



2021 TCFD Report
Task Force on Climate-Related
Financial Disclosures

Contents

About this Report 2

| | | |
|----------|----------------------------------|----------|
| 1 | Introduction | 3 |
| 1.1 | Climate Crisis and Opportunities | 3 |
| 1.2 | Financial Sector Challenges | 3 |
| 1.3 | Fubon's Position | 4 |

| | | |
|----------|--|----------|
| 2 | Climate Governance | 5 |
| 2.1 | Governance Framework | 5 |
| 2.2 | Climate Responsibilities of Top Management | 5 |

| | | |
|----------|--|----------|
| 3 | Climate Finance | 6 |
| 3.1 | Responding to International Initiatives | 6 |
| 3.2 | Sustainable Investment, Financing, and Insurance | 7 |
| 3.2.1 | Responsible Investment Management | 7 |
| 3.2.2 | Sustainability Risk Management for Lending | 8 |
| 3.2.3 | Sustainable Insurance Management | 9 |
| 3.3 | Climate Change Management Guidelines | 9 |
| 3.4 | Standards for Investing In/Pulling Investment Out of Specific Industries | 10 |

| | | |
|----------|--|-----------|
| 4 | Management of Climate-related Risk | 12 |
| 4.1 | Physical Risks | 12 |
| 4.2 | Transition Risks | 12 |
| 4.3 | Scenario Analysis | 13 |
| 4.3.1 | Own Buildings and Service Locations | 14 |
| 4.3.2 | Investment, Financing, and Insurance Positions | 15 |
| 4.3.3 | Suppliers | 23 |

| | | |
|----------|---|-----------|
| 5 | Climate-related Opportunities | 25 |
| 5.1 | Climate-themed Investment | 25 |
| 5.2 | Natural Disaster Services and Agriculture Insurance | 26 |
| 5.3 | Insurance for Green Energy Products | 27 |
| 5.4 | Sustainability-related Insurance Products | 27 |
| 5.5 | Green Operations | 28 |

| | | |
|----------|----------------|-----------|
| 6 | Targets | 29 |
|----------|----------------|-----------|

| | | |
|----------|----------------------|-----------|
| 7 | Looking Ahead | 33 |
|----------|----------------------|-----------|

| | | |
|--|-----------------|-----------|
| | Appendix | 34 |
|--|-----------------|-----------|

About this Report

The financial sector plays an important role in achieving global net zero targets through climate-related financing and investment.

As a leader in the financial system and a mover in the low-carbon capital market, Fubon Financial Holdings has an obligation to fully understand climate-related risks and take appropriate management and mitigation measures. We hope that by setting strategic low-carbon goals and leveraging our financial influence, we can accelerate the sustainable transition of value chains, address the shared goal of mitigating global warming, and support the development of a sustainable economy. Beyond complying with international and regulatory authority norms, we have adopted the Task Force on Climate-related Financial Disclosures framework established by the Financial Stability Board.

This report, which covers Fubon Financial Holdings and its major subsidiaries, describes how the Fubon organization identifies and assesses climate-related risks in its operations and the measures taken to make the value chain more resilient to climate change. The report consists of seven main sections. The introduction touches on climate-related risks and opportunities, the challenges faced by the financial sector, and Fubon’s role. Section 2 on “Climate Governance” outlines the responsibilities of Fubon Financial Holdings’ board of directors and management and its governance structure. Section 3 on “Climate Finance” describes Fubon’s support for international climate initiatives and sustainable investment, financing, and insurance, as well as the company’s responsible investment/sustainable credit efforts and insurance management. It also outlines subsidiaries’ ESG investment practices and the organization’s climate change management guidelines and standards for investing in or pulling investment out of certain industries.

Section 4 on the “Management of Climate-related Risk” covers physical and transition risks, scenario and stress test analyses, climate risk identification of Fubon’s investments, financing, and insurance positions, and assessments of suppliers’ physical and transition risks. Section 5 on “Climate-related Opportunities” summarizes Fubon’s climate-themed investments, natural disaster solutions, agriculture insurance, green energy insurance, sustainability-related insurance products, and Fubon’s own green operations. Section 6 on “Targets” and Section 7 on “Looking Ahead” highlight Fubon’s positive actions through setting low-carbon strategy and decarbonization targets along with the “Run for Green” initiative to achieve ultimate net zero emissions goal.

We hope that this report will convey to all stakeholders Fubon’s commitment to taking climate-change mitigation actions befitting a responsible investor and engaging in sustainable finance practices to counter climate-related risk. The environmental data disclosed in this report has all been verified under the ISO 14064-1, 14001 and 50001 standards and has also been disclosed in the Fubon Financial Holdings’ Sustainability Report.



1. Introduction

1.1 Climate Crisis and Opportunities

Climate change is a major source of systematic uncertainty for companies, the environment and society, and preventing climate disasters should be the world's top priority. The risks induced by climate change can affect a company's operations or financial performance to varying degrees, with climate-related changes to the physical, regulatory, technological and economic environment all potentially dealing severe blows. Yet, around the globe, pathways to mitigate or adapt to climate change are being explored and are encouraging a move toward a low-carbon economy, providing new opportunities for investors, especially related to the transition to green energy.

1.2 Financial Sector Challenges

The financial sector may not be as directly affected by climate change as other industries, but its critical role as a provider of financing and capital to the broader economy means that if other industries were to be hurt by climate change, the financial sector's performance would likely take a hit through market linkages, implying risks for investments or credit activity. For a bank's credit division, for example, the biggest of these climate-related risks could involve loans to clients. If clients are incapable of repaying loans because of the impact of climate-related risks, banks will suffer financially. Consequently, given the threat of climate-related risk and the measures being taken to mitigate it, the financial sector must be more attentive than ever to transitions in demand for different products and services, promote transformation in the energy sector and learn how to embrace innovation and low-carbon opportunities to boost or generate income.



Climate Risk Factors

- Existing laws
- Emerging laws
- Technology
- Litigation
- Markets
- Goodwill
- Current physical disasters
- Long-term physical disasters



Financial Risk-related

- Capital adequacy and risk-weighted assets
- Liquidity risk
- Funding risk
- Market risk
- Credit risk
- Policy and legal risk
- Systemic risk
- Operational risk
- Strategic risk
- Underwriting risk



Financial Impacts

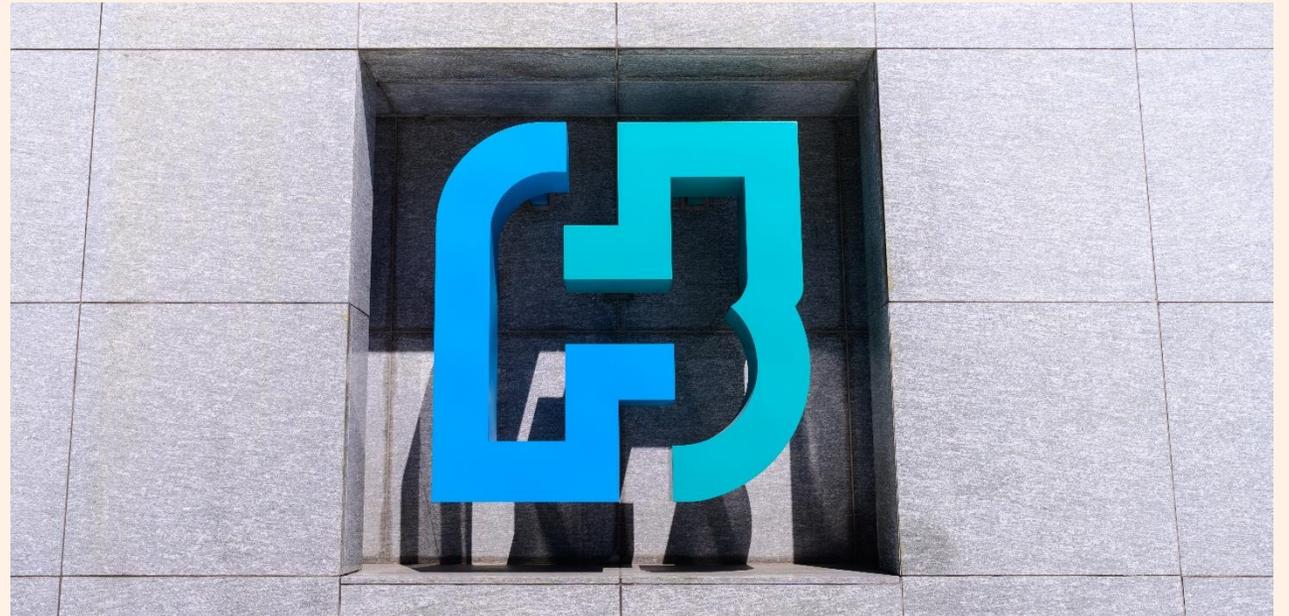
- Revenues
- Direct costs
- Indirect costs
- Capital expenditures
- Capital allocation
- Acquisitions and divestments
- Access to capital assets
- Liabilities
- Portfolio performance
- Provisions or general reserves

1. Introduction

1.3 Fubon's Position

Fubon Financial Holdings (the “Company”) has established four main strategies under its “ESG Visioning Project.” Of those, the “Decarbonization” strategy is aimed at helping customers transition to sustainable practices, develop low-carbon operating models, and improve their ESG performance through investments, loans, products, and specialized services that encourage sustainability. Under this strategy, Fubon uses its financial influence to accelerate value chains’ transition to more sustainable practices and to contribute to the common goal of mitigating global warming, while also seeking out investment opportunities in the clean energy era as a new driver of business growth.

Fubon continues to put a premium on strengthening its climate governance mechanism, developing cohesive strategies and management capabilities that can successfully guide the business into the future, and assessing risk and broadening its vision to guide adjustments of existing portfolios. Given the vital importance of the risks and opportunities brought by climate change in the future, Fubon has steadily reduced the climate exposure of its portfolios and adjusted their risk profiles, hoping ultimately to align all operating activities with the targets of the Paris Agreement. Meanwhile, new markets are emerging because more climate-related information is being disclosed. If an investee company is a high-carbon emitter, Fubon, as both an asset owner and manager, must be sure of the related short-, medium-, and long-term risks and opportunities related to the investment so that it can make an informed decision on how to protect or reallocate its capital. Understanding climate-related risks and opportunities will also strengthen Fubon’s interaction with clients and better enable it to provide products that support sustainability and help clients transition to a low-carbon future.



2. Climate Governance

2.1 Governance Framework

The Corporate Governance and Sustainability Committee under Fubon Financial Holdings' Board of Directors oversees the implementation and assesses the execution of corporate social responsibility and sustainability tasks, including issues related to climate governance. An ESG Task Force has been set up under the Corporate Governance and Sustainability Committee that is led by the president of the Company. The Task Force's Responsible Finance Team compiles information on the climate-related risk and opportunity action plans and results of the Company and its subsidiaries and reports its findings every six months, first to the Corporate Governance and Sustainability Committee and then to the Board of Directors.

ESG indicators are included in the performance evaluation policy covering the Company's board of directors and functional committees, and the board's self-evaluations also cover such factors as risk assessments of internal controls and engagement in sustainability initiatives. At the same time, the performance evaluations of the chairmen and presidents of Fubon Financial Holdings and its subsidiaries and of other top subsidiary managers whose duties and responsibilities are related to ESG promotion or execution include ESG goals to ensure that ESG initiatives are carried out.

2.2 Climate Responsibilities of Top Management

The Risk Management Committee under the Company's Board of Directors is led by a convener (the president) appointed by the chairman and also consists of a chief secretary (the chief risk officer) and several members (the chief risk management officers of each subsidiary). It is responsible for overseeing the climate risk management of the Company and its subsidiaries and for reviewing, guiding and coordinating their climate risk management practices. The convener of the ESG Task Force appoints the head of the Risk Management Division as the leader of the Responsible Finance Team, and the Risk Management Division plans and promotes climate-related financial disclosure projects and coordinates and oversees subsidiaries' handling of climate management issues. Those efforts are incorporated into the quarterly risk management report, which is presented to the Risk Management Committee, Audit Committee, and Board of Directors.

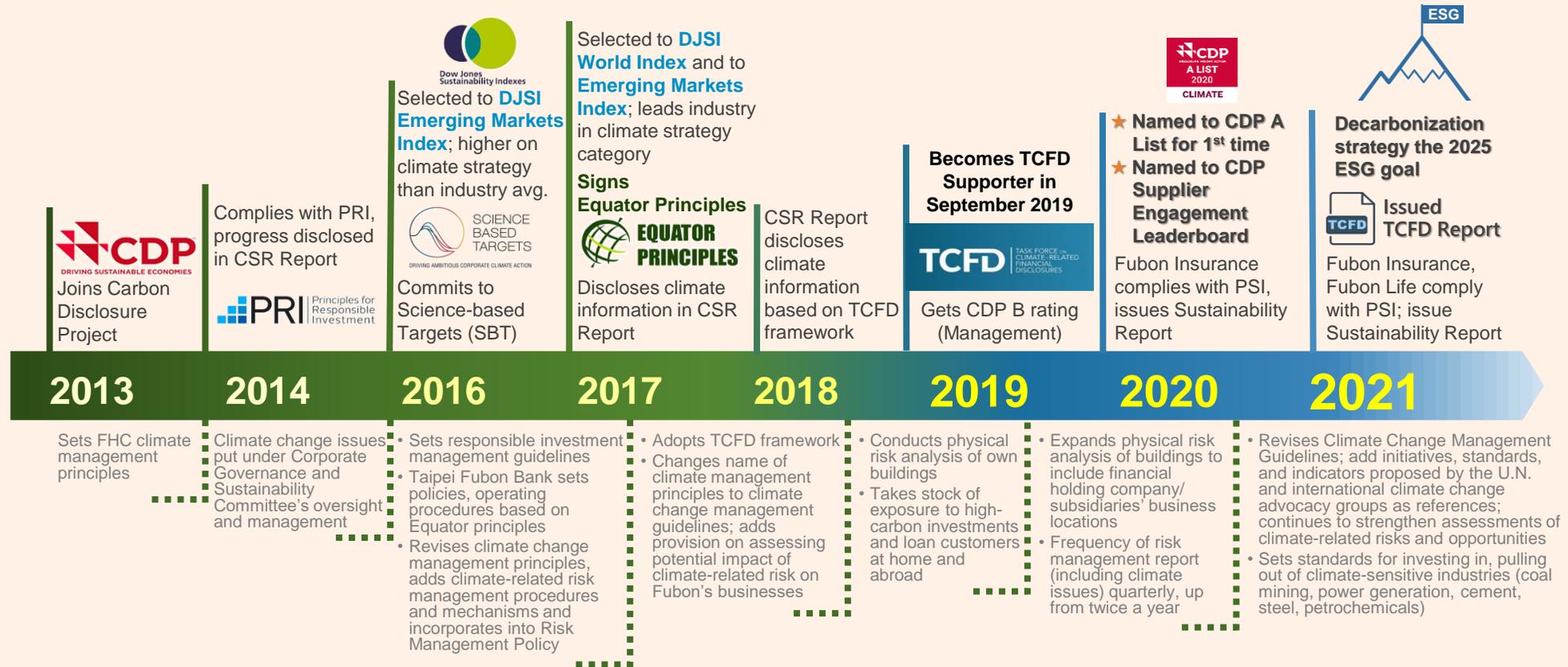
(Comprised of chairman, independent directors)



3. Climate Finance

3.1 Responding to International Initiatives

Fubon Financial Holdings adopted the TCFD risk management framework in 2018, became a TCFD supporter in September 2019, and made both the CDP's Climate Change A List and Supplier Engagement Leaderboard two consecutive years (2020-2021). In aligning itself with global sustainability trends, it continues to support and voluntarily comply with international sustainability initiatives. At the same time, Fubon closely monitors the impact of environmental and social change on corporate operations, and participates in influential trade associations and seminars to have a voice on environmental, social, and business and trade issues.



3. Climate Finance

3.2 Sustainable Investment, Financing, and Insurance

Sustainability is a prime consideration in the businesses and operations of Fubon Financial Holdings and its subsidiaries. They incorporate ESG risk factors into their investment, underwriting and claims assessments; promote governance cultures by operating ethically, being open and transparent, and complying with applicable laws; and create shared social and environmental values with customers as part of their CSR commitments. The Company has taken several steps to encourage more balanced corporate, environmental and social development, including promoting the goal through capital markets, strengthening information disclosure, and aligning itself with global sustainability initiatives and international standards. Sustainability-related management mechanisms are developed and constantly reviewed, and transparent communication channels have been opened with stakeholders. Efforts are also made to solidify the operations of the group’s companies and instill corporate governance concepts through transparent financial and business management approaches.

We strongly support corporate clients that intend to use funds to transition to clean energy, and provide those clients preferential financial products or services that can benefit the environment and society. For companies and industries with questionable practices, however, Fubon established a clear list of blacklisted industries in 2021 and moved to strengthen due diligence and assessments of companies mired in controversy.

3.2.1 Responsible Investment Management

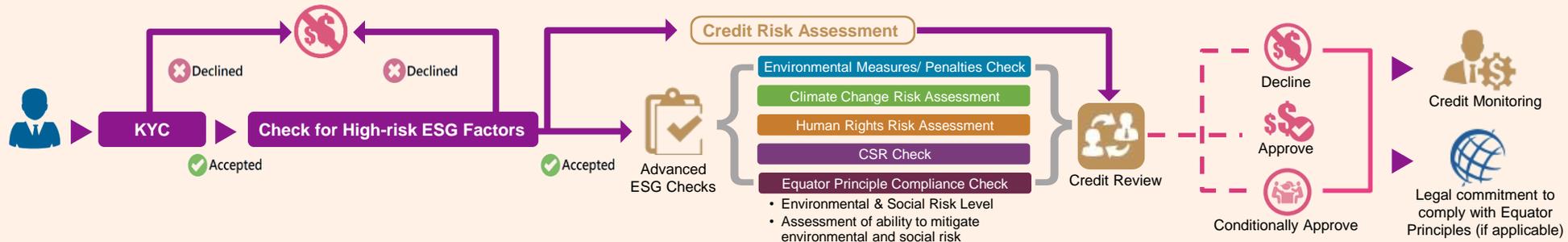
Each subsidiary complies with the Fubon Financial Holding Co., Ltd. and Subsidiary Responsible Investment Management Guidelines in setting or revising its own related internal management policies and rules, adhering to the six Principles of Responsible Investment(PRI), and devising action plans. Before and after an investment is made, an ESG checklist and ESG assessment indicators are used to identify, assess and measure the investment’s sustainability risk, and monitoring indicators for ESG-sensitive industries have been devised to strengthen the responsible investment system and maintain steady investment returns. Also, all major Fubon subsidiaries have signed on to the Stewardship Principles for Institutional Investors, and they have incorporated ESG issues into their ownership policies and practices and actively engage in shareholder activism. The Company and its subsidiaries shall avoid to invest in the bond issued by the ESG high-risk countries that have a significant adverse impact on environmental or social sustainable development, human rights protection and labor rights protection. After the Russian-Ukrainian war broke out in February 2022, the Company and its subsidiaries screened on their exposures on Russia investment, which account for approximately 0.1% in our combined total assets. We will closely watch on the development of the Russian-Ukrainian war, and the interest payment status of the existing investment positions and the maturity bonds. In compliance with our ESG investment principles, we will not increase investment in Russia and take advantage of opportunities to downsize our investment positions.

| Asset Types | | ESG Investment Actions | |
|---|---|--|--|
| Listed Equity |  | Fubon Life Fubon Insurance | Each subsidiary establishes concrete ESG assessment protocols for both before and after investments are made based on the industry an investment is in, and the products and practices of the company invested in. These protocols cover all internal investment positions and also cover the ESG practices of discretionary investment institutions. |
| Fixed Income |  | Fubon Financial Holding Venture Capital | Fubon Life has established responsible investment procedures for foreign fixed income products that require its people to comply with PRI norms when investing in foreign fixed income products. |
| Private Equity |  | Taipei Fubon Bank | Taipei Fubon Bank has set responsible investment rules within its sustainability risk management framework. They stipulate that a Sustainability Risk Assessment Checklist (for securities investments and transactions) with ESG indicators be used to identify, assess and gauge any securities investment or transaction’s sustainability risk. These reviews must follow standard procedures to avoid underwriting industries or companies that have serious adverse effects on environmental and social (including human rights) sustainability. |
| Infrastructure |  | Fubon Asset Management | Fubon Asset Management incorporates ESG factors into its investment procedures. Before making an investment in any stock, it analyzes the industry involved and the company’s outlook, profit forecasts, financial situation, and ESG practices. It also maintains a blacklist that takes into consideration a company’s financial statements, the shareholdings of board directors and supervisors, and ESG issues. If a stock is put on the blacklist, that company cannot be an investment target. If an investment has already been made in a stock put on the list, it must be divested within a specific time frame. |
| Derivatives and Alternative Investments, and Property |  | | |

3. Climate Finance

3.2.2 Sustainability Risk Management for Lending

Sustainability Risk Management Procedures



Sustainability Risk Management Procedures

| | |
|---|--|
|  Checks for high-risk ESG factors | <p>Business activity or behavior that has significant adverse impact on environmental and social sustainability is treated as a high-risk ESG factor. A checklist has been established to help business departments identify such factors. If a potential borrower's main business activity involves any high-risk activity on the checklist, the bank should decline the customer's business.</p> |
|  Advanced ESG checks | <p>Detailed ESG credit checks covering five broad areas – checks for environmental measures/penalties, climate change risk assessments, major human rights risk assessments, CSR checks, and Equator Principles checks – have been established to further assess each potential borrower's ESG risk and gauge its potential impact on the Bank's credit risk assets. These steps are taken to inform the appropriate risk response option (accepting the risk – loan approval; mitigating risk – conditional approval; and avoiding risk – declining the application).</p> |
|  Equator Principle guidelines | <p>Business departments must review the Equator Principles and related regulations with customers before they apply for financing, confirm that customers are willing to follow them, and help clients comply with the Equator Principles before applying and while the financing is in effect. If a client is unable to fully comply, their application for credit should be turned down.</p> |
|  Credit monitoring | <p>Clients whose loan applications have been approved or conditionally approved continue to be monitored for major ESG risk events after the loan has been disbursed. In addition, if the Equator Principles apply to a credit case, and the case's environmental and social risk is classified as Category A (high risk) or Category B (medium risk), the client must commit to comply with the Equator Principles and that commitment must be included in the loan contract, as stipulated in the Equator Principles. Regular compliance checks are also conducted.</p> |
|  Internal training | <p>Taipei Fubon Bank incorporates its sustainability risk management framework and the Equator Principles into manpower development programs and management associate training courses.</p> |

3. Climate Finance

3.2.3 Sustainable Insurance Management

Subsidiary Fubon Insurance complies with the Principles for Sustainable Insurance(PSI) and offers a range of sustainability-themed products, including eco-friendly vehicle insurance, usage-based auto insurance, environmental pollution liability insurance and green energy insurance. Its line of agriculture insurance includes crop and aquaculture insurance and coverage of agriculture facilities against typhoon and flood damage. Fubon Insurance currently uses engineering insurance to subject mining operators to some controls. At the same time that it began supporting green energy development Beyond supporting green energy development, it Fubon Insurance has followed international trends by getting less involved in insuring coal-related projects and property. To give companies time to go green and reduce their carbon footprints, however, it has taken the approach of gradually reducing the coverage it underwrites for each policy, and helps clients with insurance planning for their transition to green energy.

3.3 Climate Change Management Guidelines

Fubon Financial Holdings established “Fubon Financial Holding Co., Ltd. and Subsidiaries Climate Change Management Guidelines” to guide Fubon’s efforts to meet carbon reduction goals set in the Paris Agreement and the United Nations’ sustainability development goals (SDGs) and mitigate the potentially major impact of climate change on the company’s operations. The guidelines require that climate change factors be incorporated into Fubon companies’ daily operations and strategic planning and decision-making processes; that initiatives, standards, and indicators proposed by the United Nations and international climate change advocacy groups be referred to; and that potential climate-related risks and opportunities be regularly identified and assessed. Other provisions require that Fubon companies review risk response mechanisms that deal with the potential impact of financing or investing in companies that are highly sensitive to climate change and devise short-, medium-, and long-term risk management measures. They also urge Fubon companies to not only be eco-friendly internally but also promote sustainable finance and low-carbon investment to foster environmental and economic sustainability.

3. Climate Finance

3.4 Standards for Investing In/Pulling Investment Out of Specific Industries

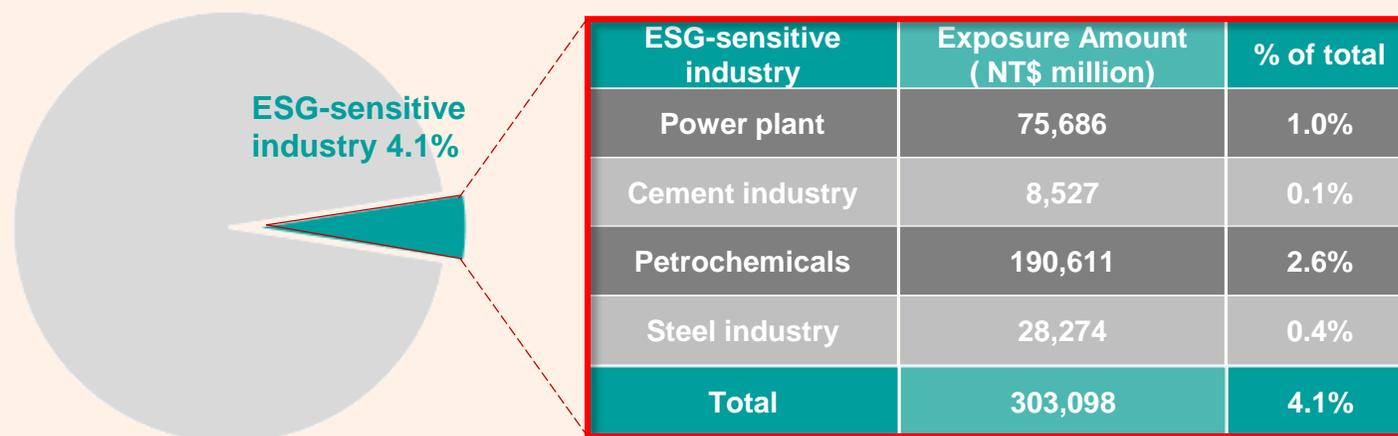
Fubon incorporates ESG risk factors into investment assessments, and sustains its governance culture by operating ethically, being open and transparent, and complying with applicable laws, while creating shared values with society, the environment and customers as part of its CSR commitment. To effectively assess and manager climate-related risk, Fubon has established the following principles for handling investment and loan opportunities:

| | | | |
|---|---|---|---|
| Climate Finance | ESG-sensitive industries and types of transactions that cannot be underwritten (starting in 2021) | Power plant | <ol style="list-style-type: none"> 1) New financing of or investment in power plants with more than 50% of their power generated from coal no longer allowed 2) No financing allowed for new coal-fired power plants |
| | | Coal mining | No additional loans allowed to be made to companies with 100% revenue from coal |
| | | Cement industry | <ol style="list-style-type: none"> 1) No new financing allowed for open-pit mining operations 2) No new financing allowed for cement companies that produce cement clinker in a rotary kiln |
| | | Petrochemicals | <ol style="list-style-type: none"> 1) No new financing allowed for overseas customers' oil exploration and drilling operations 2) No new financing allowed for overseas customers' vertical integration (including oil exploration/drilling/refining and product sales) 3) No new financing allowed for overseas customers' oil field services and pipelines 4) No new financing allowed for overseas customers' refineries |
| | | Steel industry | <ol style="list-style-type: none"> 1) No new financing allowed for a new blast furnace for a steel plant 2) No new financing allowed for capital expenditures to expand steel producing capacity in facilities where blast furnaces account for 50% or more of capacity |
| | 10 | Types of companies or industries for which due diligence and assessments should be strengthened | Companies with major environmental violations, human rights violations (forced labor or child labor issues), occupational safety or food safety problems, labor-management disputes, or corporate governance issues that have been reported in the news, and where the situation is serious and no tangible plans to address the problem have been proposed |
| Companies that have violated AML/CFT regulations or where another serious violation occurred and no tangible plans to address the problem have been proposed | | | |
| Highly controversial industries involving arms trafficking, gambling, tobacco and liquor production, the sex trade, the killing of wild animals or destruction of their habitats, or the production of internationally banned or restricted chemicals, drugs, pesticides, herbicides or radioactive materials | | | |
| | Active support | Companies that should be actively supported to promote and achieve the United Nations SDGs; products and services should be provided to these companies to help strengthen environmental and social sustainability. | |

3. Climate Finance

Fubon closely monitors the climate policies and solutions of different sectors at home and abroad and continuously adjusts related management mechanisms. It promotes transparency and the disclosure of information through convenient communication channels with stakeholders and a transparent financial and business management approach that solidifies group operations and instills corporate governance concepts throughout the organization. We hope that every dollar invested or loaned by the parent company and its subsidiaries benefits the environment and society. Aside from assessing whether to end investments in or revoke loans to potentially bad actors, we work proactively with suppliers, clients and investors to help them transition to more eco-friendly practices and use the funds we provide to achieve sustainability goals.

As of the end of 2021, the exposure to ESG-sensitive industry of Fubon’s main subsidiaries (Fubon Life, Fubon Insurance, Taipei Fubon Bank, Fubon Bank (HongKong) and Fubon Securities) were about NT\$ 303 billion, which accounted for 4.1% of the overall exposure. The exposure to petrochemical industry is the largest, followed by power plants. There is no exposure to coal mining industry. Please refer to the table below for the exposure and proportion of each industry.



4. Management of Climate-related Risk

4.1 Physical Risks

The growing impact of climate change could affect the economic performance and productivity of companies in which Fubon invests, and extreme events can lead to the destruction of those companies' fixed assets, interrupt their operations, impair production and harm asset valuations. Fubon mainly looks at two types of scenarios to assess physical risks faced by these companies, one involving long-term climate changes and the other involving the impact generated by changes in extreme weather events. Investment portfolios have different vulnerabilities to climate risks, and clients and investment targets have different risk profiles and disaster potential characteristics depending on their geographical locations.

4.2 Transition Risks

At present, governments around the world are considering various ways to curb carbon emissions, including through carbon taxes, subsidies and strict regulations. These policies that encourage a transition to lower carbon operations could affect the costs and revenues of companies in which Fubon has invested, and low-carbon technology thresholds and changes in customer behavior could result in lower demand for a company's products or higher capital expenditures. Given these trends, analyzing transition risk can guide Fubon's investment decisions, whether hedging against risks or helping identify potential low-carbon opportunities. Fubon primarily considers statutory factors when assessing how industries or investment targets will be affected by different low-carbon regulations.

4. Management of Climate-related Risk

4.3 Scenario Analysis

A systematic assessment process based on climate scenario analysis can strengthen Fubon's strategic planning and risk responses in coping with climate change. We use scenario analysis to identify external environmental indicators and when the environment will reach a specific scenario, providing a basis for making corresponding adjustments to strategies and financial plans. It should be noted that these are not precise climate forecasts with low margins of error, but the results can support assessments of the potential commercial, strategic and financial impacts of climate change, and provide information that can be applied to strategic planning and assessments of investment and loan portfolios.

When Fubon assesses climate risks, it considers two main types of risks. The first are physical effects caused by changes in climate parameters (RCP 2.6, 4.5, 6.0 and 8.5); the second are transition risks associated with meeting legally mandated or carbon reduction goals (1.5°C, NDCs and Net Zero 2050). Investment or financing portfolios have different vulnerabilities to climate risks, and investment targets, loan clients, insurance clients and suppliers have different risk profiles based on their geographical locations. Physical climate risks can influence the performance and productivity of suppliers, clients and investment targets at any time, and extreme events can lead to the destruction of fixed assets, an interruption in operations, losses in production, and potential changes to asset values. Transition risk can easily result in increases in companies' operating costs, restrictions on sales of certain products, and even a loss in competitiveness.

| | Physical Risk Scenarios | | | | Transition Risk Scenarios | | |
|--------------------|---|---|---|--|---|---|--|
| Scenarios | RCP 2.6 | RCP 4.5 | RCP 6.0 | RCP 8.5 | 1.5°C | NDC | IEA NZE 2050 |
| Time Frame | 2021~2100 | | | | 2021~2050 | | |
| Geography | Taiwan | | | | | | |
| Assumed Parameters | Average annual temperature change -0.31°C to +2.27°C Average daily change in rainfall -40mm to +62mm | Average annual temperature change +0.44°C to +3.19°C Average daily change in rainfall -42mm to +88mm | Average annual temperature change +0.95°C to +3.45°C Average daily change in rainfall -46mm to +72mm | Average annual temperature change +1.66°C to +4.94°C Average daily change in rainfall -52mm to +101mm | Average annual emissions reduction rate 4.2% | With emissions in 2005 the baseline, 20% reduction in emissions by 2030, 50% reduction in emissions by 2050 | <ul style="list-style-type: none"> With CO₂ emissions in 2020 the baseline, 37.6% reduction in emissions by 2030 Reach net zero by 2050 |

Note 1: Sources of 1.5°C parameter: 2020 SBTi, Target Validation Protocol

Note 2: Source of NDC parameter: Taiwan Intended Nationally Determined Contribution to emissions reduction

Note 3: Source of IEA Net Zero 2050 (NZE 2050) parameter: 2021, IEA, Net Zero by 2050: A Roadmap for the Global Energy Sector

Note 4: Source of assumed parameters for physical risk scenarios: Taiwan Climate Change Projection Information and Adaptation Knowledge Platform

4. Management of Climate-related Risk

| Class of Business | Climate-Related Risk | Existing Risk | Time Frame Analysis |
|-------------------------------------|--|----------------------|---------------------------|
| Own Buildings and Service Locations | Physical Risk (extreme weather events / patterns) | Operational Risk | Short-term |
| Mortgage | Physical Risk (extreme weather events / variability in weather patterns) | Credit Risk | Short- / Long-term |
| Property Insurance | Physical Risk (extreme weather events / variability in weather patterns) | Insurance Risk | Short- / Long-term |
| Investment | Physical / Transition Risk (extreme weather events / variability in weather patterns, increased pricing of GHG emissions, and substitution of existing products and services with lower emissions options) | Credit / Market Risk | Short- / Mid- / Long-term |
| Corporate Loan | Transition Risk (increased pricing of GHG emissions) | Credit Risk | Short- / Mid- / Long-term |
| Supplier | Physical / Transition Risk (extreme weather events / patterns · increased pricing of GHG emissions) | Operational Risk | Short- / Mid- / Long-term |

4.3.1 Own Buildings and Service Locations

To understand the potential impact of physical risks on its existing and newly established service locations, Fubon analyzed the potential flooding of all of the service locations of Fubon Financial Holdings and its main subsidiaries based on 24-hour precipitation events expected to occur once every 50 years and once every 100 years. The assessment covered a total of 398 office buildings and service locations in Taiwan, and the worst-case scenario, a once in 100 years flood scenario, was used to determine the potential flood risk. The analysis found that 21 locations would face flood waters more than 1 meter depth, while the remaining 95% of locations would not see any flooding or flooding less than 1 meter deep. Since 2013, the emergency contingency measures established by Fubon Financial Holdings and its subsidiaries to deal with the physical risk of flooding (including a typhoon flooding protection plan) were found to be adequate in coping with and reducing the potential negative impact of the simulated flooding, including for high flood potential service locations.

| Assessment Scope | No. | Low No flooding/ flooding < 1m depth | Medium Flooding 1-2m depth | High Flooding > 2m depth |
|---|------------|--|----------------------------------|--------------------------------|
| FHC and subsidiaries (main office buildings) | 9 | 9 | 0 | 0 |
| Taipei Fubon Bank (branches) | 135 | 126 | 6 | 3 |
| Fubon Life (HQ/service centers/service offices) | 145 | 139 | 5 | 1 |
| Fubon Securities (branches) | 345 | 30 | 4 | 0 |
| Fubon Insurance (HQ/branches/service offices) | 75 | 73 | 2 | 0 |
| Total | 398 | 377 | 17 | 4 |

Note 1 : Data for flood potential analysis from the Ministry of Economic Affairs, Water Resources Agency

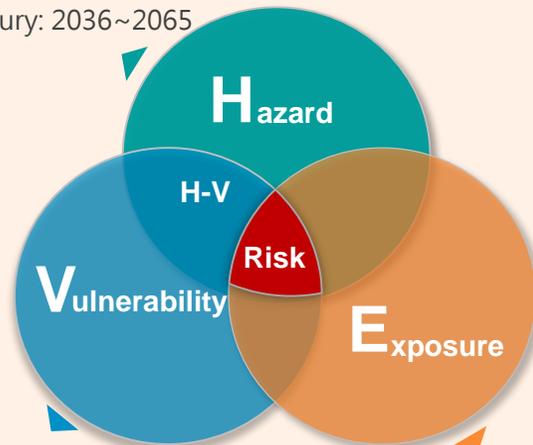
4. Management of Climate-related Risk

4.3.2 Investment, Financing, and Insurance Positions

Physical Risk

The immediate and long-term climate-related physical risks identified by Fubon were “worsening extreme weather events” (typhoons, floods) and “extreme changes in rainfall models and climate models.” Of the two, the disaster with the higher probability of occurring in Taiwan is flooding. An overall assessment based on the characteristics of different businesses found that the Company and subsidiary businesses that would be most affected by a flooding disaster were mortgages and property & casualty insurance. As a result, a flood risk assessment of collateral put up for mortgages and the locations of insured properties was conducted and focused on three major factors: exposure, hazard, and vulnerability. There are five risk tiers of exposure determined by outstanding mortgage balance and expected underwriting loss. Assessments of hazard and vulnerability were determined based on definitions used for National Science and Technology Center for Disaster Reduction (NCDR) flood risk maps. The degree of hazard was defined as the probability of extreme rainfall in the base period (1976-2005) and in the middle of the 21st century (2036-2065) under RCP8.5 scenario. The degree of vulnerability was calculated based on the scope of a third-generation flood potential map for Taiwan issued by the Water Resources Agency.

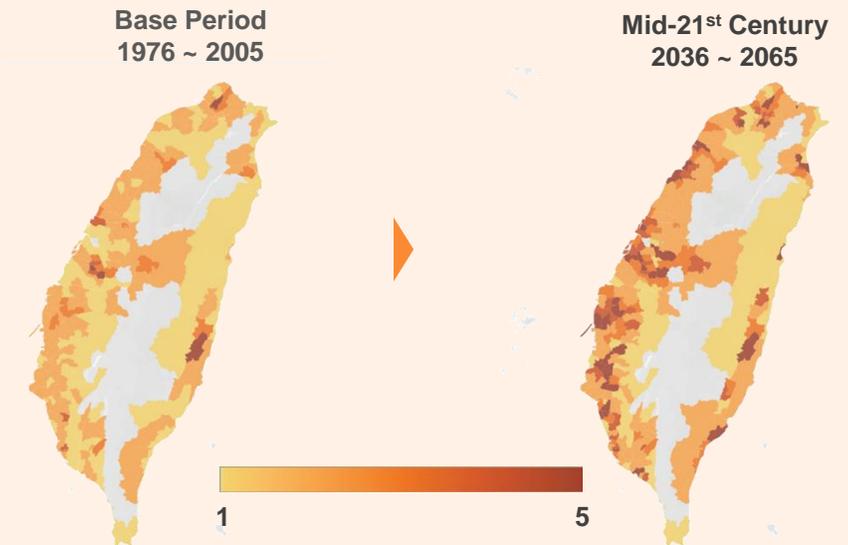
Likelihood of extreme rainfall
Base Period: 1976~2005
Mid-21st Century: 2036~2065



Flood potential map
(650mm/24hr)

Outstanding loan balances |
Expected underwriting loss

Based on the NCDR flood risk maps for Taiwan’s 316 cities and townships, there were four cities and townships in the base period with relatively high hazard-vulnerability levels (Level 5 hazard-vulnerability). Under the RCP 8.5 scenario, the number of cities and counties with relatively high flood hazard-vulnerability levels rose to 42 under the mid-21st century assumptions. While Fubon’s exposure to Level 5 flood risks was higher under the mid-21st century scenario than during the base period, that exposure still represented a relatively low percentage of all cases and outstanding loans, indicating only a limited physical risk.

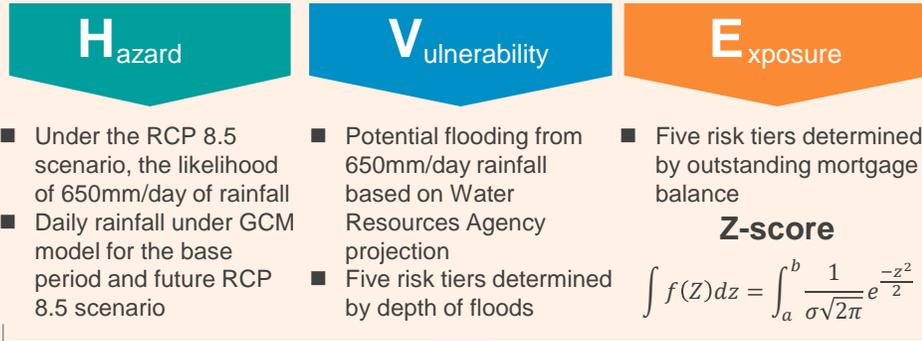


4. Management of Climate-related Risk

Physical Risk Analysis on Mortgage Exposures

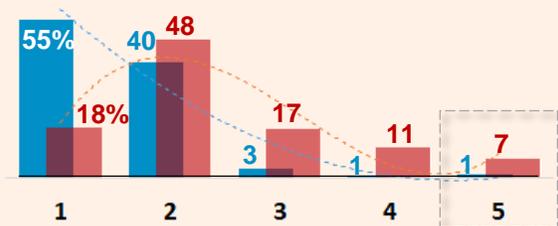
An assessment of all of Taipei Fubon Bank's mortgages as of the end of 2021 was conducted to identify their flood risk. After excluding overseas mortgages and those outside the area covered by NCDR statistics, there were a total of 126,719 mortgages assessed based on the RCP 8.5 scenario. There were 450 properties that had Level 5 risks using base-period flood risk assumptions, which were located in Taipei City and accounted for 1.23% of the outstanding mortgage value at the end of 2021. Some 2,884 properties fell in the same category when using the mid-21st century flood risk assumptions, which accounted for 6.85% of the outstanding mortgage value at the end of 2021. Of those, nearly 90% of all properties serving as collateral were located in northern Taiwan, covering key high-population cities. The government can be expected in the future to strengthen those cities' drainage capacities to cope with extreme rainfall, which would improve flood prevention and reduce those areas' vulnerability to flooding. Taipei Fubon Bank also manages properties used as collateral after loans are made to keep their physical risks under control.

Management of Climate-related Risk

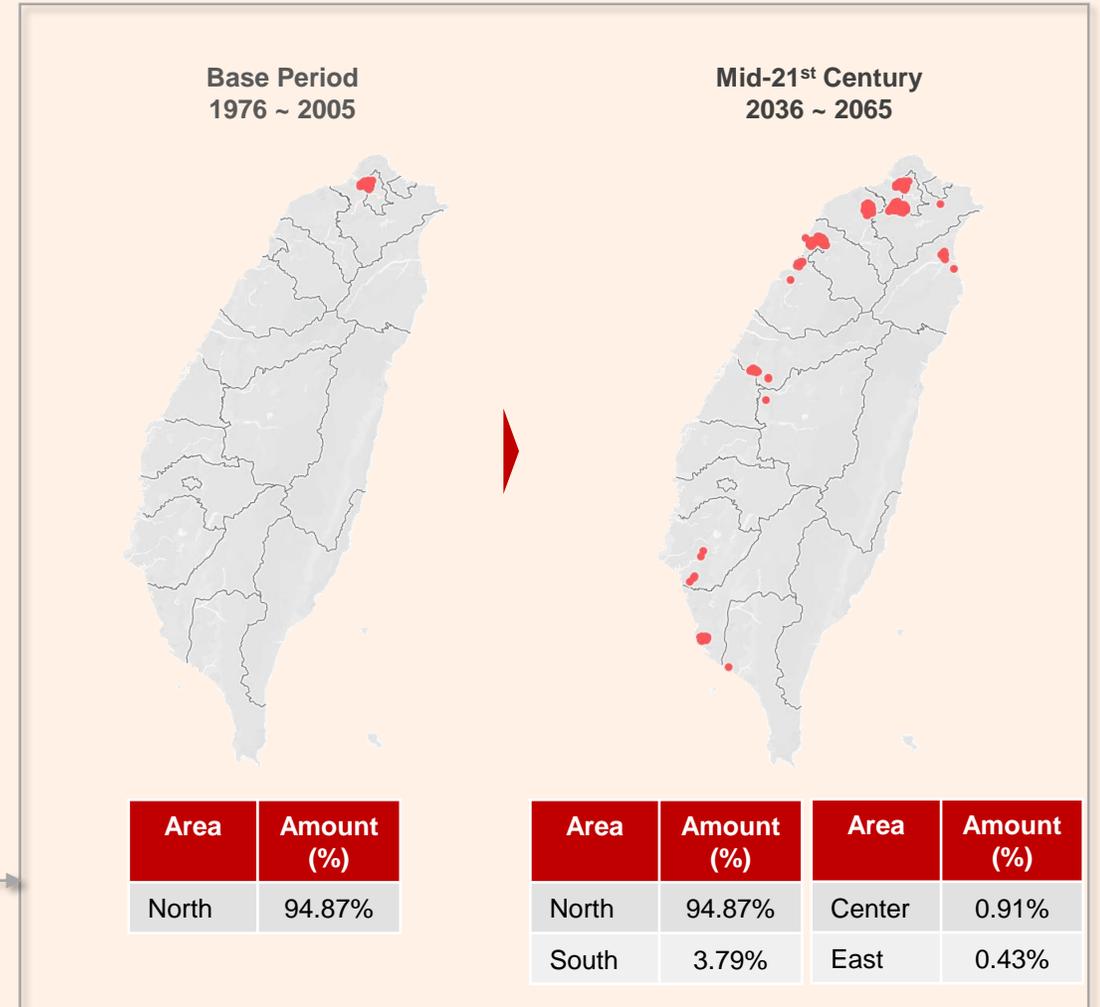


Percentage (%) change in mortgage amounts

■ Base Period (1976-2005)
■ Mid-21st Century (2036-2065)



Analysis of Flood Risk Level 5



4. Management of Climate-related Risk

Physical Risk Analysis on Property Insurance

The properties used to assess Fubon Insurance's exposure to flood risk were those for which it underwrote engineering insurance policies with retained coverage of more than NT\$100 million or commercial fire insurance policies with retained coverage of more than NT\$200 million as of the end of 2021. A total of 904 properties met those criteria after excluding overseas cases and offshore wind turbines. No property had Level 5 flood risks under the base period assumption. Based on the RCP 8.5 scenario, there were only three properties with Level 5 flood risks and four properties with Level 4 flood risks under the mid-21st century assumption, involving mainly large electronics enterprises and government-run enterprises that have a certain degree of climate resilience and the ability to limit the potential losses created by a disaster.

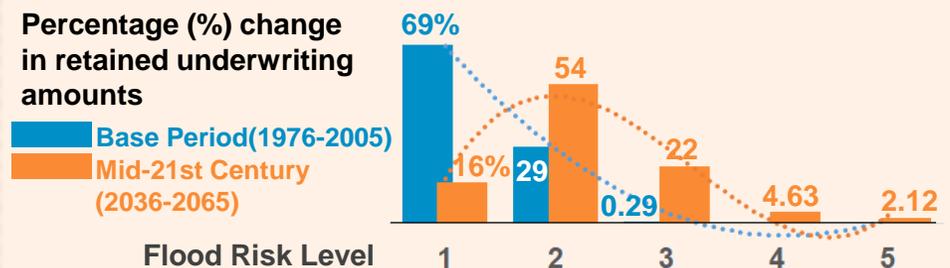
Base Period (1976~2005)

| Flood Risk Level (Exposure*Vulnerability* Hazard) | No. of Cases | Retained Underwriting Amount (% of Total) |
|---|-----------------|--|
| 1 | 673 | 69.79% |
| 2 | 228 | 29.92% |
| 3 | 3 | 0.29% |
| Total | 904 | 100% |

Mid-21st Century (2036~2065)

| Flood Risk Level (Exposure*Vulnerability* Hazard) | No. of Cases | Retained Underwriting Amount (% of Total) |
|---|-----------------|--|
| 1 | 162 | 16.28% |
| 2 | 522 | 54.57% |
| 3 | 213 | 22.40% |
| 4 | 4 | 4.63% |
| 5 | 3 | 2.12% |
| Total | 904 | 100% |

Percentage (%) change
in retained underwriting
amounts



4. Management of Climate-related Risk

Transition Risk

Carbon Fee Stress Analysis of Main Customers among Taiwan GHG Emissions Registry High-Carbon Companies

Fubon first referred to the list of high-carbon companies in the Taiwan GHG Emissions Registry and chose those that ranked among its subsidiaries' top 20 for loan or investment exposure as of the end of 2021. The companies picked out were from the high carbon-sensitive power generation, cement, petrochemical, steel, plastics and paper industries. After state-run enterprises were excluded, three companies were chosen for doing a transition risk scenario analysis. With Taiwan's government having set a 2050 net-zero emissions pathway, and its Legislature reviewing a climate change adaptation law, Fubon used three scenarios – the IEA's NZE 2050 and SBT scenarios and the Nationally Determined Contributions (NDC) set under the “Greenhouse Gas Reduction and Management Act” – to assess the potential financial impact of carbon fees/taxes and carbon penalties faced by the three companies.

Target Company

- GHG emission : Scope 1 & 2
- Output
- Carbon reduction target set by target company

Financial Impact under Different Scenarios

Transition Scenarios

- Nationally Determined Contribution (NDC)
- Science-based Targets (SBT SDA/ACA)
- Net Zero 2050 (IEA NZE 2050)

- Inferring future growth:
 - Historical growth pathway
 - Carbon reduction targets set by the company
- Carbon fees/ carbon taxes:
 - Company emissions*carbon price
- Carbon Penalties:
 - Amount of emissions exceeding legal limit*carbon price

| | | Unit: NT\$100 million | | | | | |
|--------------------------|---|-----------------------|-------------|-------------|-------------|-------------|-------------|
| | | Carbon Fee / Tax | | | Carbon Fine | | |
| Industry Leading Company | | NDC | SBT | NZE 2050 | NDC | SBT | NZE 2050 |
| Steel | No change in carbon trajectory | 14.7 | 44.2 | 243.3 | 4.8 | 36.6 | 223.5 |
| | Carbon reduction target set by the company | 10.5 | 31.6 | 173.6 | 0.6 | 23.9 | 153.8 |
| | Savings from meeting internal carbon reduction goals | 4.2 | 12.7 | 69.7 | 4.2 | 12.7 | 69.7 |
| Chemicals | No change in carbon trajectory | 7.1 | 21.2 | 116.6 | 4.1 | 21.2 | 110.6 |
| | Carbon reduction target set by the company | 5.2 | 15.6 | 85.7 | 2.2 | 15.6 | 79.8 |
| | Savings from meeting internal carbon reduction goals | 1.9 | 5.6 | 30.8 | 1.9 | 5.6 | 30.8 |
| Pulp & Paper | No change in carbon trajectory | 1.3 | 3.9 | 21.2 | 0.6 | 3.5 | 19.8 |
| | Carbon reduction target set by the company | 0.6 | 1.7 | 9.5 | 0 | 1.4 | 8.1 |
| | Savings from meeting internal carbon reduction goals | 0.7 | 2.1 | 11.7 | 0.6 | 2.1 | 11.7 |

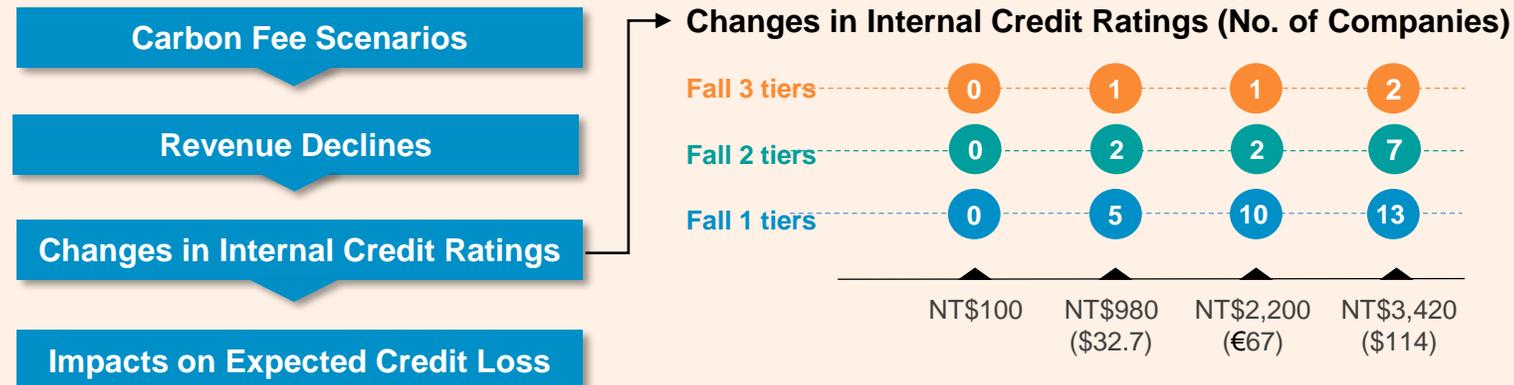
4. Management of Climate-related Risk

Carbon Fee Stress Analysis of Credit Exposure to Taiwan GHG Emissions Registry High-Carbon Companies

Fubon referred to the list of high-carbon companies in the Taiwan GHG Emissions Registry and their emissions data to identify the loan clients to which Taipei Fubon Bank had exposed positions as of the end of 2021. It then devised four carbon fee scenarios using parameters generated by changes in domestic and foreign laws and the IPCC and NGFS integrated assessment models (IAM) to calculate the additional operating costs the customers could face (unit carbon price*carbon emissions). The results of those carbon fee stress tests were used to adjust the loan clients' financial statements and conduct internal credit ratings to analyze changes to the client's credit rating under each scenario analyzed (changes based on human assessments and external guarantees/support were excluded from consideration).

To observe the potential impact of Scenario 1 – “Taiwan’s government begins collecting carbon fees in 2024” – a pressure test was done using the most commonly discussed carbon fee of NT\$100/metric ton. The result indicated no change to any of the loan clients' credit ratings, and there was also no corresponding change to the expected credit loss (ECL) and average expected loss rate (EL), suggesting little impact to the banking subsidiary in the short term. When companies faced faster transitions as represented by Scenarios 2-4, however, the number of loan clients whose ratings fell increased from one scenario to the next. Also, after a stress test, their ECL was more than triple that before the stress test was done and the EL rose nearly 60 percentage points on average. Nearly 90 percent of the ECL involved a large loan client in the power generation industry, and it has responded to the government’s net-zero emissions pathway by planning to decarbonize electricity production, including by expanding its use of renewable energies, developing new energy generation models, such as mixed hydrogen, and strengthening resilience to transitions undertaken to cope with climate change. The client should have the chance to fully pass on the cost of its carbon fees to its customers.

When the most aggressive Scenario 4 was applied to credit clients other than the power company most affected by it, ECL rose 46% after the stress test and EL rose by an average 5 percentage points. The two loan clients with the biggest increases in ECL – in the optoelectronics and power generation sectors – accounted for nearly 40% of the total increase. The optoelectronics sector client’s ESG rating was in the low risk category and better than the industry average, and its greenhouse gas emissions have trended lower the past two years, while the power company client has passed on a part of its carbon fees to its customers. Thus, the two companies have built a certain amount of resilience to climate change, enabling the banking subsidiary to keep any adverse impact under control. Taipei Fubon Bank has established “Sustainable Credit and Investment Guidelines” that set standards for investing in and pulling investment out of the carbon-sensitive power generation, coal mining, cement, petrochemical and steel industries. Green due diligence surveys and ESG rating systems are also used to assess corporate transitions, strengthen understanding of loan clients' ESG performance and future targets, and gain a better grasp of the climate change transition risks they face.



4. Management of Climate-related Risk

| | | Carbon Fee Stress Test Scenarios | | | |
|---|----|--|--|--|--|
| | | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| | | NT\$100 | NT\$980 (About \$32.70) | NT\$2,200 (About €67) | NT\$3,420 (About \$114) |
| Scenario Description | | Taiwan's Environmental Protection Administration is planning to amend the Greenhouse Gas Reduction and Management Act and change its name to the "Climate Change Adaptation Act," and it has been listed as a priority bill in the Legislature. It is expected to launch a phased-in introduction of carbon fees from 2024, starting with manufacturers that directly generate more than 25,000 metric tons of GHG (287 companies). The scenario uses the most frequently discussed carbon fee in conjunction with the bill of NT\$100 per metric ton. | Based on the first part of the IPCC's Sixth Assessment Report, only an SSP1 scenario can avoid warming above 2°C by the end of the century. Under the SSP1-2.6 scenario (low emissions), the global carbon fee will be US\$32.70 per metric ton by 2030. | The EU has drafted a Carbon Border Adjustment Mechanism (CBAM) that is expected to launch carbon inventory checks in 2023 and require companies to buy carbon credits to cover the carbon content of goods they import starting in 2026. The purchase price of CBAM certificates will be set based on the average closing price of weekly EU Emission Trading Scheme carbon credit auctions. This scenario uses the EU carbon market's key price of 67 euros per metric ton. | Selected the orderly transition Net Zero 2050 scenario from among the NGFS' six major scenarios; this scenario uses the estimate for China's carbon price in 2025 of US\$114 per metric ton. |
| Changes in internal credit ratings | -3 | 0 client | 1 client | 1 client | 2 clients |
| | -2 | 0 client | 2 clients | 2 clients | 7 clients |
| | -1 | 0 client | 5 clients | 10 clients | 13 clients |
| Increase in ECL | | +0% | +200.19% | +202.65% | +210.53% |
| Average EL change (bps) | | +0 | +57 | +57 | +60 |
| Increase in ECL (Excluding main power operator client) | | +0% | +9.38% | +18.07% | +45.89% |
| Average EL change (bps) (excluding a main power operator client) | | +0 | +1 | +2 | +5 |

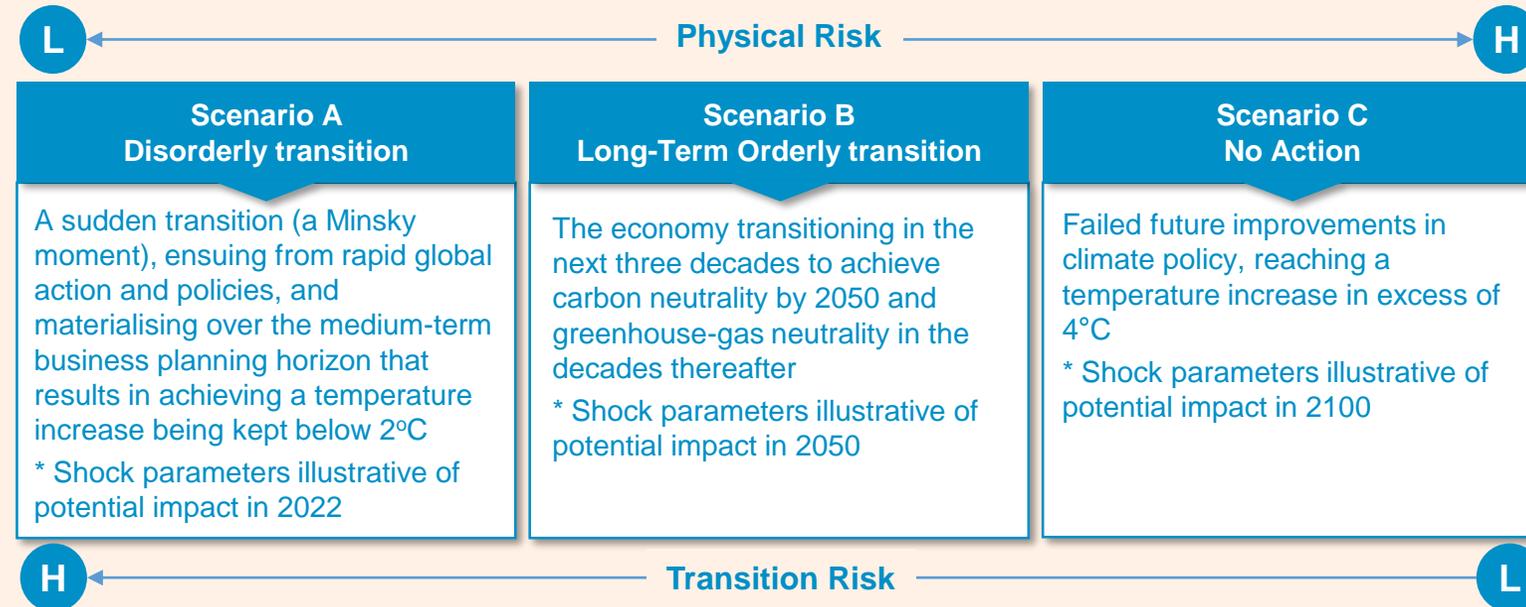
4. Management of Climate-related Risk

Stress Test Analysis

At the end of 2021, Fubon Financial Holdings has nearly NT\$10.5 trillion in total assets, and subsidiary Fubon Life accounted for more than 50% of that. Fubon Financial Holdings used scenarios and parameter settings proposed by the Bank of England (BOE) and the Dutch central bank (De Nederlandsche Bank, DNB) to conduct climate change-related stress tests on Fubon Life’s asset positions.

Bank of England (BOE) Stress Test

Under the BOE’s guidelines for life insurance stress tests issued in 2019, assessments are done through three climate scenarios – “orderly,” “disorderly,” and “no transition” – and Fubon conducted those stress test using Fubon Life’s financial asset position at the end of 2021. The results of the stress test showed that energy intensive industries would be the most affected. Among them, even though the “no transition” scenario only includes physical risks to financial asset positions, it still had the greatest impact on the assets’ estimated market value, and the overall impact accounted for the highest proportion of Fubon Life’s net value of all impacts.



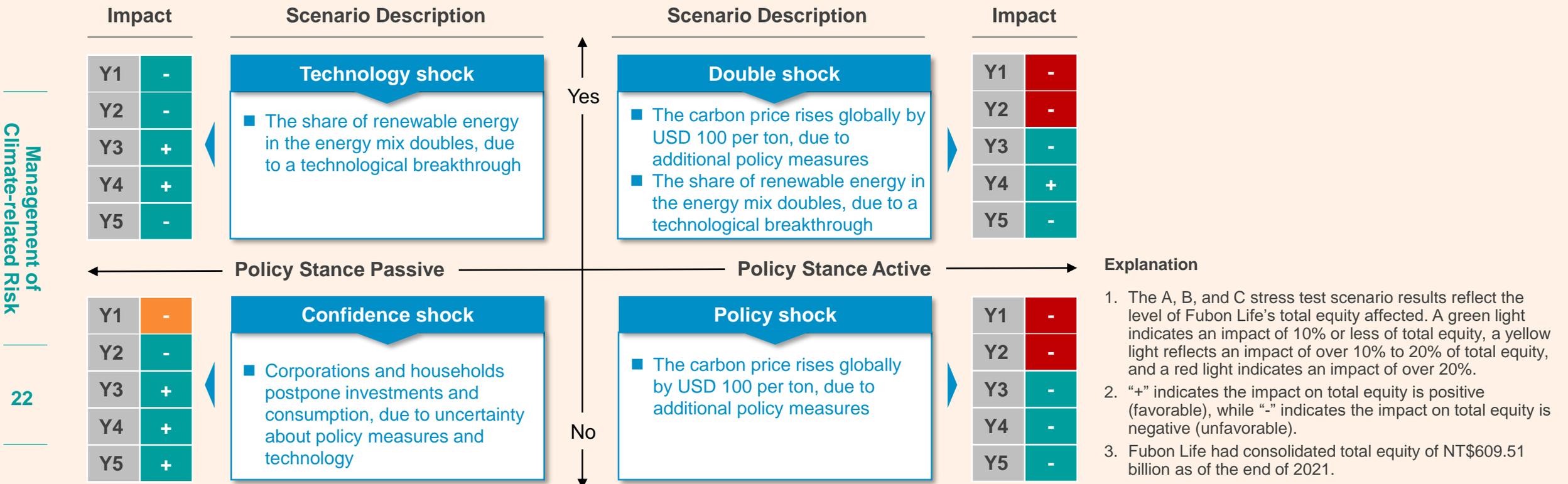
| Stress Test Analysis | Transition Risk | Physical Risk |
|--|-----------------|---------------|
| Scenario A Disorderly transition | | |
| Scenario B Long-Term Orderly transition | | |
| Scenario C No Action | | |

- The A, B, and C stress test scenario results reflect the level of Fubon Life’s total equity affected. A green light indicates an impact of 10% or less of total equity, a yellow light reflects an impact of over 10% to 20% of total equity, and a red light indicates an impact of over 20%.
- Fubon Life had consolidated total equity of NT\$609.51 billion as of the end of 2021.

4. Management of Climate-related Risk

De Nederlandsche Bank(DNB) Stress Test

The Dutch central bank put in place climate stress tests for energy transitions in 2018. It looked at two major drivers of energy transition risk – “technological developments” and “government policy” – that it divided into four scenarios. It then simulated changes in macroeconomic variables (such as GDP, inflation, interest rates, and stock indexes) under each scenario over the next 1-5 years, before using those as well as “transition vulnerability factors” to assess the potential impact of transition risks on the financial system. Fubon Life used the DNB’s parameters to conduct a scenario analysis of its financial asset positions at the end of 2021. Under the “policy shock” and “double shock” scenarios, increases in energy prices drove up inflation and prompted central banks around the world to tighten their monetary policies, leading to a relatively high increase in the risk-free rate of interest. Because Fubon had a high exposure to bonds, the adverse impact of these scenarios had a big impact on Fubon Life’s net worth. Follow-up activities will focus closely on changes in global climate change policies.



4. Management of Climate-related Risk

4.3.3 Suppliers

Supplier physical risk assessment

Fubon has conducted assessments and pressure tests related to the potential hazards of natural disasters, including flooding, mudslides and landslides, on the places of business of 1,414 suppliers. They were done to better understand changes in physical climate parameters caused by climate change, the direct impact they could have on supplier operations and, by extension, the indirect impact they could have on Fubon.

RCP 4.5 Scenario (Baseline Scenario)

- Scenario conditions: Taiwan's temperature 1.3°C to 1.8°C higher by 2100.

| Natural Disaster Potential Hazard Level (flooding*mudslides*landslides) | No. of suppliers | Share % |
|---|------------------|---------|
| Level 1-25 (Low hazard) | 1,414 | 100 |
| Level 26-50 (Medium hazard) | 0 | 0 |
| Level 51-75 (High hazard) | 0 | 0 |

Potential hazard level of natural disasters for the places of business of all 1,414 existing suppliers is below 25, considered to be low hazard

RCP 6.0 Scenario

- Scenario conditions : Taiwan's temperature 1.7°C to 2.1°C higher by 2100; assumption is that the hazard magnitude of floods and mudslides is of one order of magnitude higher than under the RCP 4.5 scenario.

| Natural Disaster Potential Hazard Level (flooding*mudslides*landslides) | No. of suppliers | Share % |
|---|------------------|---------|
| Level 1-25 (Low hazard) | 1,374 | 97.2 |
| Level 26-50 (Medium hazard) | 40 | 2.8 |
| Level 51-75 (High hazard) | 0 | 0.0 |

- Under this scenario, the places of business of 1,374 of the 1,414 suppliers (97.2%) had low potential hazard levels (under 25); 40, or 2.8%, had medium hazard levels (26-50); and none had high hazard levels.
- The 40 suppliers with medium hazard levels account for 5.1% of all purchases, and their risk can be managed by monitoring the stability of their supply of goods and services.

RCP 8.5 Scenario

- Scenario conditions: Taiwan's temperature 3.0°C to 3.6°C higher by 2100; assumption is that the hazard magnitude of floods, mudslides and landslides is of two orders of magnitude higher than under the RCP 4.5 scenario.

| Natural Disaster Potential Hazard Level (flooding*mudslides*landslides) | No. of suppliers | Share % |
|---|------------------|---------|
| Level 1-25 (Low hazard) | 0 | 0 |
| Level 26-50 (Medium hazard) | 1,165 | 82.4 |
| Level 51-75 (High hazard) | 249 | 17.6 |

- Under this scenario, the places of business of 1,165 of the 1,414 suppliers (82.4%) had medium potential hazard levels (26-50); and 249, or 17.6%, had high hazard levels (51-75).
- The 1,165 suppliers with medium hazard levels account for 88.3% of all purchases, and their risk can be managed by monitoring the stability of their supply of goods and services. The 249 suppliers with high hazard levels account for 11.7% of all purchases, and Fubon can manage their risk by looking at how dependent it is on them and change suppliers if necessary.

4. Management of Climate-related Risk

Supplier transition risk assessment

To address and mitigate climate change, The government is considering to charge companies carbon fees. We conducted NDC-based assessments and stress tests based on different carbon fee scenarios to better understand their potential impact on suppliers' cost of goods sold and gauge how passing on those fees to customers could affect Fubon's procurement costs.

| Scenario 1 Carbon fee of NT\$100/tCO ₂ | Scenario 2 Carbon fee of NT\$980 (about \$32.7)/tCO ₂ | Scenario 3 Carbon fee of NT\$2,200 (about €67)/tCO ₂ | Scenario 4 Carbon fee of NT\$3,420 (about \$114)/tCO ₂ |
|---|--|--|---|
| <ul style="list-style-type: none"> Description: Taiwan's Environmental Protection Administration is planning to amend the Greenhouse Gas Reduction and Management Act and change its name to the "Climate Change Adaptation Act," and it has been listed as a priority bill in the Legislature. It is expected to launch a phased-in introduction of carbon fees from 2024. The scenario uses the most frequently discussed carbon fee in conjunction with the bill of NT\$100 per metric ton. If suppliers pass on the full carbon fee to Fubon, it will increase Fubon's full year procurement costs by an estimated NT\$3.12 million, which would represent a 0.07% increase over total procurement costs in 2021. | <ul style="list-style-type: none"> Description: Based on the first part of the IPCC's Sixth Assessment Report, only an SSP1 scenario can avoid warming above 2°C by the end of the century. The Environmental Protection Administration imposes a carbon fee of US\$32.70 (About NT\$980) per metric ton by 2030 based on the SSP1-2.6 scenario (low emissions). If suppliers pass on the full carbon fee to Fubon, it will increase Fubon's full year procurement costs by an estimated NT\$30.58 million, which would represent a 0.69% increase over total procurement costs in 2021. | <ul style="list-style-type: none"> Description: The EU has drafted a Carbon Border Adjustment Mechanism (CBAM) that is expected to launch carbon inventory checks in 2023 and require companies to buy carbon credits to cover the carbon content of goods they import starting in 2026. The Environmental Protection Administration imposes a carbon fee €67/tCO₂ based on the EU carbon market's key price. If suppliers pass on the full carbon fee to Fubon, it will increase Fubon's full year procurement costs by an estimated NT\$68.64 million, which would represent a 1.55% increase over total procurement costs in 2021. | <ul style="list-style-type: none"> Description: Selected the orderly transition Net Zero 2050 scenario from among the NGFS' six major scenarios. The Environmental Protection Administration imposes a carbon fee US\$114 /tCO₂ (About NT\$3,420) based on the estimate for China's carbon price in 2025. If suppliers pass on the full carbon fee to Fubon, it will increase Fubon's full year procurement costs by an estimated NT\$106.71 million, which would represent a 2.41% increase over total procurement costs in 2021. |

| Sector | A. 2020 sector emissions (million t/CO ₂) | B. 2021 sector GDP (NT\$ million) | C. 2021 total Fubon purchases (NT\$ million) | Share of Fubon purchases of sector's GDP(C/B) | Carbon fee costs (NT\$ million) | | | |
|----------------|---|-----------------------------------|--|---|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| | | | | | Scenario 1 (Carbon fee NT\$ 100) | Scenario 2 (Carbon fee NT\$ 980) | Scenario 3 (Carbon fee NT\$ 2,200) | Scenario 4 (Carbon fee NT\$ 3,420) |
| Industrial | 139.91 | 8,214,452 | 1,373 | 0.17% | 2.34 | 22.91 | 51.43 | 79.95 |
| Service | 29.71 | 11,598,448 | 3,054 | 0.26% | 0.78 | 7.67 | 17.21 | 26.76 |
| Transportation | 117.44 | 1,205,070 | 0 | 0.00% | - | - | - | - |
| Total | | | 4,427 | 0.21% | 3.12 | 30.58 | 68.64 | 106.71 |

Note 1: Carbon fee costs = Economic sector's carbon emissions*Share of Fubon purchases of that sector's GDP*carbon fee per tCO₂

Or = Economic sector's carbon emissions*(Fubon purchases from that sector/sector GDP for the year)*carbon fee per tCO₂

Note 2: Fubon's purchases in 2021 totaled NT\$4,427 billion (or 0.21% of total GDP of the industrial, service, and transportation sectors), consisting mainly of:

1) NT\$1.373 billion from the industrial sector (including from apparel, paper goods, communications equipment, building construction, and oil product suppliers), or 0.17% of the sector's GDP;

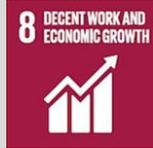
2) NT\$3.054 billion from the service sector (including from suppliers of retail services, telecommunications services, securities, futures and financial assistance services, other professional and technical services, and other personal and household goods repair services), or 0.26% of the sector's GDP.

5. Climate-related Opportunities

5.1 Climate-themed Investment

In 2021, Fubon constantly looks for investment opportunities in climate-themed areas, and the amount invested in each thematic fund category rose compared to 2020. The Company also began taking inventory of its low-carbon investment in 2019, and subsequent monthly inventories have found it to be on the rise, a reflection of Fubon's efforts in implementing its responsible investment strategy.

Unit: NT\$100 million

| SDGs | Action Plan | Type of Investment | 2018 | 2019 | 2020 | 2021 | |
|--|---|--|-----------------------|-------|--------|--------|--------|
|  | Invest in green energy or alternative energy enterprises | Wind and solar power | 68 | 52 | 53 | 78 | |
| | | Wind and solar power | Loans | 42 | 89 | 139 | 197 |
| | | Green bonds | Bonds | 139 | 126 | 143 | 284 |
| | | Green bonds ¹ | Issued | 10 | - | - | - |
| | | Sustainability bonds | Issued | | | | 10 |
| | | Social responsibility bonds | Issued | | | | 10 |
| | | Low-carbon investment ² | Stocks/bonds | - | 16,017 | 16,780 | 18,705 |
|  | Invest in planned property development projects with energy-saving designs and invest in basic infrastructure | Planned property developments with energy-saving designs | Total project budgets | 520 | 514 | 642 | 678 |
| | | Green Building | Loans | 122 | 131 | 180 | 308 |
| | | Seeking out basic infrastructure investment opportunities | Fund | 80 | 139 | 230 | 328 |
|  | Expand ESG screening methods and invest in Taiwanese enterprises with strong ESG records; invest in enterprises covered under the 5+2 innovative industries plan, in basic infrastructure and in social enterprises | Companies rated as good ESG performers | Stocks/Bonds/Funds | 2,887 | 4,198 | 4,713 | 5,735 |
| | | The 5+2 innovative industries, basic infrastructure and social welfare ³ | Stocks/Bonds | 3,490 | 3,937 | 5,227 | 6,019 |
| | | 5+2 industries: green energy technologies and other sectors recognized as green energy-related | Loans | 899 | 870 | 936 | 879 |

Climate-related Opportunities

Note 1: The NT\$1 billion in green bonds (G107BH) issued on March 1, 2018, reached maturity on March 1, 2020; funds were used for the development of renewable energy and energy technologies.

Note 2: The formal accounting (inventory) of low-carbon investment began in 2019 based on investments in overseas stocks and bonds of constituent companies of the iShares MSCI ACWI Low Carbon Target Index. That index's carbon intensity (66.7 metric tons CO₂e/\$M sales) is 57% lower than that of the MSCI ACWI Index (154 metric tons of CO₂e/\$M sales).

Note 3: Infrastructure and social welfare category includes social bonds and sustainability bonds.

Unit: t CO₂e/year

| Total Carbon Reduction of Green Loans | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|---------|---------|---------|---------|
| Renewable energy loans | 114,411 | 247,343 | 477,193 | 680,791 |

5. Climate-related Opportunities

5.2 Natural Disaster Services and Agriculture Insurance

Fubon Insurance provides business continuity planning and post-disaster loss control services that help customers quickly rebuild their operations and reduce capital expenditures when a disaster occurs, limiting the potential risks from accidents. With the backing of the global reinsurance market, the company offers complete protection against natural disasters to companies and the public through earthquake, typhoon and flood insurance and business interruption insurance. Fubon Insurance has also actively participated in the Council of Agriculture's pilot program for crop insurance, developing insurance products best suited to Taiwan. It launched Taiwan's first agriculture insurance policy (for top grafted pear crops) in 2015, and has since introduced policies covering pears, rice, bananas, grouper, milkfish, striped bass, tilapia, and watermelons as well as typhoon and flood insurance for agricultural facilities. These products give Taiwan's farmers and aquaculture operators insurance options that help them divert risks from natural disasters. Fubon Insurance has also worked closely with experts in other fields to develop innovative products tailored to the special characteristics of different crops.



| | | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
|---|--|----------|---------|---------|---------|-------------------------------------|-------|-------|---------|
| | | Policies | | | | Premium Income (Unit: NT\$ million) | | | |
| Natural Disasters | Natural Disaster Insurance | 466,206 | 477,669 | 501,959 | 503,886 | 3,139 | 3,036 | 3,646 | 3,700.1 |
| | Crops | | | | | | | | |
| | Pear Crop Insurance | 304 | 645 | 1,012 | 1,446 | 9.4 | 19.7 | 25.7 | 34.8 |
| | Rice Crop Insurance | 10,728 | 16,491 | 16,723 | 18,695 | 58.4 | 90.6 | 95.5 | 110.5 |
| | Banana Crop Insurance | - | 291 | 182 | 114 | - | 12.0 | 4.5 | 2.7 |
| | Watermelon Crop Insurance | - | - | - | 3 | - | - | - | 0.03 |
| Aquaculture | Temperature-indexed Parametric Aquaculture Insurance | 199 | 173 | 93 | 407 | 33.7 | 30.5 | 16.3 | 58.6 |
| | Parametric Rain Aquaculture Insurance | - | - | 5 | 10 | - | - | 0.4 | 0.5 |
| Agricultural Facilities | Typhoon and Flood Agricultural Facility Insurance | 206 | 414 | 752 | 618 | 2.4 | 5.5 | 8.0 | 10.6 |
| Total | | 477,643 | 495,683 | 520,726 | 525,179 | 3,243 | 3,194 | 3,796 | 3,918 |
| Share of total underwriting portfolio (%) | | 4.01% | 3.86% | 4.03% | 3.39% | 8.39% | 7.63% | 8.42% | 7.70% |

5. Climate-related Opportunities

5.3 Insurance for Green Energy Products

Fubon Insurance has made harnessing its core competencies to create environmentally friendly products and services a top priority. Beyond using its influence to push green concepts, it also hopes to achieve its vision of a low-carbon lifestyle and environmental sustainability by giving customers incentives to get involved.

| | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
|---|----------|-------|--------|--------|-------------------------------------|-------|-------|-------|
| | Policies | | | | Premium Income (Unit: NT\$ million) | | | |
| Eco-friendly Car Insurance | 500 | 1,579 | 2,081 | 12,786 | 19.3 | 62.3 | 81.5 | 117.1 |
| Special Green Energy Insurance | 1,054 | 1,257 | 1,547 | 1,715 | 140 | 1,000 | 899.8 | 903.3 |
| Insurance for Electric Motorbike Sharing Services | - | 7,132 | 10,117 | 20,671 | - | 4.8 | 8.3 | 9.7 |
| Total | 1,554 | 9,968 | 13,745 | 35,172 | 159 | 1,067 | 990 | 1,030 |
| Share of total underwriting portfolio (%) | 0.01% | 0.08% | 0.11% | 0.23% | 0.41% | 2.55% | 2.20% | 2.03% |

5.4 Sustainability-related Insurance Products

Fubon Insurance offers “Environmental Pollution Liability Insurance” to raise environmental awareness among ESG-sensitive gas station owners and storage tank operators and help them manage pollution risks to the soil and groundwater. This coverage offers protection against liability for losses, compensation, or cleanup or remediation costs generated by accidental or gradual pollution. But if a potential client for this insurance has been put on a government watch list, indicating that the location where the client operates could have soil or groundwater pollution issues, the applicant will only be able to get insurance once it completes a remediation plan and is removed from the watch list.

| | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
|--|----------|--------|--------|--------|-------------------------------------|--------|--------|--------|
| | Policies | | | | Premium Income (Unit: NT\$ million) | | | |
| Environmental Pollution Liability Insurance | 21 | 13 | 14 | 14 | 4.1 | 2.6 | 2.7 | 2.6 |
| Share of total underwriting portfolio (%) | <0.01% | <0.01% | <0.01% | <0.01% | 0.01% | <0.01% | <0.01% | <0.01% |

5. Climate-related Opportunities

5.5 Green Operations

Fubon launched the ISO14064 greenhouse gas inventory certification process in 2012. Since 2017, the inventory has had 100% coverage. The Company has set absolute emissions reduction targets of 4% by 2021 and 12% by 2025, using 2017 as the baseline year. In 2021, Fubon's combined Scope 1 and Scope 2 GHG emissions totaled 42,894 tons, down 4.31% from a year earlier, resulting in a target achievement rate of 427%.

In 2016, Fubon pledged to introduce science-based targets (SBT) for carbon reduction to align itself with international decarbonization pathways, and expects to submit SBTs in 2022. The carbon reduction targets for Scope 1 and 2 emissions will be based on a 1.5°C decarbonization scenario, and will commit to reduce emissions by 42% by 2030 compared to the baseline year of 2020. Given that commitment, Fubon will continue to install new energy-saving equipment and use electricity more efficiently and pursue purchases of renewable energy to ensure it can meet its carbon reduction targets.

Fubon has successively installed solar panels on the roofs of six office buildings it owns since 2016, with a combined installed capacity of 116KW. Those projects have all been completed and are generating electricity. Solar power generation targets that were set using 2018 as the baseline year called for a 41% increase in solar power generation for self-consumption by 2021 and a 45% increase by 2025. In 2021, Fubon's solar installations generated a total of 104,815 kWh (of which 54,786 kWh was for Fubon's own use), resulting in the avoidance of 52.62 tCO₂e and an achievement rate for electricity generation for self-consumption of 114%.

In addition to continuing to build solar power generation equipment, Fubon has begun to purchase renewable energy. Fubon Financial Holdings subsidiary Taipei Fubon Bank signed a Power Purchase Agreement (PPA) with a renewable energy retailer in 2021 that is expected to provide 670,000 kWh of renewable energy and avoid 336 tCO₂e per year. Echoing the global push for an energy transition and the development of zero-carbon power grids, Fubon plans to join the RE100 initiative in 2022 and pledge to increase its renewable energy consumption to 100% of total consumption by 2050, in accordance with the RE100 schedule.

| Location | Installed capacity: KW | 2018 | 2019 | 2020 | 2021 | Total since panels installed |
|---|------------------------|-----------------------|---------------|---------------|----------------|------------------------------|
| | | Power generated (kWh) | | | | |
| Fubon Life Taichung Wensin Building | 5.2 | 5,574 | 5,247 | 5,691 | 5,555 | 22,067 |
| Taipei Liaoning Building | 34.8 | - | - | - | 7,651 | 7,651 |
| Taipei Fubon Bank Zhongshan Building | 35.4 | 18,399 | 38,237 | 37,524 | 41,580 | 135,740 |
| Fubon Insurance Pingtung Building | 12.5 | 12,859 | 13,422 | 14,643 | 13,006 | 60,473 |
| Fubon Insurance Kaohsiung Chunghua Building | 19.5 | - | 25,573 | 29,191 | 27,680 | 82,444 |
| Fubon Life Taipei Tungnan Building | 8.6 | 10,124 | 8,767 | 9,042 | 9,343 | 54,136 |
| Total | 116.0 | 46,956 | 91,246 | 96,091 | 104,815 | 362,511 |

6. Targets

Fubon has set ESG targets for 2025 based on its ESG Visioning Project and sustainability blueprint that focus on four key strategies: decarbonization, digitalization, empowerment and connection. Of those, the decarbonization strategy is aimed at creating a low-carbon operating environment, achieving United Nations sustainable development goals, and engaging in international carbon reduction initiatives. We intend to use our financial leverage to steer companies toward low-carbon practices by actively supporting companies involved in low-carbon transitions, strengthening responsible investment, backing clean energy development, and offering insurance products that solidify the resilience of assets. These actions will accelerate value chains' transition to more sustainable practices and help achieve the shared goal of mitigating global warming, in the process establishing Fubon as a leader in "impact investing."

| Strategy | Sustainability Vision Blueprint | 2025 Targets | Action Plans |
|--|--|--|--|
| <p>Decarbonization</p>  | <p>Help customers transition to sustainable practices</p> <p>Use sustainable finance-related investments, loans, products and specialized services to build a low-carbon model and help clients improve their ESG performance</p> | <ul style="list-style-type: none">■ Green finance: NT\$2.45 trillion■ Continue to refine and expand the setting of standards for allowing investment in or pulling investment out of climate-sensitive industries■ Participation in green bond underwriting cases: 34%■ Climate-related products and services: NT\$7 billion■ Reduction of carbon from operations: 12% compared to 2017 baseline | <ul style="list-style-type: none">■ Increase green finance-related investment and loan portfolios and the underwriting of green bonds■ Set standards for investing in or pulling out of carbon-intensive industries■ Develop climate- and sustainability-related insurance products■ Install energy-saving equipment and plan the purchase of green energy■ Set science-based targets for emission reduction |

6. Targets

Fubon first pledged to introduce SBT in 2016, and commissioned an outside consultant in 2018 to set Scope 1 and Scope 2 emission targets and calculate Scope 1 and Scope 2 emissions. In 2021, Fubon expanded the project to comply with the Financial Sector Science-Based Targets Guidance issued in October 2020, and calculated carbon emissions, planned decarbonization pathways, and set science-based carbon reduction targets for Scope 3 emissions for key investment and financing positions.

At the beginning of 2022, Fubon drafted planned science-based carbon reduction targets for Scope 1, 2 and 3 emissions, and submitted them to the SBTi in the middle of this year for review. An absolute-based approach has been adopted for Scope 1 and 2 emission goals, with the target set at reducing total Scope 1 and 2 emissions by 42% by 2030 compared to 2020 based on a 1.5°C carbon reduction scenario. To calculate and set targets for Scope 3 emissions generated by investment and loan portfolios, the approach used first confirmed organizational boundaries and asset categories. It then checked positions in stocks, corporate bonds, financial debt, ETFs, mutual funds, and REITs, along with loans for power generation projects and commercial property and long-term corporate loans and took inventory of and calculated their carbon generation. The SBT Portfolio Coverage approach (engagement approach) was used for investment positions and the Sectoral Decarbonization Approach or an engagement approach was used for loan positions to set targets. Plan for setting detailed targets for different asset classes: Fubon is hoping to guide the company and help customers move toward a low-carbon transition by participating in mainstream international organizations on sustainability, devising a future carbon reduction pathway, and setting specific targets.

Investment Activities

SBT Portfolio Coverage method :

40% of its listed equity and bonds portfolio by invested value will have set science-based targets by 2027.

SDA method : by 2030 from a 2019 base year

- reduce Fubon's electricity generation project finance portfolio GHG emissions 52% per MWh
- reduce GHG emissions from the commercial real estate within Fubon's corporate loan portfolio 59% per square meter
- reduce GHG emissions from the electricity generation sector within Fubon's corporate loan portfolio 49% per MWh
- reduce GHG emissions from the finance, retail, service, food and lodging, real estate development sector within Fubon's corporate loan portfolio (long-term debt) 58% per square meter

SBT Portfolio Coverage method :

- 38% of its corporate loan portfolio (long-term debt) by loan value within the fossil fuel sector will have set science-based targets by 2027.
- 38% of its corporate loan portfolio (long-term debt) by loan value within the electronic manufacturing sector¹ will have set science-based targets by 2027.

Note 1: Include semiconductor packing and testing sector, printed circuit board sector, LCD panel and component sector, and computer manufacturing sector, etc.

6. Targets

Fubon has completed its carbon inventory review and accounting of Scope 3 emissions from investment and loan positions for the baseline year (2019) and 2020. Total emissions from its investment and loan positions were 8.16 million metric tons CO₂e (tCO₂e) in 2019 and 7.47 million tCO₂e in 2020. The combined emissions intensity of investment and loan positions, based on emissions generated per NT\$1 million in investments and loans, was 1.90 in 2020, down 0.25 from 2.15 in 2019.

Emissions and emission intensity for the past four years as follows:

| | 2018 | 2019 | 2020 | 2021 |
|--|------------------------|-----------|-----------|------------------------|
| Carbon emissions from investment and loan positions (tCO ₂ e) | 7,485,575 ¹ | 8,161,918 | 7,466,794 | 8,586,945 ² |
| Carbon emission energy intensity (tCO ₂ e/NT\$ million) | 2.15 | 2.15 | 1.90 | 1.90 |
| % of total investment and loan positions | 57% | 57% | 54% | 54% |

Note 1: Total emissions from investment and loan positions in 2018 were estimated based on the assumption that carbon emissions intensity and percentage of total investment and loan positions involved in carbon inventory calculations in 2018 were the same as in 2019.

Note 2: Total emissions from investment and loan positions in 2021 were estimated based on the assumption that carbon emissions intensity and percentage of total investment and loan positions involved in carbon inventory calculations in 2021 were the same as in 2020.

The company's main source of emissions has been its investment positions. Investment positions in stocks, corporate bonds, ETFs, mutual funds and REITs generated 6.35 million tCO₂e in 2020, and their emissions intensity was 1.78, down from the baseline year. Emissions and emission intensity for each asset class was as follows:

| | Carbon Emissions (tCO ₂ e) | | Carbon Emission Intensity (tCO ₂ e / NT\$ million) | |
|--------------------------------|---------------------------------------|------------------|---|-------------|
| | 2019 | 2020 | 2019 | 2020 |
| Investment | 7,168,604 | 6,352,498 | 2.02 | 1.78 |
| Loans for power plant projects | 54,582 | 196,096 | 4.61 | 14.95 |
| Commercial real estate loans | 85,410 | 76,770 | 2.71 | 1.94 |
| Power generation-related loans | 116,429 | 140,596 | 10.02 | 1.07 |
| Long-term corporate loans | 736,892 | 700,834 | 3.85 | 3.88 |
| Total | 8,161,918 | 7,466,794 | 2.15 | 1.90 |

The weighted average carbon intensity for stocks and corporate bond positions, calculated based on available data, was 6.72 in 2020, down 0.27 from 6.99 in 2019.

6. Targets

To achieve SBT targets, Fubon Financial Holdings' Responsible Finance team planned and developed several action plans, including but not limited to:

- 1 Regularly track a list of global companies that have set/pledged SBT targets and review whether companies invested in or loan customers have made the expected progress in achieving the targets and adjust investment or loan portfolios accordingly.
- 2 Increase the share of total financing allocated to renewable energy; especially prioritize renewable energy when financing power generation projects and gradually reduce financing of natural gas and cogeneration projects.
- 3 Not providing additional financing for mining companies that only mine coal, not providing additional investment or financing to power plants that generate more than 50% of their power from coal, and not providing new project financing for coal-fired power plants, while continuing to review standards for pulling investment out of or investing in companies in carbon-sensitive industries.
- 4 Plan during the credit review or investment process the direct collection of client emissions figures and other active data (such as power generated, floor space) to improve the quality of data.
- 5 Fubon Financial Holdings has joined PCAF Asia-Pacific and worked on a Web-Based Emission Factor Database, providing access to global and industry databases to help them estimate carbon emissions generated by customers that do not have emissions data.
- 6 Encouraging loans that have green buildings as collateral to promote the development of effective building standards in Taiwan, and giving priority to loans for commercial real estate developments that feature Level 4 ratings (the minimum standard for green buildings).
- 7 Fubon Financial Holdings has joined the AIGCC and will assist key clients and other counterparts with low carbon transitions by making the setting of SBTs a negotiating target.
- 8 If the targets submitted to the SBTi are approved, Fubon will follow SBTi Call to Action procedures by publicly disclosing its progress in achieving the targets every year and reviewing the appropriateness of its targets every five years.

7. Looking Ahead

Climate change is taking a growing toll on the world, as extreme climate events occur with greater frequency and intensity. In the context of COVID-19, which has had a massive impact on humanity in a relatively short amount of time, the climate threat may seem like a chronic illness. In the future, however, it could prove more deadly than COVID-19, with severe economic consequences. Though the economic impact of climate change may be different than the costs exacted by the coronavirus, there can be no doubt about its scale: in the next 10 to 20 years, economic losses caused by climate events will approximate the economic disruption caused if a pandemic were to occur once every 10 years. Mitigating climate change has become an imperative for all people, countries and enterprises, and while it will not be easy, the situation is not hopeless. Beginning now, if the necessary changes are made and the right actions taken, we can prevent climate-related disasters.

As the world strives toward a net-zero carbon vision, every sector and every company will have to play critical roles in driving real change, and individuals, investors, and governments will increasingly demand that companies adopt more sustainable strategies and concepts. In fact, the world needs more enterprises to transition to sustainable, low-carbon operations to advance global climate goals while maintaining their profitability. To do its part, Fubon Financial Holdings is taking a phased approach in implementing the TCFD framework so that it can effectively incorporate it into its business strategies and investment decisions. Fubon fully appreciates the important role the financial services sector plays in supporting global industrial development and sees its mission as maximizing its financial influence, in part by using its core competencies to expand the impact of its sustainable investment. Through this vision, Fubon's hopes to emerge as a positive force in driving industrial value chains to engage in sustainable practices and creating added value for society and its stakeholders. We will continue to take action to engender a sustainable future, including promoting our "Run for Green" initiative and embracing such global trends as green finance, responsible investment, and net zero emissions, ultimately creating a better future for all.



Appendix

Appendix 1. TCFD Recommended Disclosures Index comparison table

| Guidance for All Sectors | | page /chapter |
|--------------------------------|---|---|
| Governance | a) Describe the board's oversight of climaterelated risks and opportunities. | P.5 / Ch2.1 |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | P.5/ Ch2.2 |
| Strategy | a) Describe the climaterelated risks and opportunities the organization has identified over the short, medium, and long term. | P.12 / Ch4.1-4.2 P.14 / CH4.3.1 P.23-24 / CH4.3.3 P.25-27 / Ch5.1-.5.4 |
| | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | P.15 / Ch4.3.2 P.25-27 / Ch5.1-5.4 |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climaterelated scenarios, including a 2°C or lower scenario. | P.13-14 / Ch4.3 P.15-22 / Ch4.3.2 P.23-24 / Ch4.3.3 |
| Risk Management | a) Describe the organization's processes for identifying and assessing climaterelated risks. | P.15-24 / Ch4.3.2-4.3.3 |
| | b) Describe the organization's processes for managing climaterelated risks. | P.9-10 / Ch3.3-3.4 |
| | c) Describe how processes for identifying, assessing, and managing climaterelated risks are integrated into the organization's overall risk management. | P.7-9 / Ch3.2 |
| 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. | P.11 / Ch3.4 P.15-22 / Ch4.3.2 |
| | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | P.36 / Reference to Sustainability Report P.31 / Ch6 |
| | c) Describe the targets used by the organization to manage climaterelated risks and opportunities and performance against targets. | P.29-32 / Ch6 |
| Supplemental Guidance for Bank | | page /chapter |
| Strategy | a) Banks should describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities. | P.3 / Ch1 P.18 / Ch4.3.2 |
| Risk Management | a) Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks should also consider describing any risk classification frameworks used (e.g., the Enhanced Disclosure Task Force's framework for defining "Top and Emerging Risks"). | P.3 / Ch1 |
| Metrics and Targets | a) Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term. Metrics provided may relate to credit exposure, equity and debt holdings, or trading positions, broken down by: Industry \ Geography \ Credit quality (e.g., investment grade or non-investment grade, internal rating system) \ Average tenor. Banks should also provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities. | P.15-16, P.18-20 / Ch4.3.2 P.11 / Ch3.4 P.25 / Ch5.1 P.30-32 / Ch6 |
| | b) Banks should disclose GHG emissions for their lending and other financial intermediary business activities where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. | P.31 / Ch6 |

Appendix

Appendix 1. TCFD Recommended Disclosures Index comparison table

| Supplemental Guidance for Insurance Companies | | page /chapter |
|---|---|---|
| Strategy | b)Insurance companies should describe the potential impacts of climate-related risks and opportunities, as well as provide supporting quantitative information where available, on their core businesses, products, and services, including: (1) information at the business division, sector, or geography levels; (2) how the potential impacts influence client, cedent, or broker selection; and (3) whether specific climate-related products or competencies are under development, such as insurance of green infrastructure, specialty climaterelated risk advisory services, and climate-related client engagement. | (1)P.36 / Reference to Sustainability Report (2)P.7/Ch3.2 (3)No |
| | c))Insurance companies that perform climate-related scenario analysis on their underwriting activities should provide the following information: (1) description of the climate-related scenarios used, including the critical input parameters, assumptions and considerations, and analytical choices. In addition to a 2°C scenario, insurance companies with substantial exposure to weatherrelated perils should consider using a greater than 2°C scenario to account for physical effects of climate change and(2)time frames used for the climate-related scenarios, including short-, medium-, and long-term milestones. | P.13-14/ Ch4.3 |
| Risk Management | a)Insurance companies should describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks: (1)physical risks from changing frequencies and intensities of weather-related perils, (2) transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation, and (3) liability risks that could intensify due to a possible increase in litigation. | (1)P.15, P.17 / Ch4.3.2 (2)P.3 / Ch1.1-1.2 (3)None |
| | b)Insurance companies should describe key tools or instruments, such as risk models, used to manage climate-related risks in relation to product development and pricing. Insurance companies should also describe the range of climate-related events considered and how the risks generated by the rising propensity and severity of such events are managed. | P.7/ Ch3.2 P.9 / Ch3.2.3 |
| Metrics and Targets | a)Insurance companies should provide aggregated risk exposure to weather-related catastrophes of their property business (i.e., annual aggregated expected losses from weather-related catastrophes) by relevant jurisdiction. | P.17 / Ch4.3.2 P.30-32 / Ch6 |
| | b)Insurance companies should disclose weighted average carbon intensity or GHG emissions associated with commercial property and specialty lines of business where data and methodologies allow. | P.31 / Ch6 |

Appendix

Appendix 2. Related Reports and Publications

Annual Report



<https://reurl.cc/Wr9pZk>

FHC Sustainability Report



<https://reurl.cc/NAezMn>

Fubon Life and Insurance Sustainability Report



Fubon Life
<https://reurl.cc/Er0mV1>



Fubon Insurance
<https://reurl.cc/NAM2Nx>

