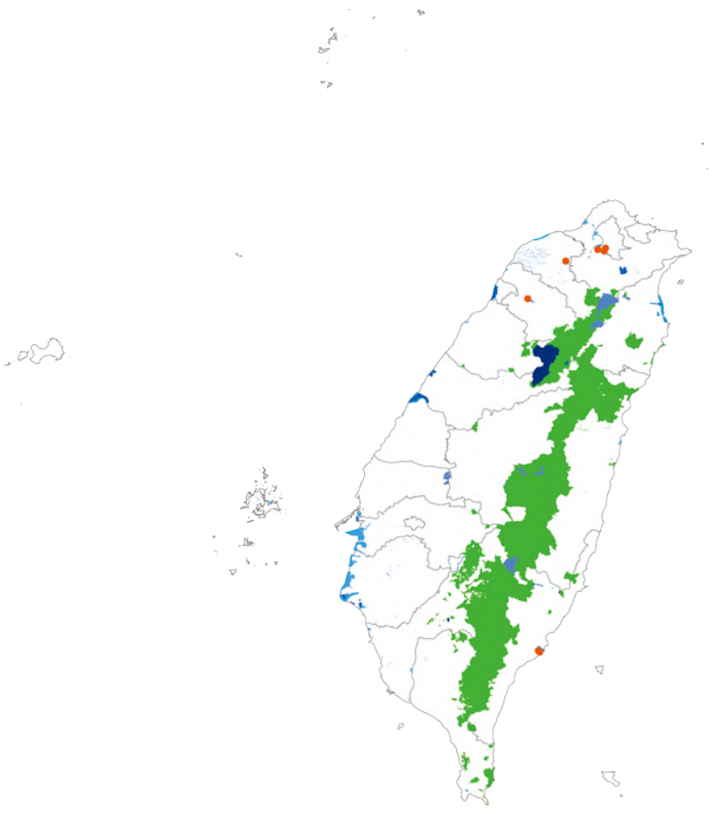
Results of Nature-related Risk Spatial Analysis for Domestic Operational Sites and the Investment & Financing Power Supply Industry

The Group's domestic operational sites are not found in legally designated environment-sensitive areas. Some branch locations are situated within a 1-kilometer radius of legally designated environment-sensitive areas, accounting for approximately 2.60% of the total domestic operational sites. The proportion of operational sites not situated near legally designated environment-sensitive areas is 97.40%.

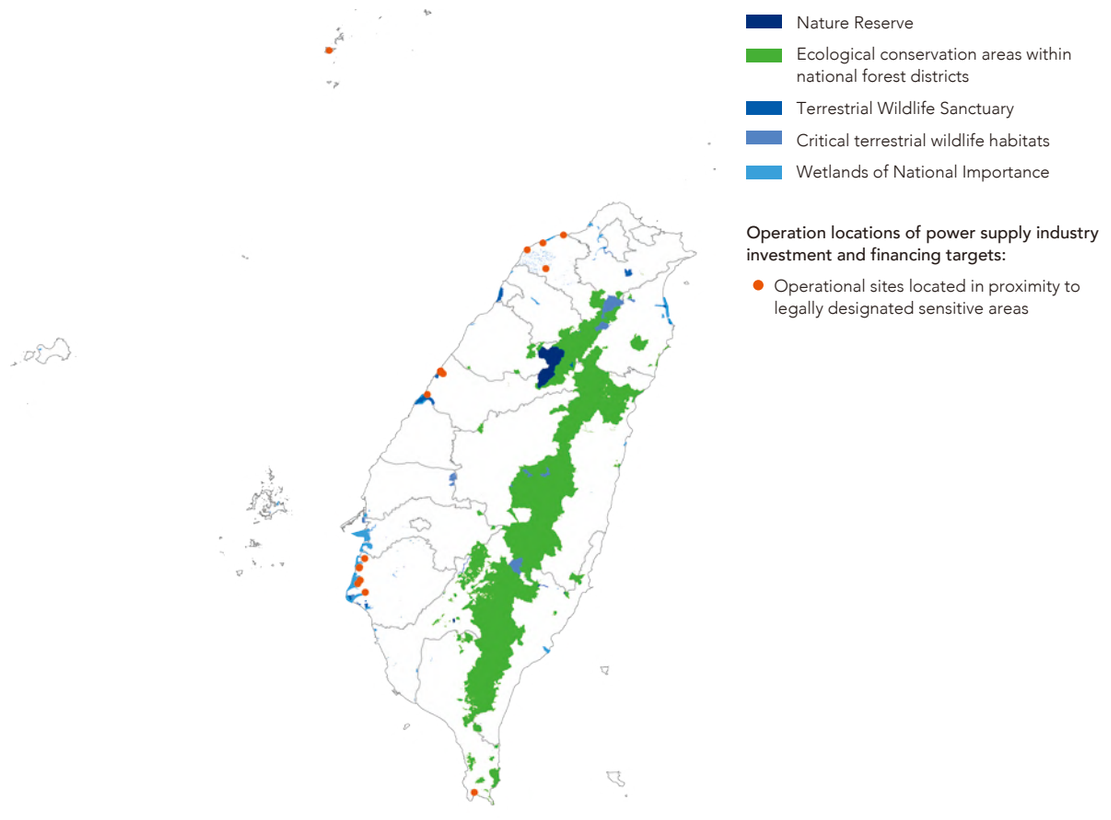
Based on the identification results of the nature-related risk dependency and impact of the Group's investment and financing targets for this year, the electric power supply industry was identified as the sector with the highest relative degree of nature-related dependency and impact. Consequently, priority is given to conducting spatial analysis for investment and financing targets in the electric power supply industry using geospatial data of legally designated environment-sensitive areas. Based on the analysis results, the operational sites of the Group's domestic power supply industry investment and financing targets are not found in legally designated environment-sensitive areas. Some branch locations are situated within a one-kilometer radius of legally designated environmentally sensitive areas, accounting for approximately 7.25% of the total domestic operating locations. The proportion of locations not situated near legally designated environmentally sensitive areas is 92.75%.

Analysis of Adjacent Legally Designated Sensitive Areas

· Operational sites within a one-kilometer radius of legally designated sensitive areas: 2.60%
· Operational sites not close to legally designated sensitive areas: 97.40%



· Operation locations of power supply industry investment and financing targets within a one-kilometer radius of statutory sensitive areas: 7.25%
· Operating locations of power supply industry investment and financing targets not close to legally designated sensitive areas: 92.75%



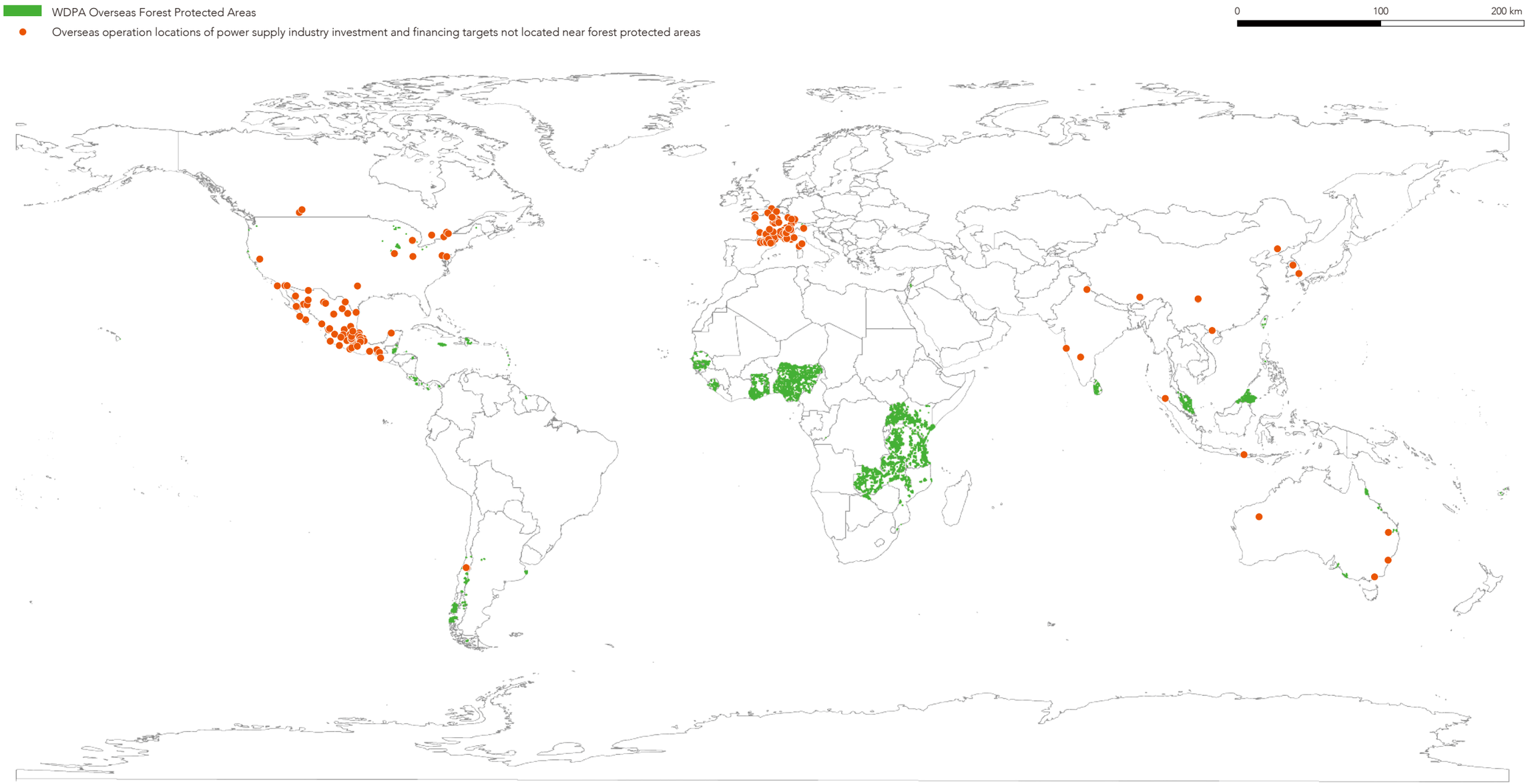
Response Actions

Based on the spatial analysis of the Group's domestic operational sites, only a portion sites are situated in proximity to bird sanctuaries and habitats. To preserve biodiversity and maintain ecosystem functions and services, the Group has implemented measures to turn off non-essential nighttime lighting at these operational sites, reduce the transparency and reflection of window glass. These actions are taken to maintain the integrity of avian habitats and to mitigate casualties resulting from bird-window collisions. Furthermore, the Group will continuously monitor the proximity of its operational sites to legally designated sensitive areas, proactively managing and implementing measures to ensure natural ecosystem conservation.

Forest Risk Spatial for Overseas Operational Sites and Financed Counterparties

The Group conducted its first forest risk spatial analysis for its overseas operational sites and investment and financing targets this year. The Group utilized the World Database on Protected Areas (WDPA) to consolidate regions protected by national government regulations, including national parks, national wildlife refuges, wilderness areas, state forests, state parks, and areas with conservation mandates, and screened forest-related protected area geospatial data for analysis.

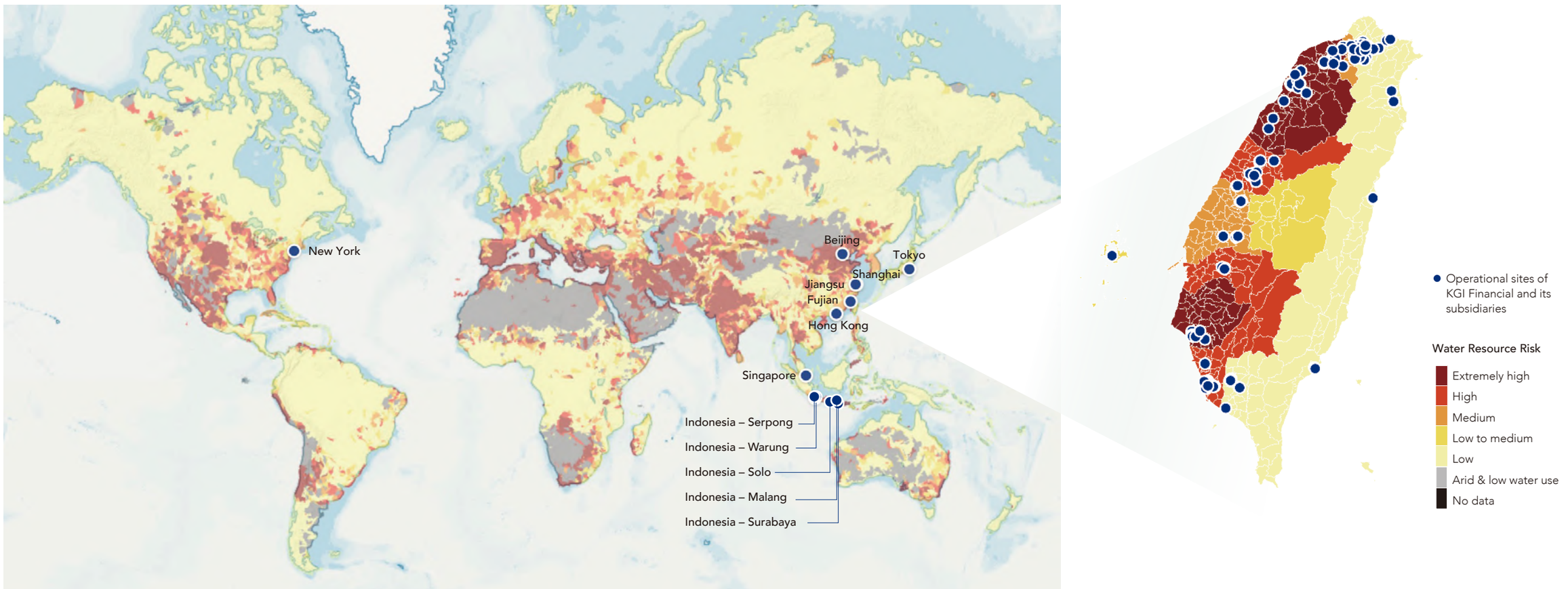
After reviewing the analysis results regarding the proximity of the Group's overseas operational sites and the plant sites of its power supply industry investment and financing targets to overseas forest protected areas,, none of the Group's operational sites were found to be located within a one-kilometer radius of any overseas forest protected areas, The investment and financing counterparties within the foreign power supply industry exhibit the same results, with no proximity found within a one-kilometer radius.


WDPA Overseas Forest Protected Areas
Overseas operation locations of power supply industry investment and financing targets not located near forest protected areas
0
100
200 km

Water Spatial Analysis for Global Operational Sites

The Group conducted an assessment using the drought geospatial data from the "Financial Industry Climate Physical Risk Information Integration Platform" and the "Aqueduct Tools" for water resource risk scenarios provided by the World Resource Institute (WRI). This assessment covered 100% of the existing and newly established global operational sites of the Company and all subsidiaries. It analyzed the severity of water resource risks for these operational sites in 2030 and 2050 under the SSP5-8.5 scenario. Based on the assessment of water resource risks across global operational sites, more than 50% of the operational sites are located in areas with low to medium risks under the SSP5-8.5 scenario. According to the analysis from the ENCORE database, the operations of KGI Financial have a low level of dependency on water resource; therefore, the overall risk remains manageable. The Group will continue to monitor the global water scarcity issue and strengthen water resource management and adaptation plans for operational sites with high water resource risk globally, to address the continuously changing natural environment and maintain adaptation target of uninterrupted operations within five years.

SSP5-8.5 Water Resource Risk Heat Map for Operational locations of KGI Financial and Its Subsidiaries (2030)



5.1.4 Identification of Nature-related Risks and Opportunities

The Identification Process and Results of Significant Nature-Related Risks and Opportunities

Nature-Related risks in the financial industry primarily stem from the dependencies and pressures on natural resources and ecosystem services during the operational processes of the Group's own operations and its investment and financing targets. These risks can affect social and economic operations through physical risks, transition risks, and systemic risks, subsequently reflecting on aspects such as the Group's asset quality, operational performance, and reputation. Conversely, nature-related opportunities arise from business models, financial products, and services that support the sustainable use of natural resources as well as the protection, restoration, and regeneration of ecosystems, which can simultaneously enhance comprehensive benefits such as market expansion, resource utilization efficiency, and reputation capital.

Regarding the identification of material nature-related risks and opportunities, based on the industry exposure and the ENCORE analysis of natural capital dependency and impact, the Group has prioritized three high-exposure industries with significant natural capital dependency and impact, which are 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 three industries. For this year, the identification scope encompasses both own operations and investment and financing portfolios, utilizing a consistent nature-related risk and opportunity analysis framework to review the dependencies and impacts of operational activities on natural resources and ecosystem services, serving as an important basis for subsequently formulating management actions and targets.

Identification and Assessment of Nature-related Risks in Operations

To strengthen the resilience of the Group, we have examined the dependencies and pressures of high-risk drivers within the financial holding industry on natural resources and ecosystem services (please refer to → 5.1.2 Nature-Related Dependencies and Impacts). Furthermore, we evaluated potential nature-related risk events, risk categories, and their respective timeframes, the results of which are detailed in the table below.

Ecosystem Services		Path	Nature-Related Risk Event Chain	Transition/Physical Risks	Risk Type	Likelihood of Happening	Projected Timeline
Dependency	Local (Micro and Meso) Climate Regulation	The office locations rely on the surrounding ecosystem to regulate the microclimate.	In instances where the microclimate surrounding a service location is unstable (e.g., due to fluctuations in temperature or humidity), higher water and electricity costs would be required to maintain the bank's operational efficiency and service quality.	Physical risk	Long-term	Low	Long-term
Impact	Area of Land Use	Office locations use land resources.	Operational sites incur increased costs as they are required to implement responsive management measures or relocate to comply with regulatory requirements due to their proximity to or location within ecological conservation areas.	Transition risk	Policies and Regulations	Low	Long-term

Identification and Assessment of Nature-related Opportunities in Operations

The Group has evaluated its proprietary operational practices that promote the sustainable utilization of natural resources and the preservation and enhancement of ecosystem services. Furthermore, the Group has assessed the nature-related opportunities these practices yield across aspects such as operating costs, resource efficiency, and corporate reputation, the results of which are detailed in the table below.

Ecosystem Services		Path	Nature-Related Risk Event Chain	Opportunity Type	Likelihood of Happening	Projected Timeline
Dependency	Local (Micro and Meso) Climate Regulation	The office locations rely on the surrounding ecosystem to regulate the microclimate.	The KGI Financial headquarter is certified as a Gold-level green building. It utilizes energy-efficient green building designs, such as high-thermal-conductivity glass curtain walls and sensor-based lighting integrated with motorized blinds, alongside smart energy management equipment to reduce air conditioning usage. Furthermore, the headquarter has installed infiltration ponds and rainwater-sewage separation systems to promote water resource reuse and microclimate regulation, thereby enhancing resource efficiency and reducing operating costs.	Resource utilization efficiency	High	Long-term
Impact	Area of Land Use	Office locations use land resources.	From the initial stages, the KGI Financial headquarter integrated environment-friendly concepts into its site planning and interior design. By utilizing effective greening management, the Company preserves local vegetation and incorporated tree landscapes during the construction phase. Furthermore, through the use of multi-layered ecological planting, KGI Financial enhances biodiversity and achieves eco-friendly land utilization, thereby strengthening its brand image, consolidating stakeholder trust, and accumulating reputational capital.	Reputation capital	High	Long-term

Identification and Assessment of Nature-related Risks of Investment and Financing Targets

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 potential financial impacts the Group might face.

Assess Nature-related Risks by Industry	Natural-Related Risks (including but not limited to the following)	Financial Impact on Investment and Financing Targets	Indirect Financial Impact on KGI Financial
Electric Power Supply Industry	**Physical Risk:** Disruption of global climate regulation leading to frequent damage to power generation facilities. **Transition Risk:** Strengthened regulatory controls have led to increased compliance costs for electricity suppliers.	· Revenue ▽ · Asset Value ▽ · Stock Price/Net Worth ▽ · Operating Cost ▲ · Compliance Expenses ▲ · Liabilities ▲ · Early phase-out of fixed asset	· Value of Financial Assets ▽ · Investment Income ▽ · Interest Income ▽ · Bad Debt Expense ▲ · Reputation ▽
Petroleum and Coal Products Manufacturing Industry	**Physical Risk:** Damage to facilities due to decreased soil stability **Transition Risk:** Regulatory intensification at operational sites may restrict business expansion or result in forced shutdowns.		
Real Estate Development Industry	**Physical Risk:** Soil degradation leads to ecosystem loss, reduces asset value, and increases maintenance costs. **Transition Risk:** Strengthened regulatory controls lead to increased costs for land acquisition or development.		

The targets in the aforementioned three industries are highly dependent on natural resources and ecosystem services; in addition to bearing natural physical risks such as water scarcity, extreme climate conditions, and the degradation of land and ecological environments, they must also respond to transition risks including increasingly stringent environmental and nature-related regulations, shifting market demands, and technological changes. If these targets fail to adjust their operational models and investment planning in a timely manner, they may face declining revenues, increased compliance costs and capital expenditures, asset value impairments, or asset stranding, subsequently impacting stock prices and corporate value while elevating default risks.

When the aforementioned risks materialize within the real economy, they will transmit to the Group through equity and debt investments, financing positions, and other relevant financial asset exposure positions. This transmission can lead to value impairments of financial assets, decreases in investment and interest income, and increases in bad debts and related provision, while simultaneously escalating reputational risks and undermining the trust of investors and customers in the Group, thereby affecting the Group's market standing and long-term profitability.

Identification and Assessment of Nature-related Opportunities of Investment and Financing Targets

Regarding the identification of nature-related opportunities within the petroleum and coal products manufacturing industry, real estate development industry, and electric power supply industry, the Group primarily focuses on two major dimensions: "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.

Assess Nature-related Opportunities by Industry	Natural environmental opportunities (including but not limited to the following)	Financial Impact on Investment and Financing Targets	Indirect Financial Impact on KGI Financial
Electric Power Supply Industry	**Ecosystem Protection, Restoration, and Regeneration:** Offshore wind farms may restrict fishing activities in the surrounding area, facilitating the restoration of the local ecosystem. **Reputation:** Offshore wind farms can create nurturing environments for artificial coral reefs. This eco-symbiotic operational model may drive an increase in stock prices.	· Operational Resilience ▲ · Non-operating Income ▲ · Operating Cost ▽ · Compliance Costs ▽ · Stock Price/Net Worth ▲ · Reputation and Image ▲	· Asset Value ▲ · Investment Income ▲ · Interest Income ▲ · Operating Revenue ▲ · Reputation and Image ▲
Petroleum and Coal Products Manufacturing Industry	**Resource Efficiency:** Implementing wastewater recycling and reuse systems to recover process water during oil and gas production as well as gas processing, thereby reducing groundwater extraction. **Sustainable Use of Natural Resources:** Waste generated during the production process can be utilized as raw materials in other industries.		
Real Estate Development Industry	**Products and Services:** Increasing demand for real estate utilizing low-impact, low-toxicity, and circular building materials. **Ecosystem Protection, Restoration, and Regeneration:** Restoring local species and biodiversity enhances the organization's reputation and provides recreational well-being for real estate residents.		

Properly utilizing nature-related opportunities can enhance ecosystem stability and resource supply security in operational regions, reducing the disruption of extreme weather and natural disasters on operational activities, thereby increasing corporate operational resilience in the face of nature-related risks. For example, if the petroleum and coal products manufacturing industry progressively transitions to develop renewable energy businesses, or to enhance the reuse and revitalization of idle assets such as unused land for oil storage, these efforts will help reduce reliance on high-carbon energy sources, diversify income streams, and improve asset utilization efficiency. If operators within real estate development and electric power supply industries introduce eco-friendly designs and nature-based solutions, they can simultaneously strengthen product competitiveness and lower operational costs.

Companies that proactively respond to natural issues and accurately seize nature-related opportunities are expected to gain more trust and support from investors and stakeholders over the medium to long term by constructing resilient, sustainable business models. For the Group, establishing and deepening investment and financing relationships with such companies can bring relatively stable interest income and investment returns. Concurrently, by providing funds related to sustainable transitions, the Group can form a positive cycle that balances natural capital protection with financial performance.

In the future, the Group will continue to exert our financial influence to guide funds towards industries and projects that have positive environmental impacts , achieving growth in both asset value and scale while helping companies capitalize on nature-related opportunities.

5.1.5 Nature-related Physical Risk Scenario Analysis

Water Resource: Physical Risk Scenario Analysis for Own Operations – Cost of Water Procurement during Drought

Description of Analysis

Based on the identification results of the nature-related risk dependency and impact for own operations, as detailed in → "5.1.2 Analysis of Nature-related Dependencies and Impacts," the Group has identified a relatively high degree of dependency and impact on water resource. Furthermore, because Taiwan relies heavily on rainfall during the rainy season, insufficient precipitation during the plum rain season or abnormally low rainfall during the winter months may potentially lead to inadequate reservoir storage, resulting in water shortages. To manage the impact of water resource on the Group's domestic operational sites, the Group has further analyzed the additional water procurement costs that all domestic operational sites would incur in the event of future water shortages.

Scenario

The Financial Industry Climate Physical Risk Information Integration Platform utilizes statistical downscaling of the United Nations Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) scenarios to estimate the expected values of drought occurrence for each water supply region in Taiwan under the SSP5-8.5 scenario.

Analysis Scope

Domestic operational sites of the Group

Analytical Methodology and Process

	Analysis Process	Analytical Methods
Step1	Collect data on the duration of water shortages across all townships, cities, and districts in Taiwan.	We utilize the drought map data from the Financial Supervisory Commission's "Financial Sector Climate physical risk Information Integration Platform" to analyze the duration of water shortages across townships, cities, and districts in Taiwan under the SSP5-8.5 scenario for the years 2030, 2040, and 2050.
Step2	Collect the annual per capita water consumption in Taiwan.	Using data on "annual per capita domestic water consumption in Taiwan" from the Taiwan Water Corporation, a linear regression model is employed to estimate the annual per capita domestic water consumption for Taiwan in 2030, 2040, and 2050.
Step3	Calculate the cost of water procurement during the drought period.	The water delivery service fees charged by the Taipei Water Department are used as a reference rate to estimate the water procurement costs for the Group's domestic locations under future drought scenarios.
Step4	Financial impact assessment	The financial impact of water procurement costs for the Group's domestic locations under future drought scenarios is assessed based on the proportion of after-tax net income.

Analysis Results

Under the RCP8.5 scenario, the ratio of additional water procurement costs to after-tax net income during the drought period

Analysis Year	2030	2040	2050
Percentage of the Cost of Water Delivery Services by Tanker (%)	0.0024	0.0029	0.0029

The analysis indicates that, under the RCP8.5 scenario, the ratio of additional water procurement costs required due to water shortages at the Group's domestic operational sites to after-tax net income shows an upward trend over time. The cost of water delivery services by tanker accounted for 0.0024% of the after-tax net income in 2030, and 0.0029% in both 2040 and 2050. These results demonstrate that the Group's high reliance on water resource would lead to increasing additional costs as Taiwan faces water shortages in the future.

Response Measures

To mitigate the potential for increased water procurement costs at the Group's domestic operational sites in the future, the Group will continue to monitor the water shortage issue in Taiwan and formulated relevant response measures (such as setting water conservation targets) for domestic operational sites significantly affected by water shortages.

Water Resource: Physical Risk Scenario Analysis for Investment and Financing Targets – Drought Risk Scenario Analysis

Description of Analysis

According to the identification results of the nature-related risk dependency and impact analysis in "5.1.2 Analysis of Nature-Related Dependencies and Impacts," the hydroelectric power generation and fossil fuel power generation sectors of the electric power supply industry exhibit a high degree of dependency and impact on water resource. When Taiwan faces droughts, it will potentially cause a material impact on the daily operations and financial stability of investment and financing targets in the power supply industry, which will in turn result in a financial impact on the Group. By assessing the drought risks faced by power suppliers under the most severe warming scenario (SSP5-8.5), the Group was able to identify investment and financing risks in advance and then adopt corresponding management strategy.

Analysis Scope

As of December 31, 2025, KGI Group's domestic investment and financing targets in the electric power supply industry included operational sites such as fossil fuel, hydroelectric, and nuclear power plants, etc. as identified through publicly available information sources.

Scenario

The Financial Industry Climate Physical Risk Information Integration Platform utilizes statistical downscaling of the United Nations Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) scenarios to estimate drought conditions for each water supply region in Taiwan under the SSP5-8.5 scenario.

Time Scale

2030, 2040, and 2050

Methodology

After a comprehensive assessment of the drought hazard levels and vulnerability levels at the site, the dual risk levels were categorized into a scale of 1 to 5, ranging from low to high. Furthermore, the distribution ratio of sites across each risk level was analyzed. The determination of hazard levels was based on an analysis of the drought risk hazard ratings for the water supply regions associated with domestic power plant sites under the SSP5-8.5 scenario. The determination of vulnerability was based on the degree of dependence on water resource for each power generation type within the electricity supply industry, as recorded in the ENCORE database.

Analysis Results

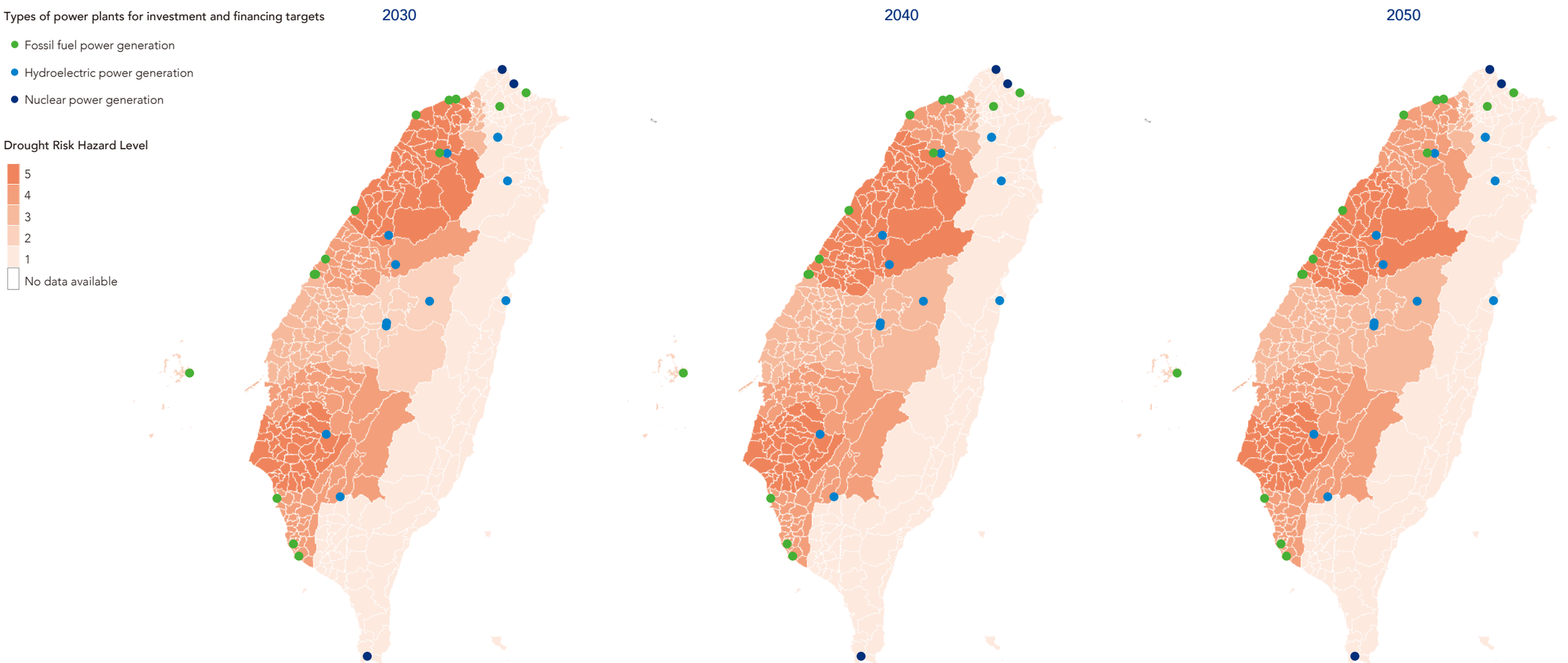
According to the results of the drought risk level analysis, under the SSP5-8.5 scenario, the drought risk level 5 for power generation sites within the investment and financing portfolio for the electric power supply industry shows a downward trend by 2050. As time progresses, the drought risk level in Taichung City and certain townships and districts in Changhua County are projected to increase in 2040 and 2050 compared to 2030. In contrast, drought risk levels in some townships and districts of Taoyuan City and New Taipei City are projected to decline in 2040 and 2050 relative to 2030. In addition, by 2050, drought risk levels in the townships and districts of Hsinchu County are projected to decrease compared with both 2030 and 2040. These results indicate that the power supply industries invested in and financed by the Group were mostly subject to low-to-moderate drought risk (Level 2 and Level 1), and that the high drought risk shows a downward trend over time.

Drought Risk Assessment for Power Generation Sites (Hazard × Vulnerability)	Share of Power Generation Sites (%)		
	2030	2040	2050
5	3.82	3.82	3.44
4	19.85	19.85	20.23
3	30.53	30.53	30.53
2	12.21	12.21	12.21
1	33.59	33.59	33.59
Total	100.00	100.00	100.00

Note: The power supply sector exposures shown in the table above account for approximately 1.2% of the Group's total outstanding financing and investment portfolio, in which include power generation facilities or projects involving fossil fuels, hydropower, nuclear energy, wind power, and solar power. For solar power projects, assessments are prioritized based on the principle of selecting sites that fall within the top 20% in terms of electricity generation and/or installed capacity.

The dependency of various power generation types within the electricity supply industry on water resource, ranked from highest to lowest: Hydroelectric power generation, fossil fuel power generation, and nuclear power generation. According to the analysis results from the drought risk heat map, the drought risk hazard for the hydroelectric power industry in Taichung City and Nantou County shows an upward trend for the years 2040 and 2050, whereas Taoyuan City exhibits a downward trend for the same years. The drought risk hazard for the fossil fuel power generation industry in Taichung City and Changhua County is projected to increase in 2040 and 2050, whereas the risk for New Taipei City and Taoyuan City is projected to decrease in 2040 and 2050.

SSP5-8.5 Drought Risk Heat Map for the Electricity Supply Sector across Taiwan Cities and Counties



5.1.6 Nature-Related Transition Risk Scenario Analysis

Water Resource: Transition Risk Scenario Analysis for Investment Targets – Imposition of Water Consumption Fees

Description of Analysis

To promote industrial water conservation and implement water usage justice, the Ministry of Economic Affairs has issued the Regulations Governing the Collection of Water Consumption Fees on January 6, 2023. These regulations impose a water consumption fee on large-scale water users whose monthly water consumption exceed 9,000 cubic meters during the dry season. This analysis makes estimations on the financial impact of water consumption fees on investment targets by calculating the potential fees that domestic publicly listed companies might pay to the competent authorities in Taiwan for their long-term equity investments. Furthermore, it analyzes the Group's capacity to respond to this nature-related transition risk.

Water Consumption Fee Rate

Base Rate	The rate is NT$3 per cubic meter.
Preferential Rate	· Water recovery rate below sector benchmark: NT$3 per cubic meter. · Water recovery rate meeting sector benchmark: NT$2 per cubic meter. · Water recovery rate exceeding sector benchmark: NT$1 per cubic meter.

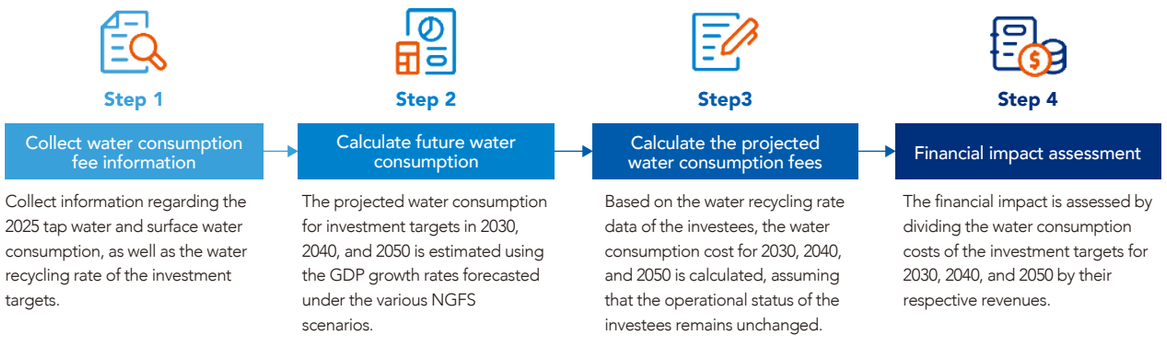
Scenario Assumptions

Scenario Name	Description of Scenario Assumptions
Too Little too Late Transition Scenario	Corresponding to the NGFS "Fragmented World" scenario, this scenario is used to assess the potential risks to financial institutions under conditions of more severe global warming resulting from delayed action and failure to achieve global carbon reduction and nature conservation target.
Disorderly Transition Scenario	In alignment with the NGFS "Delayed Transition" scenario, this assessment evaluates the potential risks to financial institutions assuming a delayed transition while maintaining the objective of limiting the global temperature rise to within 2°C by the end of the century.
Orderly Transition Scenario	In alignment with the NGFS "Net Zero 2050" scenario, this scenario is used to assess the potential risks posed to financial institutions under a pathway where the world gradually achieved net-zero emissions by 2050.

Analysis Scope

KGI Group's domestic long-term listed and OTC equity investment position as of December 31, 2025.

Methodology and Process



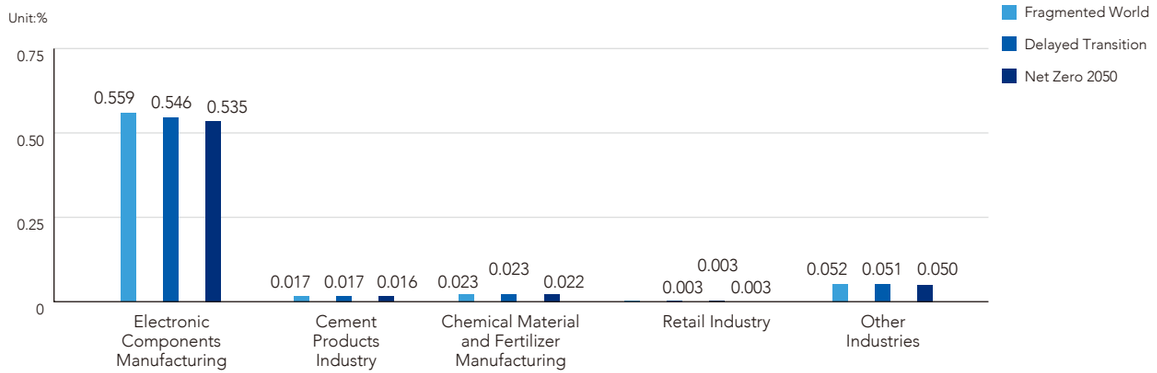
Analysis Results

Estimated ratio of water consumption costs to revenue for investment targets under various transition scenarios.

Scenario Name	2030	2040	2050
Too Little too Late Transition (%)	0.374	0.513	0.654
Disorderly Transition (%)	0.374	0.506	0.640
Orderly Transition (%)	0.368	0.493	0.627

The analysis results indicate that, under each NGFS transition scenario, the ratio of water consumption costs to revenue for the investment targets exhibits an upward trend over time, which suggests that the future increase in water resource costs would gradually exert more significant financial pressure on corporate operations. For 2030, the differences in the proportion of water consumption fees across the three scenarios are not yet significant, ranging approximately between 0.368% and 0.374%. This reflects that, in the short-term, although the policy pressures of the transition scenarios differ, the impact on the overall water costs for enterprises remains relatively limited. By 2040 and 2050, the medium to long-term disparities will have gradually widened. The water consumption fee ratio under the orderly transition scenario remains the lowest among the three, reaching 0.627% in 2050; by comparison, the Fragmented World transition scenario reaches 0.654%, while the disorderly transition scenario stands at 0.640%. These results indicated that if the government provides clear signals regarding transition policies and actively and effectively promotes the improvement of water resource usage efficiency and transition measures, it will help enterprises mitigate the financial impact of rising water consumption fees on corporate revenue over the medium to long-term. Conversely, if government transition policies are passive or inactive, enterprises will face higher and continuously increasing pressure from water consumption fees in the future, which in turn increases the transition risk and financial risk faced by investment portfolios.

Changes in the Ratio of Water Consumption Fees to Revenue for KGI Financial's Investment Targets across Various Industries in 2050



An analysis of individual industries indicates that, by 2050, the electronics industry exhibits a higher ratio of water consumption costs to revenue compared to other sectors. In all scenarios, these costs account for more than 0.5% of revenue. The ratio is highest under the "Fragmented World transition" scenario and lowest under the "orderly transition" scenario. The ratio of water consumption fees to revenue in the retail industry remains virtually unchanged across the three scenarios and represents the lowest proportion among all industries. Consequently, the future impact of water consumption fees on this sector is less significant compared to other industries.

Response Measures

In order to minimize the impact caused to the Group by the financial impact of the water conservation fee on the investment targets, the Group will continuously develop and apply risk management tools such as scenario analysis to regularly identify, measure, and monitor nature-related transition risks. If, after evaluation, these risks are considered to be material operational risks, relevant response strategies will be developed in accordance with the Group's climate and nature governance framework and reported to the Risk Management Committee/Sustainability and Ethical Committee.

Forests: Transition Risk Scenario Analysis for Investment Targets – EU Deforestation Regulation (EUDR)

Description of Analysis

As a significant consumer market for commodities with a high risk of deforestation, such as beef, cocoa, coffee, and palm oil, the European Union has long been considered to have indirectly contributed to deforestation driven by the expansion of agriculture. Against this backdrop, the European Union has established the EU Deforestation Regulation (EUDR), which requires specific commodities and related products importing or exporting the EU market to comply with "deforestation-free and forest degradation-free" requirements. This is intended to reduce greenhouse gas emissions, curb the loss of biodiversity, and facilitate the transition of the global supply chain toward deforestation-free and more transparent production models.

In this scenario analysis, Forest IQ is utilized to screen for companies potentially affected by the European Union Deforestation Regulation. A scenario simulation is then conducted to assess the potential financial impact on the Group should it maintain long-term investment and financing positions exposed to deforestation risks.

Note: Forest IQ is an international data platform launched in 2023 by Global Canopy, the Zoological Society of London (ZSL), and the Stockholm Environment Institute (SEI). It integrates several internationally credible deforestation databases, such as Forest 500, SPOTT, and Trase, to systematically provide disclosure on the exposure, financial materiality, and performance of over 2,000 companies regarding the issue of deforestation and the conversion of natural ecosystem. The platform's data design is centered on the requirements of financial institutions and is capable of directly linking enterprises, commodities, and supply chain sources. Furthermore, it is highly consistent with the due diligence logic of the European Union Deforestation Regulation; therefore, it is suitable as an analytical tool for quantifying the deforestation transition risk of investment and financing portfolios.

Scenario Assumptions

It is assumed that the Group maintains the same long-term investment position as that at the end of 2025. This scenario analysis assumes that the industries to which the investment targets have reached a relatively mature stage, with future revenues and market shares remaining free of significant fluctuations. Furthermore, under the premise that inflationary impacts are excluded, the regulatory penalty costs potentially faced by investees in 2030 and 2050 are assumed to remain identical to those in 2025.

Analysis Timeframe

The Group has conducted a scenario analysis using the FPS+Nature database to calculate the compliance costs associated with avoiding deforestation, as well as the maximum penalties stipulated by the European Union Deforestation Regulation. This analysis evaluates the potential impact of deforestation-related transition risks on the revenue of domestic and international long-term equity and debt investments. The FPS+Nature database utilizes 2025 data as an analytical basis to evaluate the projected impact of deforestation-related costs on the revenue of investment targets across all industry-sector portfolios for 2030 and 2050.

Note: FPS+Nature (Forecast Policy Scenario + Nature) is a scenario-based database launched by the Inevitable Policy Response (IPR) in 2023. It integrates climate policy scenarios (approximately a 1.8°C pathway) with nature and land-use policies to simulate the policy measures that countries may adopt by 2030 and 2050 in response to climate change and biodiversity loss. The database focuses on agriculture, forestry, and land-use change, which assist financial institutions in assessing how policies related to nature and deforestation translated into transition risk and financial impacts on investment and financing portfolios.

Analysis Scope

This scenario analysis reviews the Group's long-term equity and bond investment positions as of December 31, 2025.

The Group will continue to monitor investment and financing targets in the Forest IQ database that are consistent with the Group's analytical assumptions, and adjust the calculation targets and assumption parameters for scenario analysis on a rolling basis in accordance with data updates.

Financial Impact

1. Domestic Equity and Corporate Bonds Investments

In 2030, the compliance costs incurred by domestic investment targets to avoid deforestation account for 5.09% of revenue; by 2050, this impact ratio rises slightly to 5.18%.

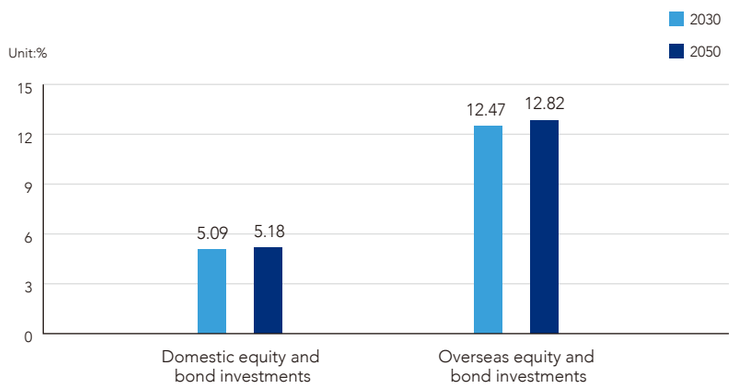
2. Overseas Equity and Corporate Bonds Investments

In 2030, the average impact of compliance costs required to avoid deforestation and potential penalties for violating deforestation regulations on the revenue of foreign investment targets is 12.47%; by 2050, this average proportion rises to 12.82%

Response Measures

To mitigate the potential impact on the Group resulting from the influence of deforestation-related regulations on investment targets, the Group will continue to develop and apply risk management tools, such as scenario analysis, to regularly identify, measure, and monitor deforestation transition risk, serving as a key reference for investment decisions as well as risk control.

Proportion of Revenue from Investees Exposed to Deforestation-related Transition Risk



5.2 Nature-Related Risk Management

Nature and Biodiversity Management Policy

To fulfill its corporate social responsibility, KGI Financial has established the "Sustainable Development Code," which stipulates that the Company should consider the impact of its operations on eco-efficiency, reduce the impact of its operations on the natural environment, living organisms, and humanity, and enhance the conservation of biodiversity and ecosystems, the sustainable use of resources, and fair and equitable benefits. The Group has established and publicly disclosed its “Sustainable Finance Commitment.” Under this initiative, the Group pledges to leverage international sustainability frameworks (such as the TNFD and GBF) as its foundation and adhere to the Kunming-Montreal Global Biodiversity Framework and United Nations Sustainable Development Goals (SDGs) 6, 12, 13, 14, 15, and 17. The Group will continuously assess and manage the activities of its financed counterparties regarding water resource utilization and potential involvement in deforestation or other practices with material environmental impacts, thereby mitigating potential environmental risks. The core contents of the relevant policies are as follows.

Commitment to Avoiding Deforestation	Risk Management	Mechanism for Engagement	Voting Mechanism	Reduction of Operational Impact	Inclusion of TNFD into Governance	Annual Disclosure Commitment
Assess and measure the deforestation risk of targets. If a target is identified as having a significant deforestation risk, the Company will engage in consultations.	The Company conducts assessments and ongoing management regarding whether the target is involved in deforestation or other activities with significant environmental impact to mitigate potential environmental risks.	The Company encourages clients to set environmental targets, focuses on biodiversity and natural ecology, emphasizes resource and water management, strives to prevent material environmental pollution, water pollution, and deforestation, and supports restoration and compensation initiatives.	We actively exercise our voting rights and withhold support if the operational activities of the target entities cause water resource pollution or involved with deforestation.	We reduce reliance on water resource, decrease pollutant emissions, and improve resource circulation and utilization efficiency.	The Climate and Nature Management Council is responsible for planning the identification of nature-related risk and opportunities, as well as the phased implementation of the TNFD. It reports progress to the Board of Directors on a regular basis.	The implementation results and quantitative indicators are publicly disclosed annually to track progress.

5.3 Nature Metrics and Targets

5.3.1 Water Indicators for Investment and Financing

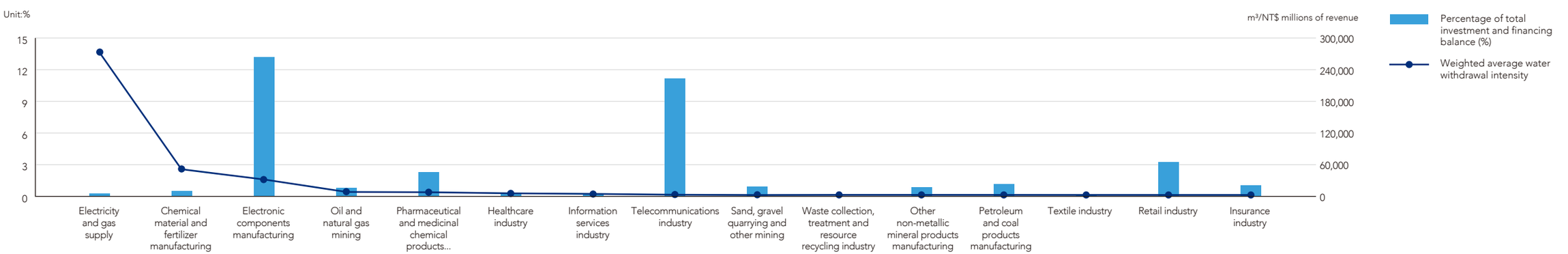
The Company conducts water-related management assessments of its listed investment and financing portfolio through analysis of three indicators: water withdrawal intensity, the proportion of assets located in areas of high and extremely high water stress, and water management policies. Among these, water withdrawal intensity reflects the degree of reliance and demand for water resource during a company's operations. If a company's assets are highly concentrated in regions with high water stress, water shortages could lead to production interruptions, increased operating costs, and related financial losses. Therefore, by assessing the proportion of assets held by companies in these regions within an investment and financing portfolio, it is possible to understand the water resource-related risk profile of the portfolio. Finally, the analysis of water management policy indicators helps determine whether companies have established corresponding management mechanisms to mitigate water resource-related risks. The chart below presents the top 15 industries by weighted average water withdrawal intensity within the investment and financing portfolio.

Summary of Analysis on Water Management-Related Indicators for Investment and Financing Portfolios

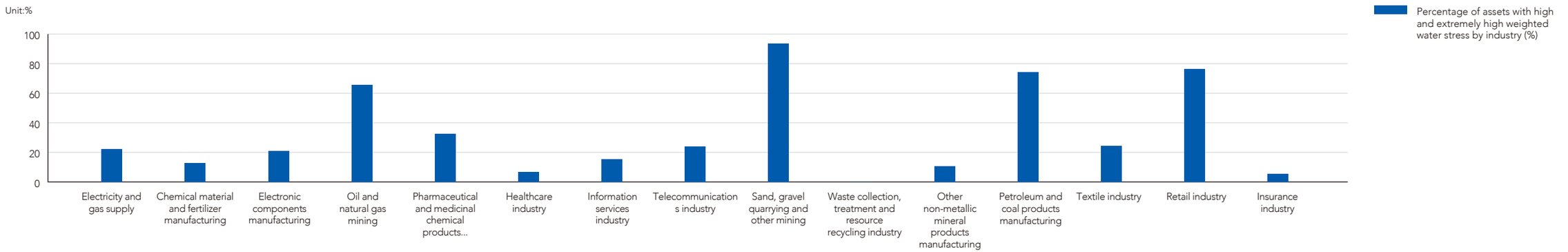
Weighted Average Water Intensity (Reflecting the Degree of Water Dependency of Investment and Financing Targets)	Percentage of Assets Located in Areas with High and Extremely High Water Stress (Reflecting the Water Stress Risk of Investment and Financing Targets)	Percentage of Entities with Water Management Policies (Reflecting the Management of Water-Related Risks by Investment and Financing Targets)
· Industries with higher weighted average water withdrawal intensity correspond to their characteristics of higher water dependency, including electricity and gas supply and chemical material, fertilizers manufacture. · The industries with higher weighted average water withdrawal intensity mentioned above all have lower exposures; conversely, industries with higher exposures, such as the electronic components manufacturing and telecommunications sectors, both exhibit weighted average water withdrawal intensities that are categorized as low to moderate.	· A higher proportion of assets in the coal, oil, natural gas, and mining industries are exposed to water stress risks. · Industries with a higher proportion of assets in the aforementioned water-stressed regions exhibit a relatively low weighted average water withdrawal intensity, which indicate a lower dependency on water resource. Although the water risk management status of these industries requires continued monitoring, the water stress risk is considered manageable at that time.	· A significant proportion of manufacturing-related industries facing higher water stress risks to assets has already established water management policies. · The textile, information services, and healthcare industries, which have a lower proportion of water management policies, all exhibit lower exposure.

Upon review, the electronic components manufacturing and telecommunications sectors, which account for a relatively high proportion of the Group's investments and financing, are found to have low-to-moderate water withdrawal intensity and a low-to-moderate proportion of assets located in high water-stress regions. In line with the aforementioned point, a significant proportion of investment and financing targets within industries characterized by high water intensity and assets in water-stressed regions consists of enterprises that maintained water management policies. Based on the analysis above, the water-related risks associated with the Group's current investment and financing portfolio are considered controllable.

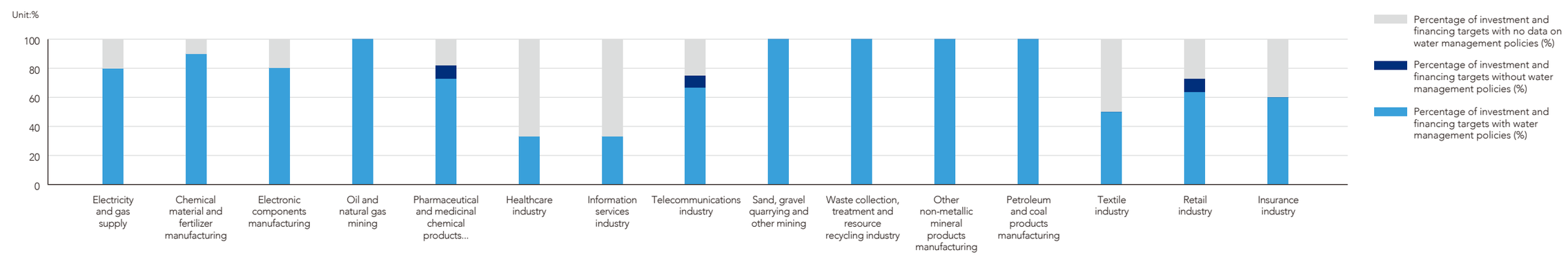
Water Withdrawal Intensity by Industry



Percentage of Assets with High and Extremely High Weighted Water Stress by Industry (%)



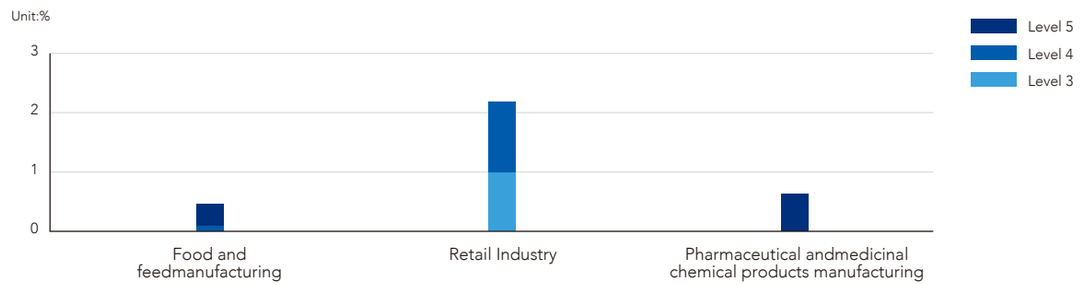
Distribution of Water Management Policies across Industries



5.3.2 Forest Indicators for Investment and Financing

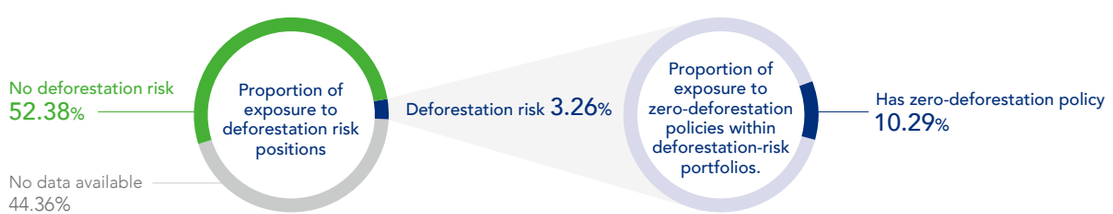
The Group utilizes the Forest IQ database, developed by Global Canopy, to analyze potential deforestation risks within the listed investment and financing targets. Forest IQ primarily categorizes enterprises into five risk levels based on whether their operations or supply chain involved deforestation-critical commodities, such as soybeans, palm oil, timber and pulp, cocoa, coffee, and natural rubber, while incorporating their financial activity amount, geographical location, and type of supply chain activity. The Group classifies enterprises with a Forest IQ rating of 3 or higher as financed counterparties with deforestation exposure, establishing this as the baseline criteria for the current forest-related risk assessment. The results of this analysis indicate that, under the aforementioned assessment criteria, approximately 3.26% of the exposure amount in the Group's investment and financing portfolio involves enterprises with deforestation risks. When observed by industry, these exposures are primarily concentrated in the retail sector. Although its core business operations do not directly involve deforestation or land clearing, retail is more susceptible to indirect exposure to deforestation-related nature-related risk because its procurement is highly dependent on various deforestation-critical commodities and its supply chain potentially spans regions with high forest-related risks.

Proportion of Exposure to Industries with Deforestation Risks



Note: As the financial industry does not pose a direct risk of deforestation but is instead indirectly affected through its financial activities, entities related to the financial industry were excluded from the analysis of the listed investment and financing targets.

The Group has further reviewed the aforementioned investment and financing positions with deforestation risks. Approximately 10.29% of these exposures have publicly provided a disclosure regarding zero-deforestation policies, explicitly committing to avoid the deforestation, degradation, or conversion of natural forests into other land uses within their own operations and/or supply chain. This is intended to prevent irreversible impact on the forest ecosystem and its biodiversity, indicating that some enterprises have incorporated the forest protection issue into their governance and management frameworks. The Group will continue to utilize these indicators to strengthen the identification, monitoring, and engagement regarding forest-related nature-related risk, serving as a key basis for promoting nature-positive finance.



5.4 Promotion of Nature-Positive Initiatives

5.4.1 Nature-Positive Actions across the Operating Value Chain

Given the significant impact of deforestation on biodiversity and terrestrial ecosystems, the Company adheres to the spirit of the EU Deforestation Regulation (EUDR) by avoiding the use or procurement of products and raw materials linked to deforestation. As of the end of 2025, 98% of copy paper purchases have adopted FSC or PEFC-certified materials. The Company also continues to encourage suppliers to use eco-friendly paper and inks in printing, ensuring that paper products are legally sourced, traceable, and free from deforestation practices.

Farmland Green Treefrog Habitat Conservation Project

In 2025, KGI Financial launched a biodiversity action project centered on the conservation of the farmland green treefrog *(Zhangixalus arvalis)*, reflecting the Group's commitment to addressing its reliance on natural capital through concrete actions. The Group selected the farmland green treefrog as the key indicator species for its initial actions because its habitat relied heavily on local agriculture and land-use patterns, which concretely reflected the impact of value chain activities on biodiversity.

This project integrates professional ecological surveys with citizen science participation. In the Dalin area of Chiayi, multiple population and habitat studies have been conducted to assess the impact of bamboo forest continuity and land use changes on species survival. Baseline data on species distribution and risks have been established, serving as an important foundation for the Group in identifying nature-related risks and opportunities. Furthermore, at the value chain level, the Group links conservation actions to employee cafeteria ingredient procurement by supporting local agricultural products from habitat-friendly sources. This approach integrates biodiversity into daily operations and supply chain management, fostering production models with positive ecological impact.

At the same time, through employee participation in citizen science and food and agriculture-related initiatives, the Group guides employees to understand the connection between consumption behavior and the natural environment, thereby strengthening their awareness of nature-related risk and opportunities, extending from operational aspects to daily life. Overall, KGI Financial adopted an action framework of "investigation, engagement, connection, and support" to advance biodiversity from disclosure to governance and implementation. By integrating food and beverage procurement with support for local revitalization industries, the Group established a scalable model for nature-related risk management and opportunity identification, demonstrating the financial industry's sustainable practice of promoting nature-positive outcomes and local prosperity.

5.4.2 Nature-Positive Investment and Financing Actions

Credit Card Tree-Planting Program – Target: Reforestation of 100 Million Trees

KGI Bank partnered with Mastercard for the Priceless Planet Coalition [Note], with a target of restoring 100 million trees globally. KGI Bank actively supports the Priceless Planet Coalition's Global Reforestation Program. Through its credit card initiatives, the Bank guides consumers to contribute to scientifically designed tree-planting projects in regions with high ecological and carbon-sequestration value. By integrating carbon footprint tools, the program further encourages consumers to adopt low-carbon consumption practices. For KGI Bank, this program not only contributes to restoring global forest areas and enhancing carbon-sequestration capacity, biodiversity, and habitat functions, but also promotes carbon storage and local community economies. It strengthens the long-term resilience of the global economy and society in addressing nature-related risks. KGI Bank also actively aligns with Taiwan's 2050 Net-Zero Transition Natural Carbon Sink Strategic Action Plan, specifically "Forest 1-1: afforestation of public, private, and state-owned lands to increase forest coverage and carbon-sequestration capacity." By leveraging financial influence to connect consumer spending with forest conservation, the Bank reinforces its long-term commitment to safeguarding the natural environment and forest ecosystems.

Note: Estimated carbon sequestration is 20 kg of CO_2e per tree accumulated over five years, based on low estimates of dry and humid tropical growth rates from global restoration databases. Actual carbon impact of each Priceless Planet Coalition restoration project will be assessed after five years based on data collected throughout the monitoring process.

5.4.3 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, including but not limited to "Universal Declaration of Human Rights", "UN Global Compact", and "International Labor Office Tripartite Declaration of Principles". 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, labor-management communication, and labor rights; workplace safety and health; work-life balance; information security and privacy protection. The Policy was amended in 2025 to reinforce the protection of labor rights. 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 " Supplier Sustainability Responsibility Letter of Commitment" and a Sustainable Finance Commitment have been established, requiring partners (including corporate entity contractors), 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, enhance the principles of biodiversity and ecosystem conservation, sustainable use of resources, and fair and equitable benefit-sharing, 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.

Appendix

Appendix I: TCFD Correspondence Table

Dimension	TCFD Disclosure Recommendation	Chapter
 Governance	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 1.3 Climate and Nature-Linked Performance Evaluation Mechanism
	b. Describe management's role in assessing and managing 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 1.3 Climate and Nature-Linked Performance Evaluation Mechanism
 Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.2 Climate and Nature-Related Risk and Opportunity
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.2 Climate and Nature-Related Risk and Opportunity 2.3 Climate Response Strategy 2.4 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.	2.4 Climate Risk Scenario Analysis and Quantitative Impact Assessment
 Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	3.1 Climate Risk and Opportunity Measurement and Management Processes
	b. Describe the organization's processes for managing climate-related risks.	3.1 Climate Risk and Opportunity Measurement and Management Processes
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	3.1 Climate Risk and Opportunity Measurement and Management Processes
 Metrics and Targets	a. Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	4.1 Key Climate Metrics 4.2 SBT Targets and Progress
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.2.2 Identification Results of Climate- and Nature-Related Risk and Opportunity 4.1 Key Climate Metrics
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.3 Climate Response Strategy 4.1 Key Climate Metrics 4.2 SBT Targets and Progress

Appendix II: TNFD Correspondence Table

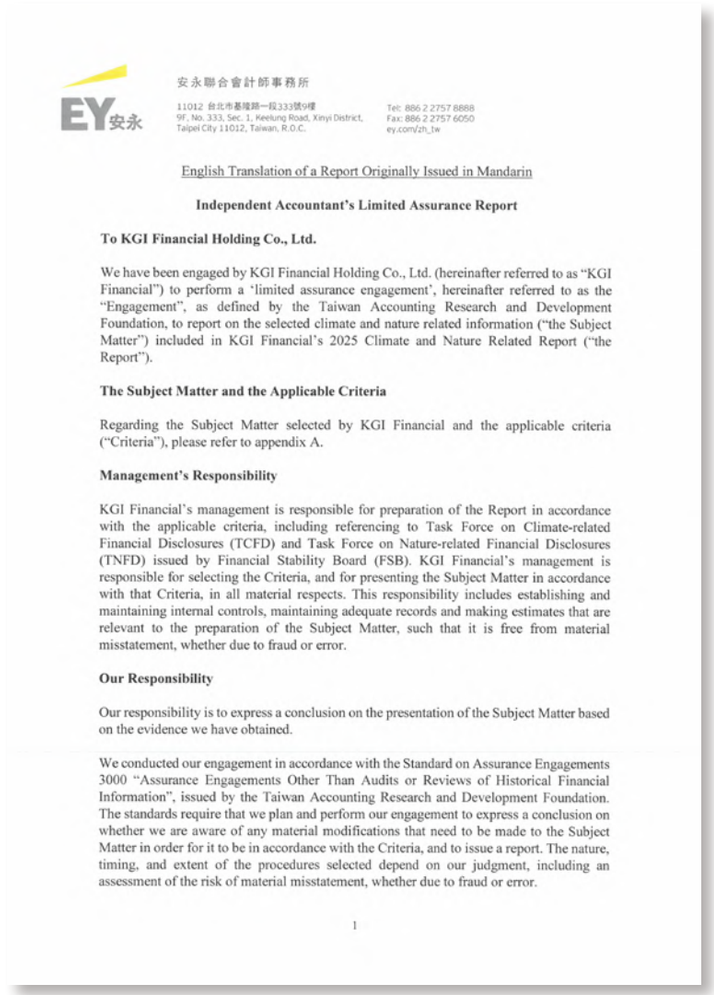
Dimension	TCFD Disclosure Recommendation	Chapter
Governance	a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	1.1 Organizational Structure and Responsibilities for Climate and Nature Governance 1.2 Climate and Nature-Related Education and Training
	b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	
	c. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	5.4.3 Management of Human Rights Issues Related to Nature
Strategy	a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	5.1.1 The Impact of Nature-Related Risks on KGI Financial 5.1.2 Nature-Related Dependencies and Impacts 5.1.3 Natural Overlay Spatial Analysis 5.1.4 Identification of Nature-Related Risks and Opportunities 5.1.5 Nature-Related Physical Risk Scenario Analysis 5.1.6 Nature-Related Transition Risk Scenario Analysis
	b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	
	c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	
	d. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	
Risk Management	a. (i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	2.2 Climate and Nature-Related Risk and Opportunity 5.1.2 Nature-Related Dependencies and Impacts 5.1.4 Identification of Nature-Related Risks and Opportunities
	a. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	
	b. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities	Under planning
	c. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes	
Metrics and Targets	a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	5.1.2 Nature-Related Dependencies and Impacts 5.3 Nature Metrics and Targets
	b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	
	c. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	

Appendix III: IFRS S2 Index Table

Dimension	IFRS S2 Disclosure Recommendation	Chapter
Objective	Paragraph 1~2	1 Governance 2 Strategy 3 Risk Management 4 Metrics and Targets
Scope	Paragraph 3~4	1 Governance 2 Strategy 3 Risk Management 4 Metrics and Targets
Governance	Paragraph 5-7	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
Strategy	Paragraph 8-9	
	Paragraph 10-12	2.1 Net Zero Commitment 2.2 Climate and Nature-Related Risk and Opportunity 2.3 Climate Response Strategy 2.4 Climate Risk Scenario Analysis and Quantitative Impact Assessment
	Paragraph 13	
	Paragraph 14	
	Paragraph 15-21	
	Paragraph 22-23	2.4.2 Scenario Analysis Quantitative Results
Risk Management	Paragraph 24-26	3.1 Climate and Nature-Related Risk and Opportunity 3.2 Climate Risk Scenario Analysis and Quantitative Impact Assessment
Metrics and Targets	Paragraph 27-28	
	Paragraph 29-32	4.1 Key Climate Metrics 4.2 SBT Targets and Progress
	Paragraph 33-37	

Note: This index is compiled with reference to ISSB IFRS S2 Climate-related Disclosures (June 2023) and the "IFRS S2 Climate-related Disclosures" approved by the Financial Supervisory Commission. However, the content of this report does not fully comply with all the regulations and disclosure requirements of the aforementioned standards.

Appendix IV: Assurance Statement



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English Translation of a Report Originally Issued in Mandarin

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 information ("the Subject Matter") included in KGI Financial's 2025 Climate and Nature Related Report ("the Report").

The Subject Matter and the Applicable Criteria

Regarding the Subject Matter selected by KGI Financial and the applicable criteria ("Criteria"), please refer to appendix A.

Management's Responsibility

KGI Financial's 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 (TNFD) issued by Financial Stability Board (FSB). 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 fraud 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.

We conducted our engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the Taiwan Accounting Research and Development Foundation. The standards require 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.

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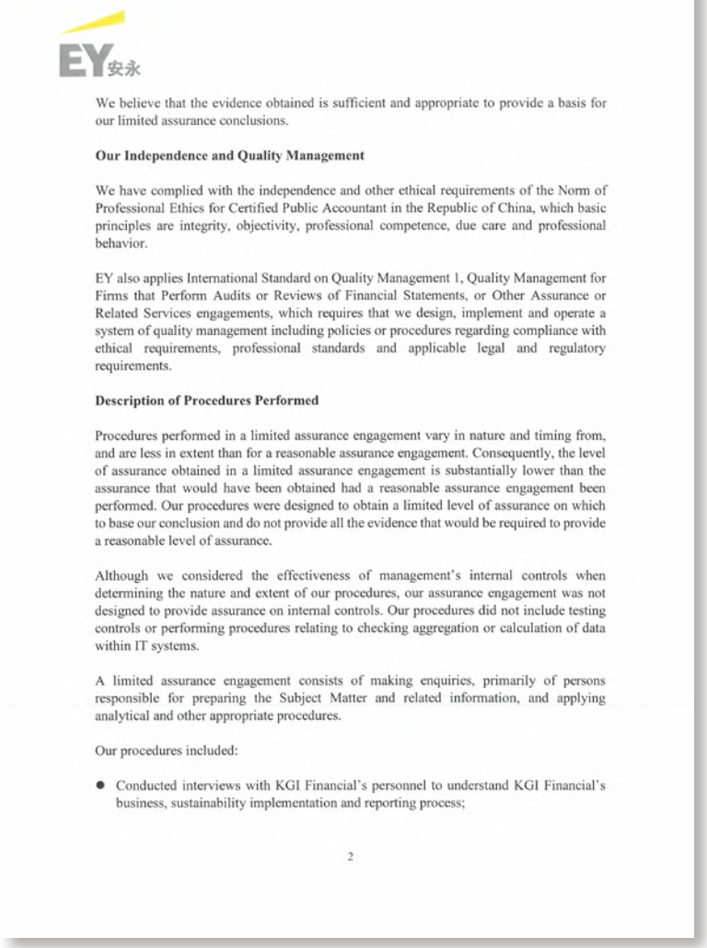

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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 regulatory requirements.

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 provide 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 personnel to understand KGI Financial's business, sustainability implementation and reporting process;

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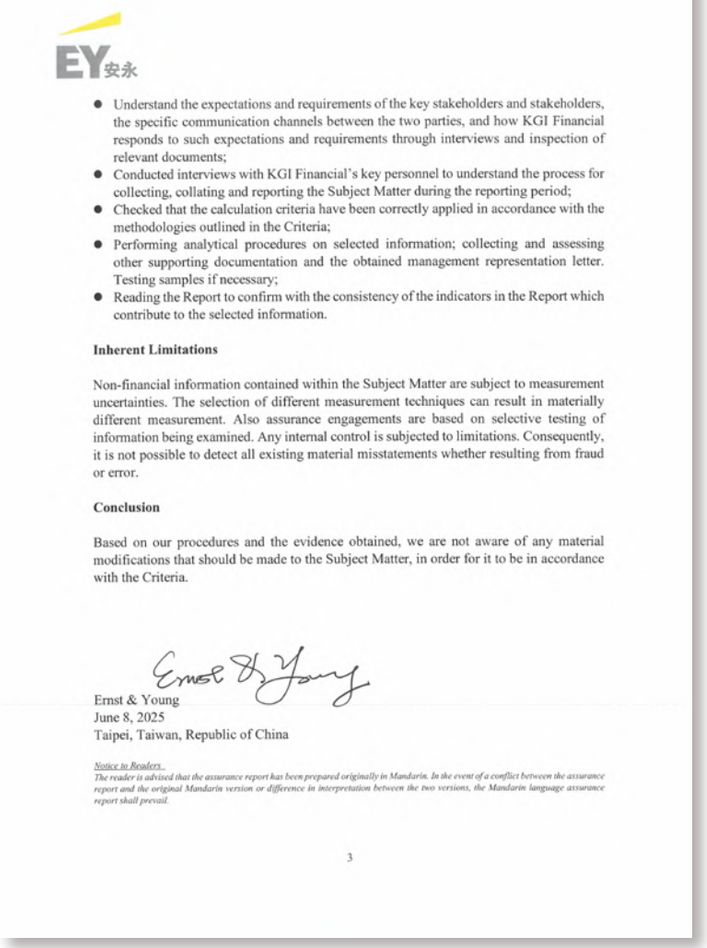

- Understand the expectations and requirements of the key stakeholders and stakeholders, the specific communication channels between the two parties, and how KGI Financial responds to such expectations and requirements through interviews and inspection of relevant documents;
- Conducted interviews with 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. Testing samples if necessary;
- 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.

Ernst & Young
June 8, 2025
Taipei, Taiwan, Republic of China

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

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Note: For the complete Assurance Report, please refer to → KGI Financial Holdings official website.

KGI FINANCIAL

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