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LOW CARBON



CORE VALUES

KEY SUSTAINABILITY ACHIEVEMENTS

- SKL shoulder environmental responsibility and recognize the impact of our operational activities on the environment and climate. We actively seek solutions to address climate change and other environmental challenges.

- ✓ Financial carbon emissions totaled **1,699 ktCO₂e**, and the weighted average carbon intensity and economic emission intensity are both **declining annually**.
- ✓ Category 1 and category 2 greenhouse gas emissions decreased by **9%** compared to the previous year.
- ✓ Investments in the renewable energy industry reached **NT\$7.8 billion**, with an estimated annual power generation capacity of 2.81143 billion kWh, which can prevent **139,166 tCO₂e** of carbon emissions each year.



2. Strengthening Climate Resilience

In the face of the challenges posed by climate change, SKL is proactively responding to climate-related risks and opportunities by developing a low-carbon transformation strategy, planning climate mitigation and adaptation measures, and exploring new climate opportunities through investment and financing, as well as product development.

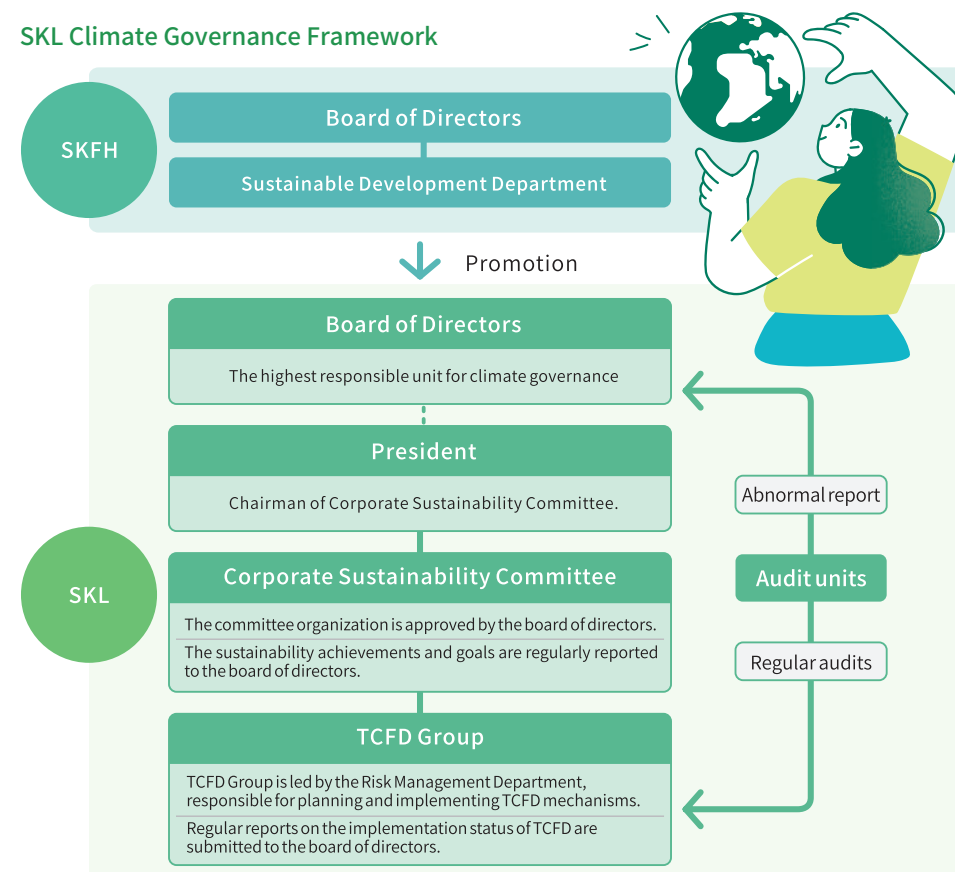
According to the Global Risk Report 2024 (GRR 2024) published by the World Economic Forum (WEF) in January 2024, the top two of the top 10 global risks in the next decade are "extreme weather events" and "major changes in the Earth system", indicating that climate change has become a common risk for the planet. This shows that climate change has become a common risk for the planet, and the actions taken in the face of climate change risk are even more important.

In order to strengthen its climate resilience, SKL has followed SKFH's strategy and introduced the TCFD framework to establish a climate governance mechanism (covering governance, strategy, risk management, indicators, and goals), identify climate-related risks and opportunities, and utilize situational analysis to assess the potential financial impact of climate change on the Company, and then establish a management process, develop a climate strategy, and set relevant indicators and goals, in the hope of revealing the relevant information through the TCFD framework. It is hoped that the TCFD framework will reveal relevant information and identify opportunities for transformation. The following is a description of the four core elements of TCFD framework will reveal relevant information and identify opportunities for transformation. The following is a description of the four core elements of TCFD:

2.1 Climate Governance GRI 2-23

The Board of Directors of SKFH has established a Corporate Sustainability Committee, which is responsible for overseeing the sustainable development and climate change initiatives of SKFH and its subsidiaries, including green finance planning and performance, greenhouse gas inventories, and carbon emission reduction targets, etc., and submits reports to the Board of Directors on a regular basis. The Company also pays close attention to the issue of global climate change, with the Board of Directors as the highest responsible unit for climate management, and takes climate change into consideration in its operational plans, risk management policies, and risk appetite. The Company's Corporate Sustainability Committee tracks the status and results of the implementation of corporate climate change risks and opportunities, and has a TCFD group under its management responsible for the planning and execution of these measures, and reports the results to the Board of Directors. In addition, climate change risk is also included in the Own Risk and Solvency Assessment (ORSA) report, which is regularly submitted to the Risk Management Committee and the Board of Directors for discussion and approval.

SKL Climate Governance Framework



In order to effectively implement climate risk management, the Company has set up three lines of defense for internal control, and their relevant responsibilities are listed below:

Lines of Defense	Responsible Unit	Description
1st line	Frontline business units	Responsible for and continuously manage the climate change risks generated by operational activities
2nd line	Risk Management Department	Establish overall policies and management systems to assist relevant units in implementing climate change risk management
3rd line	Audit units	Responsible for auditing and evaluating the effectiveness of internal controls and climate change risk management systems designed and implemented by the first and second lines of defense, and providing timely improvement recommendations

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In 2023, two sustainability training sessions for directors and senior managers were held, and relevant knowledge such as climate change was also included in the compulsory courses for all employees.

Training Topics and Content	
The Impact and Opportunity of Carbon Rights and Carbon Pricing on Net-Zero Transition.	<ol style="list-style-type: none"> TCFD project report Carbon credits and carbon pricing: explanation of domestic and foreign carbon fees, carbon credits, and carbon border tax policies
Introduction to Net Zero Transition & IFRS Sustainability Disclosure Series (2024)	<ol style="list-style-type: none"> Introduction to climate change risks Net-zero transition industry trends and introduction to net-zero technology Green finance solutions Introduction to IFRS sustainability disclosure standards (S1 and S2)

2.2 Climate Strategy GRI 201-2

In order to formulate climate strategies and identify short-, medium-, and long-term climate-related risks and opportunities, the Company follows the TCFD definition of the International Financial Stability Board (FSB), and uses internal expert methodology to consider transformational risks (emerging policy, existing policy, law, technology, market, reputation) and physical risks (immediate and long-term climate change). The main risk factors are listed, and the possible opportunities for mitigating and adapting to climate change are listed, and the risk factors for significant impacts of climate change are identified for risk issue assessment and management.

2.2.1 Identification of Climate Risks and Opportunities

The Company referred to the "World Energy Outlook 2022" (WEO 2022) published by the International Energy Agency (IEA) and the "Climate Change 2021: The Physical Science Basis" report (IPCC AR6 WG1) released by the Intergovernmental Panel on Climate Change (IPCC) to establish a climate risk issue repository, which includes climate transition risks and physical risks. The Company inventoried climate-related opportunities in its operations (such as resource efficiency management and the development of climate-related financial products) and investments (such as low-carbon energy and investments in emerging technology industries). By conducting internal expert investigations and gathering opinions from departments related to sustainable development, risk management, resource management, investment, and customer relations, we analyzed the impact and implications of climate factors on various aspects of the Company's business. Based on the questionnaire results, 14 climate risk issues and 9 climate opportunity issues were identified, quantified, and ranked according to their "likelihood of occurrence" and "impact level." Detailed explanations and response strategies were developed for material issues:



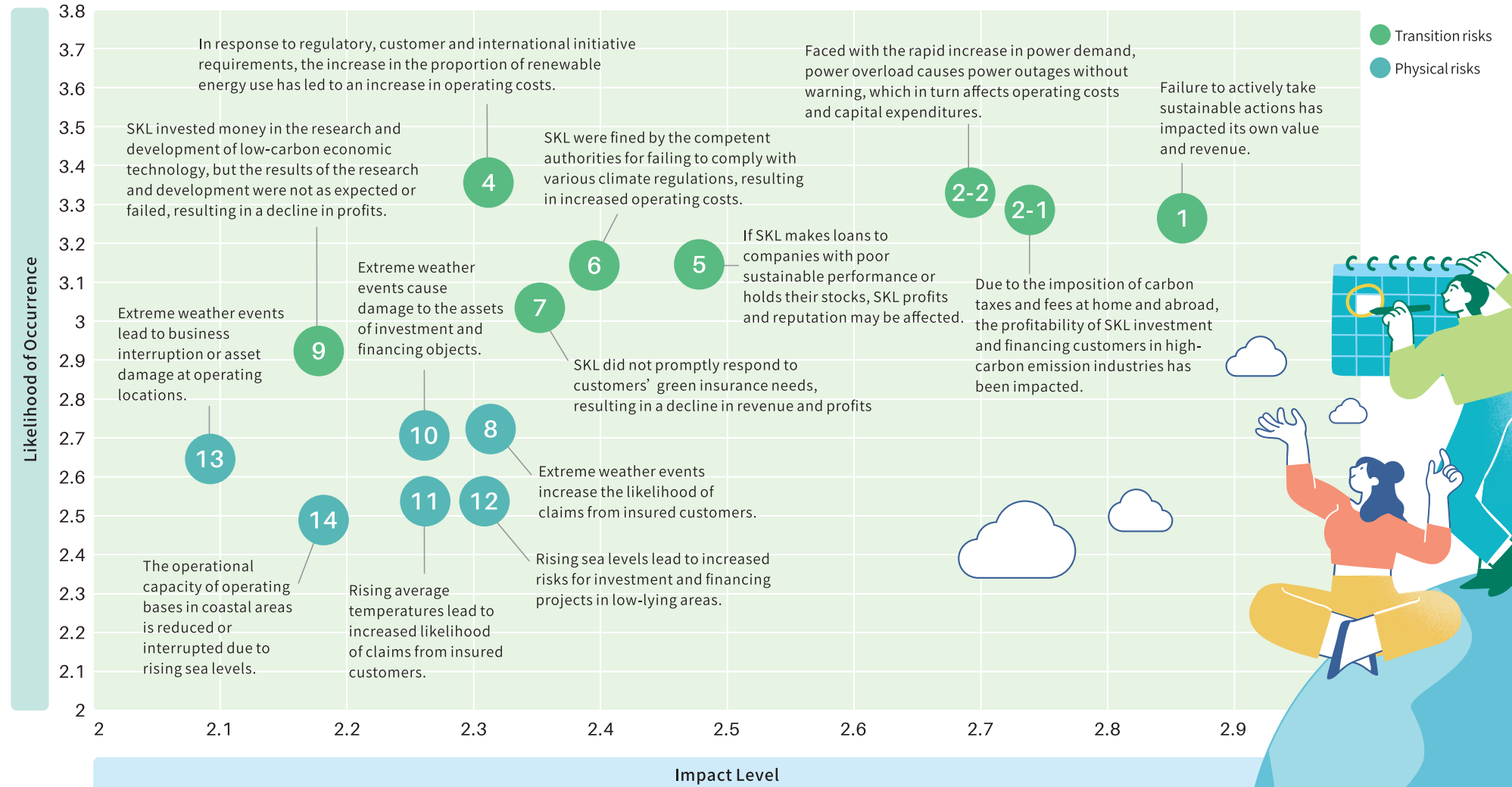
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A. Climate-Related Risks

Climate Risk Matrix



Note 1: Impact levels: On a scale of 1 to 5, from "minor" to "extremely high", the analysis results are between "minor (1)" and "extremely high (5)".
 Note 2: Likelihood: On a scale of 1 to 5, from "Very unlikely" to "Very likely", the analysis results are all between "Very unlikely (1)" and "Very likely (5)".
 Note 3: The ranking was based on the average sum of "likelihood of occurrence" and "impact level"



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Material Climate Risk Issues

				Transition risks	
Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Response Measures
1	Reputation risks	Mid-term	If SKL fails to take active sustainability actions, fails to actively prevent climate-related risks, or fails to comply with foreign sustainability initiatives, Shin Kong may lose the favor of investors, customers and the public.	Reduced inflow of capital	<ul style="list-style-type: none"> • Actively participating in international sustainable initiatives, alliances, and sustainability assessments, in order to enhance stakeholders' trust in the company and stay informed about domestic and international sustainability and climate change information.
2-1	Emerging policy risks	Mid-term	The U.S. Clean Competition Act (CCA), in 2024, Taiwan's Climate Change Response Act, in 2025, and the European Union's Carbon Border Adjustment Mechanism (CBAM), in 2026, will begin to charge carbon taxes for specific industries, which may impact the profitability of SKL investment and financing customers in high-carbon emission industries and indirectly affect Shin Kong's investment and financing income.	Decreased revenue and profits	<ul style="list-style-type: none"> • Conduct NGFS scenario analysis to assess credit and market risks of investment and financing in response to policy and regulatory risks associated with the net-zero transition trend. • Actively engage with high carbon-emitting suppliers or investment targets to urge their low-carbon transformation; Adjust procurement targets or investment strategies accordingly for companies that show no improvement.
2-2	Technical risks	Short-term	According to the "National Electricity Supply and Demand Report" issued by the MOEA, it is estimated that the average annual growth rate of electricity demand from 2021 to 2027 is around 2.5%, and the peak load growth rate is around 2.3%. In the face of the trend of continued growth in power demand, the possibility of power overload and power outages without warning in Taiwan is increasing. In order to avoid operating losses caused by power outages and achieve the carbon reduction target of "reaching carbon neutrality at the headquarters and main office locations by 2030", the company must build backup power, replace high-energy-consuming assets, and increase the use of renewable energy. As a result, the company's operating costs increased.	Rising operating costs and increased capital expenditures	<ul style="list-style-type: none"> • Regularly check high-energy-consuming assets at each operating location for replacement to improve energy resource efficiency. • Establish a business continuity management system (BCMS) and conduct business continuity drills and tests every year. • Scheduled to replace the lighting fixtures at all our nationwide locations with LED lights by 2030 to enhance the energy efficiency of air conditioning equipment. • Develop environmental goals and strategies, such as establishing indicators for GHG emissions, green building, and green procurement.
4	Current policy risks	Mid-term	In accordance with the current regulations "Renewable Energy Development Act", users with a contract capacity of more than 5,000 kW in power contracts are required to install 10% of renewable energy capacity within five years. In order to comply with regulatory requirements, Shin Kong increased the proportion of renewable energy use, resulting in an increase in operating costs.	Rising operating costs	<ul style="list-style-type: none"> • Introduce the ISO 14064:2018 greenhouse gas inventory standard to gain an in-depth understanding of our own operations and upstream and downstream greenhouse gas emissions, and cooperate with our parent company, SKFH to set SBT carbon reduction targets. • Invest in renewable energy power plants, purchase green electricity and obtain renewable energy certificates.

Note: Time scope definition: 1 to 2 (inclusive) years is short-term, 3 to 5 (inclusive) years is mid-term, and more than 5 years is long-term.

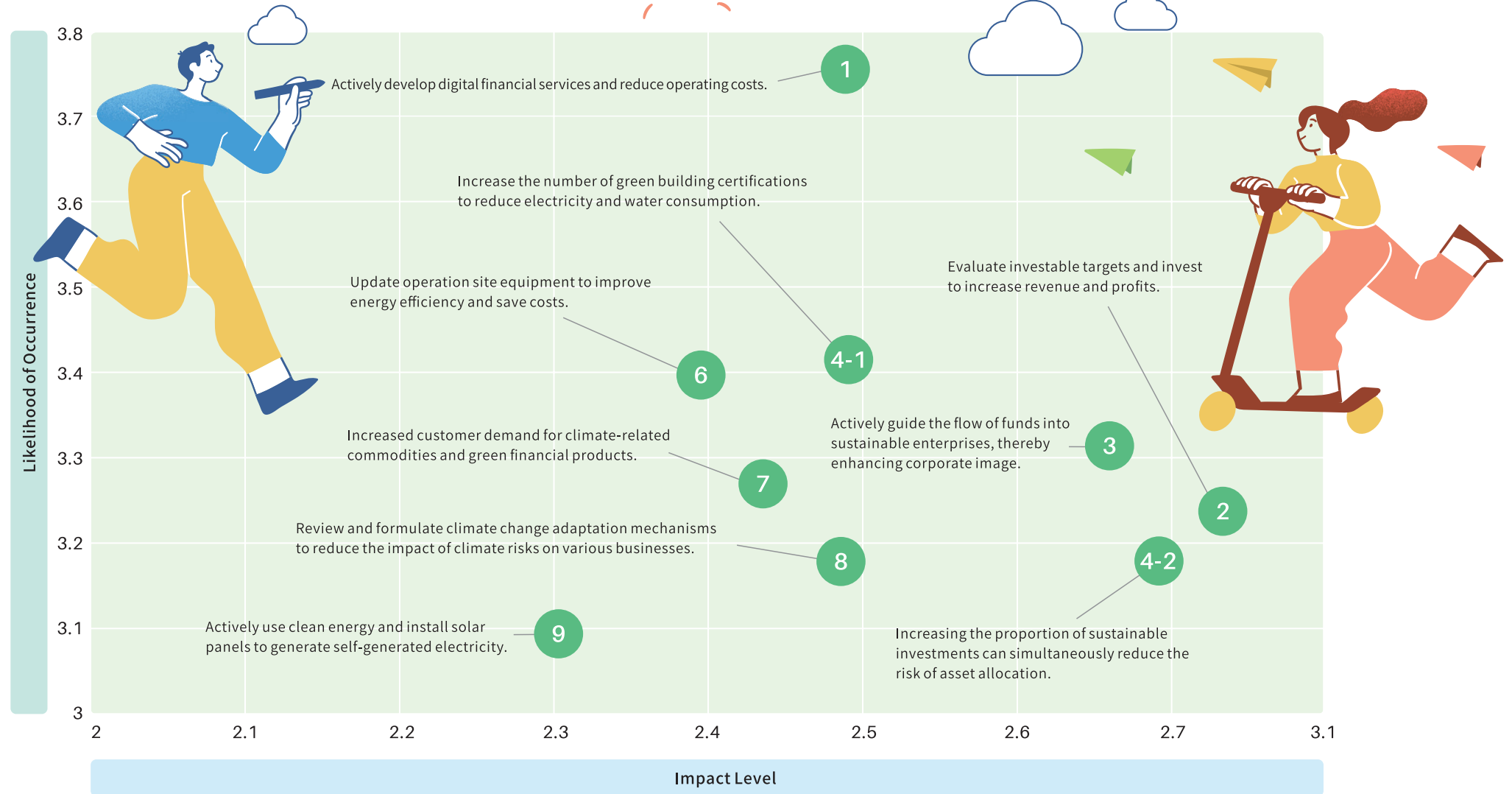
				Physical risks	
Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Response Measures
1	Immediate risks	Long-term	Affected by extreme climate disasters, the frequency and severity of typhoons, heavy rains and floods have increased, and the probability of casualties among insurance customers has increased, resulting in an increase in the claim amount of related insurance products, which directly affects the company's profitability.	Decreased revenue and profits	<ul style="list-style-type: none"> • In response to extreme weather events, a "typhoon / disaster protection" mechanism is in place to help policyholders cope with major accidents and climate change disasters.
2	Immediate risks	Mid-term	Affected by extreme climate disasters, the frequency and severity of typhoons, heavy rains and floods have increased, leading to operational interruptions or asset losses for investment and financing customers, indirectly causing Shin Kong to face investment and financing losses.	Decreased revenue and profits	<ul style="list-style-type: none"> • Evaluate the potential physical climate risks of the company's self-owned and financed real estate through the database to control possible investment losses. • Convert some equipment to leasing models to transfer the financial loss risk caused by extreme weather events
3	Long-term risks	Long-term	Rising temperatures due to global warming have increased the possibility of heat injury or heatstroke, resulting in increased energy consumption for air conditioners in Shin Kong and the society, power outages that disrupt Shin Kong's operations; or it may increase mortality or illness rates, resulting in higher life insurance claim payouts.	Decreased revenue and profits	<ul style="list-style-type: none"> • Utilize average daily temperature data from the Central Weather Bureau, life insurance claims data, and AR5 climate scenario data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) for the period 2014 to 2023 to analyze the potential changes in future life insurance claims related to heat injuries.
4	Long-term risks	Long-term	Global warming has led to rising sea levels, and the low-lying corporate locations and real estate collateral of investment and financing customers have led to asset losses, indirectly causing Shin Kong to face investment and financing losses.	Decreased revenue and profits	<ul style="list-style-type: none"> • Conduct physical risk RCP 2.6 and RCP 8.5 scenario analysis, analyze various risk factors and formulate plans as risk responses.

Note: Definitions of time categories: Periods from one to two year(s) (inclusive) are classified as short term; periods ranging from three to five years (inclusive) are classified as medium term; and periods longer than five years are considered long term.

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B. Climate-Related Opportunities

Climate Opportunities Matrix



Note 1: Impact levels: On a scale of 1 to 5, from "minor" to "extremely high", the analysis results are between "minor (1)" and "very high (4)".
 Note 2: Likelihood: On a scale of 1 to 5, from "Very unlikely" to "Very likely", the analysis results are all between "probable (3)" and "likely (4)".
 Note 3: The ranking was based on the average sum of "likelihood of occurrence" and "impact level"

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Material Climate Opportunities

Opportunity Type	Opportunity	Event Time	Financial Impact	Response Measures	Results in 2023
Products and services	SKL actively develops digital financial services and continues to promote digital account opening, electronic trading, and account processing services to reduce the use of paper and energy and lower operating costs.	Short-term	Reduced operating costs	<ul style="list-style-type: none"> Actively promote digital finance and reduce the consumption of energy and resources through mobilize, cloud-based, electronic, and digital services and tools. 	<ul style="list-style-type: none"> E-tools reduced a total of 19.16 million sheets of paper and approximately 1.3 million tons of carbon emissions.
Market opportunities	In response to the continuous growth of the sustainable investment market at home and abroad and to create more investment opportunities, Shin Kong evaluates investable targets and invests in them to increase operating profits.	Mid-term	Increased revenue and profits	<ul style="list-style-type: none"> Continuously monitor the trends in green-related industries and invest in sustainable development industries such as environmentally friendly and green energy industries. Establish management guidelines for carbon-intensive industries and dynamically adjust trading strategies to effectively achieve the goal of sustainable finance decarbonization and enhance market resilience. 	<ul style="list-style-type: none"> The amount of green investment reached NT\$33.9 billion, of which the amount of investment related to the renewable energy industry reached NT\$7.8 billion. Develop insurance policies to help consumers resist the impact of air pollution on their health. Premium income in 2023 was NT\$180 million.
Market opportunities	SKL formulates sustainable investment and financing policies in response to the sustainability trend and actively guides the flow of funds to sustainable enterprises. Its sustainability performance has received positive coverage and recognition from the media and sustainability rating agencies, thereby enhancing the corporate image and winning the favor of investors and customers.	Short-term	Increased capital injection and increased revenue and profits	<ul style="list-style-type: none"> Actively respond to the UN's Sustainable Development Goals in the investment activities, continue to search for sustainable investment targets, grasp ESG opportunities, and invest in sustainable development industries. Continue to actively participate in internal and external organizational initiatives to enhance the company's image. 	<ul style="list-style-type: none"> The amount of ESG-themed investment exceeded NT\$548 billion, of which investment in sustainable development bonds reached NT\$45 billion, with an annual growth of 3%. Won the TCSA Climate Leadership Award in 2023.
Resource efficiency	SKL increases the number of green building certifications among its operating locations by reducing electricity and water consumption to achieve energy conservation and carbon reduction, thereby increasing the value of fixed assets and environmental external benefits.	Mid-term	Increased asset value and reduced operating costs	<ul style="list-style-type: none"> Replace all lighting fixtures with LED lights in all locations nationwide by 2030, gradually improving the energy efficiency of AC equipment. Promote a change in energy resource usage habits among employees through environmental sustainability training. Obtain green building certificates (silver and above) for all new projects to enhance the environmental sustainability performance of buildings. Continuously revitalize existing buildings and equipment by implementing various energy-saving measures to improve the energy efficiency of existing buildings. 	<ul style="list-style-type: none"> Implement energy-saving measures (such as replacing chiller units and upgrading nighttime lighting), resulting in a savings of approximately 240,000 kWh of electricity. Obtained a total of 6 green building labels, 3 green building candidates, and 1 US LEED certificate.
Resilience	The market continues to focus on sustainable development, and SKL increase in the proportion of sustainable investments can simultaneously reduce the risk of asset allocation.	Mid-term	Reduced operating costs	<ul style="list-style-type: none"> Establish management guidelines for carbon-intensive industries and dynamically adjust trading strategies to effectively achieve the goal of sustainable finance decarbonization and enhance market resilience. 	<ul style="list-style-type: none"> Distributed engagement communication questionnaires to investee companies at high risk for climate issues. The response rate was approximately 50%.

Note: Climate opportunity types include resource efficiency, energy source, products and services, markets, and resilience.

2.2.2 Climate Scenario Analyses and Stress Tests

To further understand the impact of climate change risks on SKL, we use climate scenario analysis to measure risk exposure under various climate scenarios for physical and transition risks and actively implement relevant management actions and countermeasures to strengthen climate resilience. The scenarios used and described as follows:

Application	Risk Category	Climate Scenario	Description
Operating locations and Investment property	Physical Risk - Immediacy and Long-Term	RCP2.6、RCP8.5	Calculate the impact of climate risks on real estate investments (maximum climate risk values, reconstruction costs, and likelihood of operational disruptions)
Real estate collateral	Physical Risk - Long-Term	RCP2.6、RCP8.5	Calculate the impact of climate risks on real estate collateral
Life insurance products	Physical Risk - Long-Term	RCP2.6、RCP8.5	Calculate the impact of temperature rise on heat-related injury claims in life insurance products
Investment portfolios	Transition Risk - Policy and Regulation	NGFS-Net Zero 2050、Current Policies、Delayed transition、Nationally Determined Contributions(NDCs)	Calculating the changes in credit and market risks for investment and financing positions under stricter climate regulations.

Note 1: RCP2.6: In the low emissions scenario, emissions will be halved by 2050 and the temperature increase will not exceed 2°C; it is possible to reach the 2°C or 1.5°C targets of the Paris Agreement.

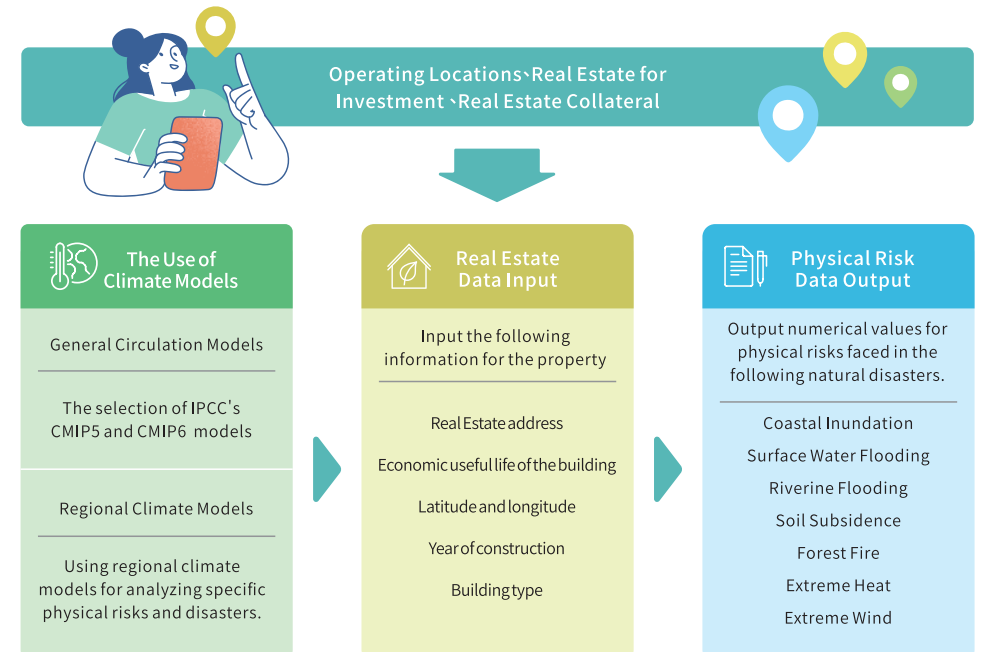
Note 2: RCP8.5: The high emissions scenario means business as usual (BAU), where emissions continue to rise. By 2100, the global warming range will be close to 4°C.



A. Physical Risks

Real Estate Risk Scenario Analysis Process:

To review the potential future impact of climate change on operating locations and Investment property, we have established assessable climate models and analyzed the operating locations, investment real estate, and real estate collateral of SKL in Taiwan as of the end of 2022 to determine the Max Value at Risk (MVaR) and Failure Probability (FP) for various types of climate change risks and disasters, including surface water flooding, soil subsidence, coastal inundation, forest fire, and extreme wind, during each decade from 2020 to 2100 under the RCP 2.6 and RCP 8.5 climate scenarios. Required parameters and data outputs as follows:



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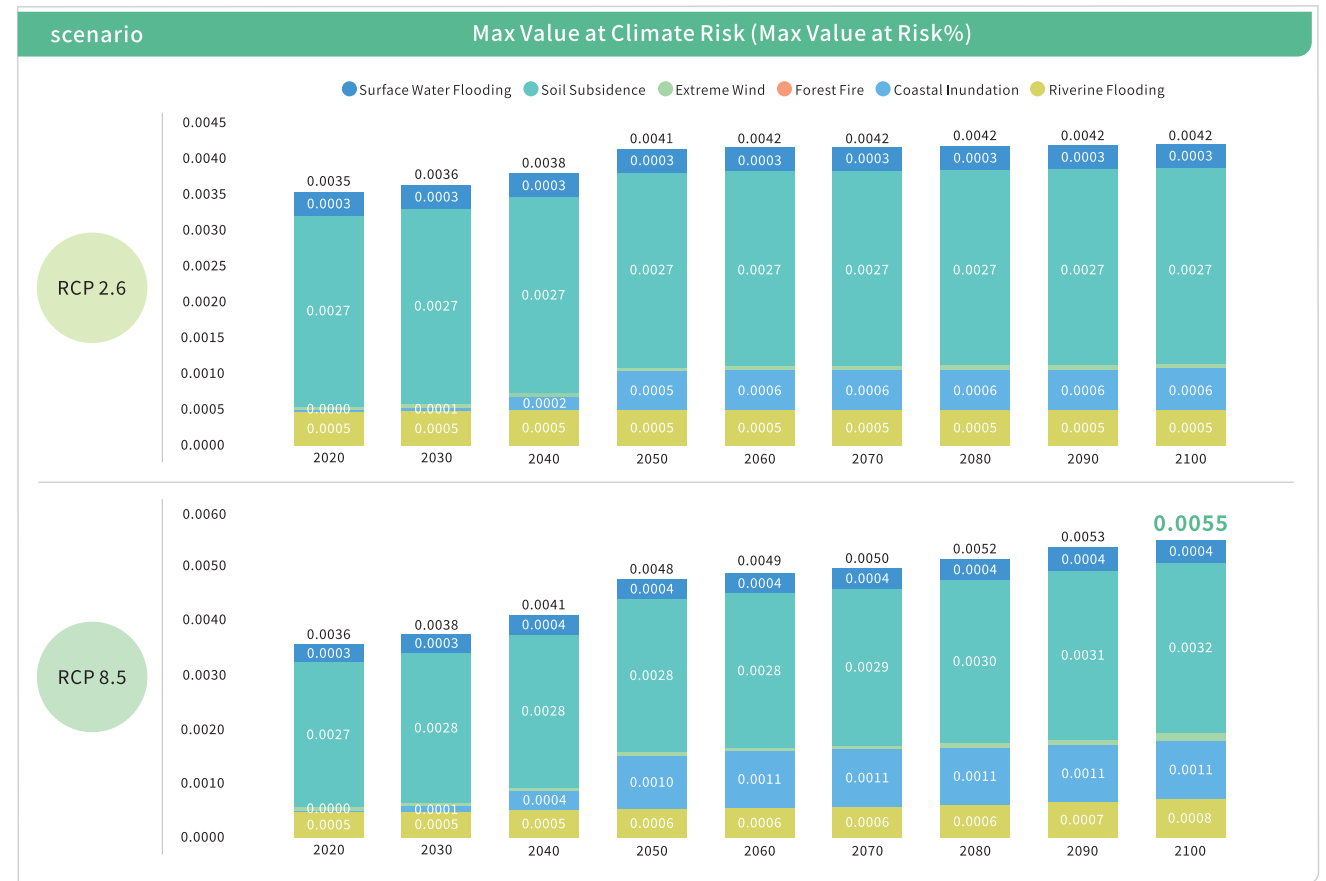
(1) Operating Locations and Real Estate for Investment:

Analysis and results

In 2023, the Company owned a total of 200 real estate assets across Taiwan. Due to Taiwan's susceptibility to natural disasters such as typhoons, heavy rainfall, and floods, the repair costs and operational disruptions of these properties have increased. To address this, we conducted scenario analyses using RCP2.6 and RCP8.5 to determine the MVaR for various climate risk factors. We also referred to construction cost reference tables and the annual growth rate of construction engineering price index to estimate the reconstruction costs of our real estate assets. Furthermore, we analyzed high climate risk areas for all operational locations in Taiwan to establish risk response measures for ongoing operational plans.

Based on the analysis results, within the period from 2030 to 2050 under RCP2.6 and RCP8.5 scenarios, the estimated financial impact ranges from NT\$260 million to NT\$340 million. In the most severe scenario, RCP8.5, the MVaR for the end of the century is 0.55%, with a financial impact of approximately NT\$400 million; Among various climate risk factors, regardless of the RCP2.6 or RCP8.5 scenarios, land subsidence caused by drought has the most significant impact on asset value, followed by river flooding and coastal inundation. Additionally, the analysis of our business locations shows that in both scenarios, by the end of the century, there will be six to seven operational sites classified as high climate change risk areas with a MVaR% exceeding 1%. These sites are located in Hualien, Taitung, Kaohsiung, Taichung and Yilan, with the primary climate factors being river flooding and surface water inundation.

Maximum climate risk values (MVaR) under RCP2.6 and RCP8.5 scenarios:



Scenario/Year	2030	2050	2100
RCP 2.6	0.36%	0.41%	0.42%
RCP 8.5	0.38%	0.48%	0.55%

Note 1: Climate Value at Risk, VaR%: The percentage of repair costs to asset reconstruction costs for the real estate in a single year after being damaged by climate disasters.
 Note 2: Max Climate Value at Risk%: Take the maximum value of the climate VaR% that the asset is exposed to in each year during the period from the initial time of analysis to the time of calculation.

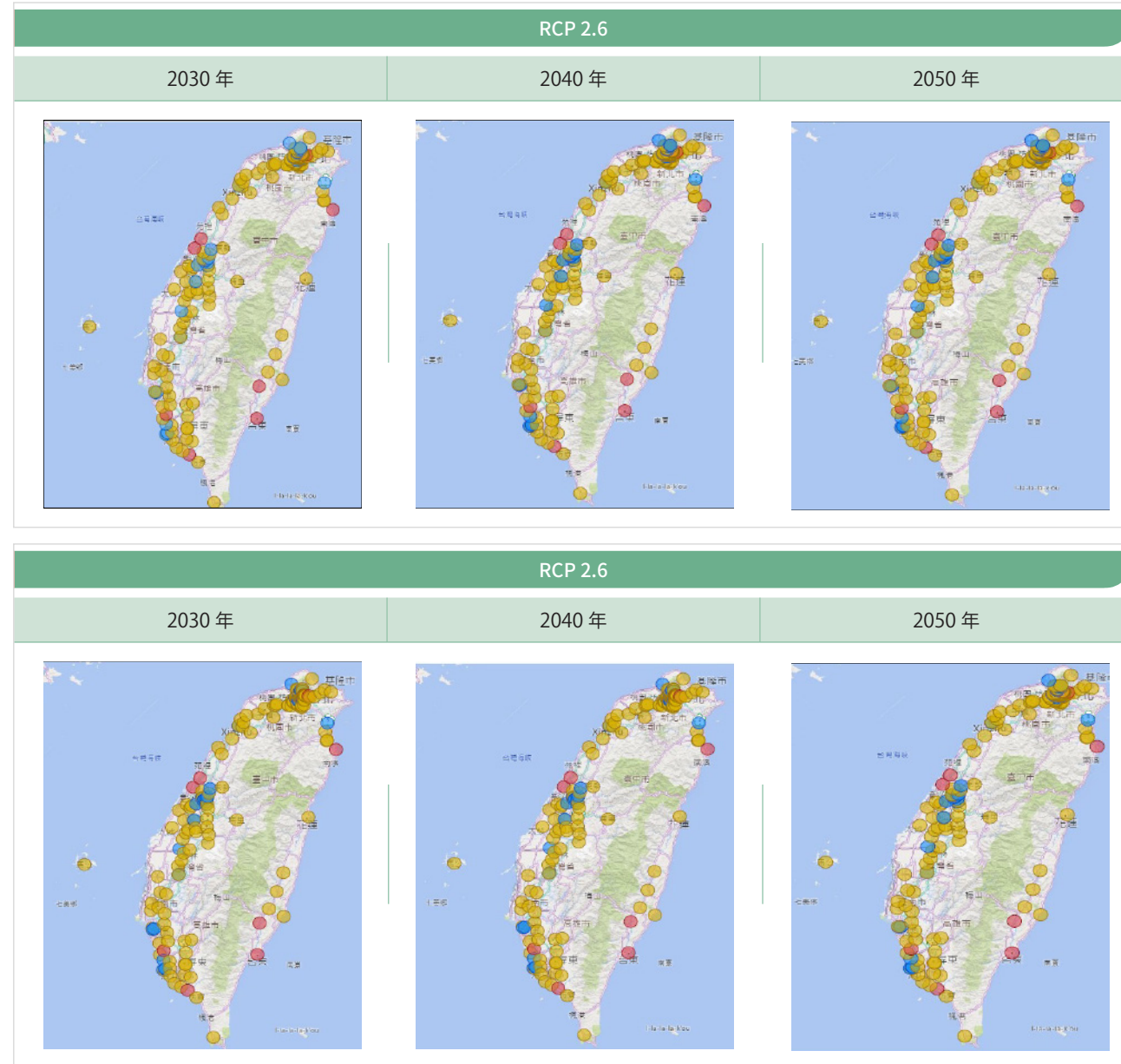


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The operating locations and their corresponding risk values under RCP2.6 and RCP8.5 scenarios is as follows:



Risk response

Based on the observations above, the risk assessment results indicate that the impact is relatively minor for the overall company and remains within an acceptable range. As a result, we will use the Land Subsidence Monitoring System of the Water Resources Agency (WRA) under the Ministry of Economic Affairs to monitor the development of land subsidence in the areas where real estate(investment, secured loan/mortgage) and will take appropriate countermeasures as soon as possible. In addition, we will increase flood control measures during real estate construction and respond to hazards with adaptation plans such as regular drills, backup, and recovery to cope with coastal flooding caused by sea-level rise and surface flooding caused by acute rainfall.

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Failure Probability (FP)

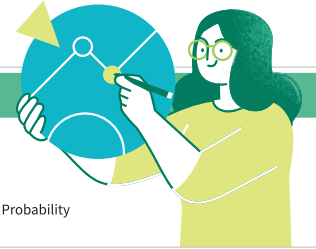
Analysis and results

The Failure Probability (FP) means the probability that caused building operations to halt by the climate hazards in that year. Productivity loss is the core concept of the assessment, and the climate-related risks that are taken into account are heat-related work hour loss and heat-related excess mortality rate. According to the analysis results, extreme heat is the most important factor in causing operation failure under both the RCP 2.6 and RCP 8.5 scenarios. Particularly, under the RCP 8.5 scenario, extreme heat contributes to 97.10% of operation failure, which makes SKL attach more importance to promoting low-carbon transition.

Risk response

The Company has established a Business Continuity Management System (BCMS) to reduce the likelihood of operational disruption or damage, and strengthen our ability to respond to major events and recover quickly to protect the interests of our customers and all stakeholders. Furthermore, we estimate that under the RCP 2.6 and RCP 8.5 scenarios, there may be a rise in temperature ranging from 1.3° C to 5.7° C in the 21st century, which will increase the possibility of heat illnesses (such as heat strokes) for employees. As a result, we will pay much greater attention to the occupational safety and health of our employees, as well as provide additional protective measures to prevent related injuries by extreme weather.

Failure probability (FP) under RCP2.6 and RCP8.5 scenarios



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(2) Real Estate Collateral

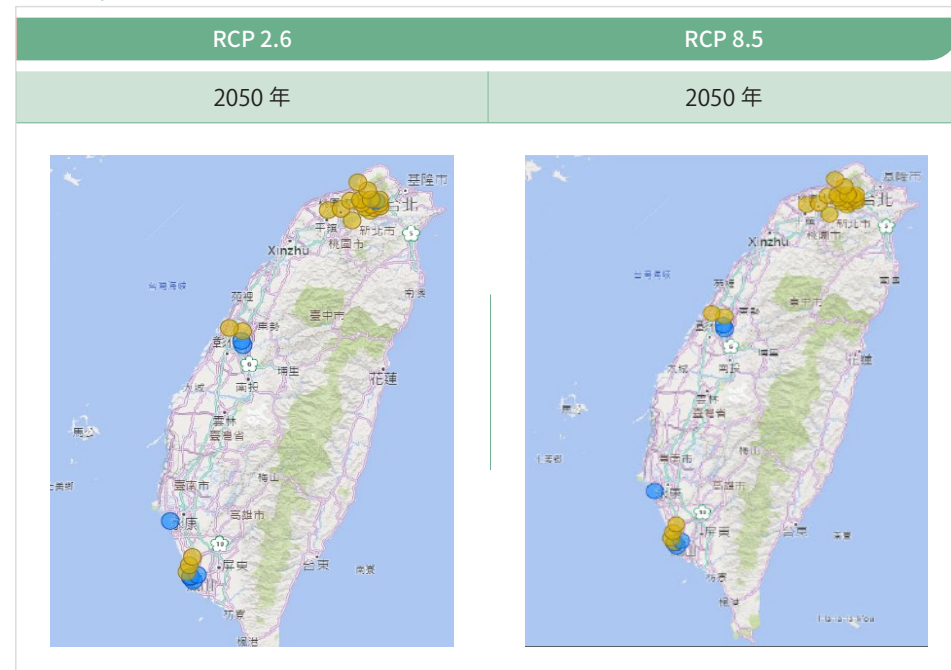
Analysis and results

To assess the physical risks faced by the real estate collateral for loans, the Company conducted a physical risk analysis using climate scenarios RCP 2.6 and RCP 8.5. It was found that under the most severe scenario, RCP8.5, of the loans currently undertaken, during 2100, the climate change value at risk (VaR) faced by real estate collateral was only 3 cases in Tainan City and New Taipei City, which was higher than 1%. Additionally, the loan terms were short-term. Therefore, the Company determines that the climate change risk for real estate collateral does not pose a high risk in the short run.

Risk response

In the future, when undertaking new loans that require an evaluation of real estate collateral, the Company will enhance the assessment of the physical risks associated with the collateral to mitigate the potential climate change risk faced by the loans.

Real Estate Collateral Location Distribution and Corresponding VaR under RCP2.6 / 8.5



- >1% MVaR
- 0.2 ~ 1% MVaR
- <0.2% MVaR

(3) Personal Insurance Thermal Injury Claims Expense Analysis

Analysis and results

In order to assess the relationship between warming and the occurrence of thermal injury events in Taiwan on claims expenses, the Company analyzed the future changes in life insurance thermal injury claims expenses using the 2014~2023 Bureau of Meteorology average daily temperature, life insurance claims, and the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform ("TCCIP")" AR5 climate scenarios; the preliminary results indicated that warming is "not significantly related" to the Company's personal insurance thermal injury claims expenses, and there is no significant financial impact on the insurance claims. Preliminary results indicate that warming is "not significantly related" to the Company's life insurance heat injury claims expenses and that the financial impact on insurance claims is not material. In addition, the data on heat injury claims over the past decade are not representative of the trend of heat injuries for the entire population of Taiwan, and the average daily temperature is not the only variable associated with heat injuries. Due to data limitations, further analyses must be conducted in the future as data become more available.

Risk response

Given the relationship between life insurance products and climate change, more data and technologies are needed for further assessment. It is expected that more data and advanced analytical methodologies will be available in the future through interdisciplinary collaboration among industry, government, and academia. The aim is to continuously enhance the analysis of the impact of climate scenarios on the well-being of the Taiwanese population, understand the climate change risks faced by life insurance products, and assist individuals in coping with increasingly extreme climate trends.

Note: The target periods for heat-related injury insurance products are as follows: 2026-2035, 2056-2065, and 2091-2100. The analysis results are presented based on the end year of each respective period.

(4) Physical Risks Summary

Based on the comprehensive assessment, the impact of physical risks on the Company's operations is considered limited, and the management approach is categorized as "acceptable." The Company will continue to monitor the climate risk values (Max Value at Risk%) of real estate assets and collateral, and implement corresponding climate action plans based on their fluctuations.

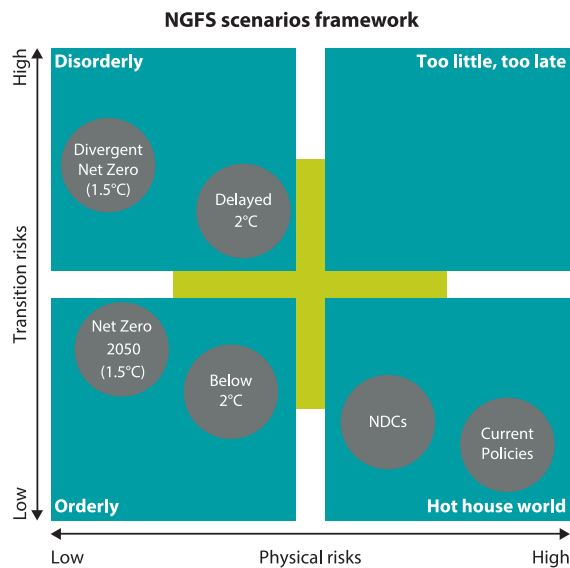
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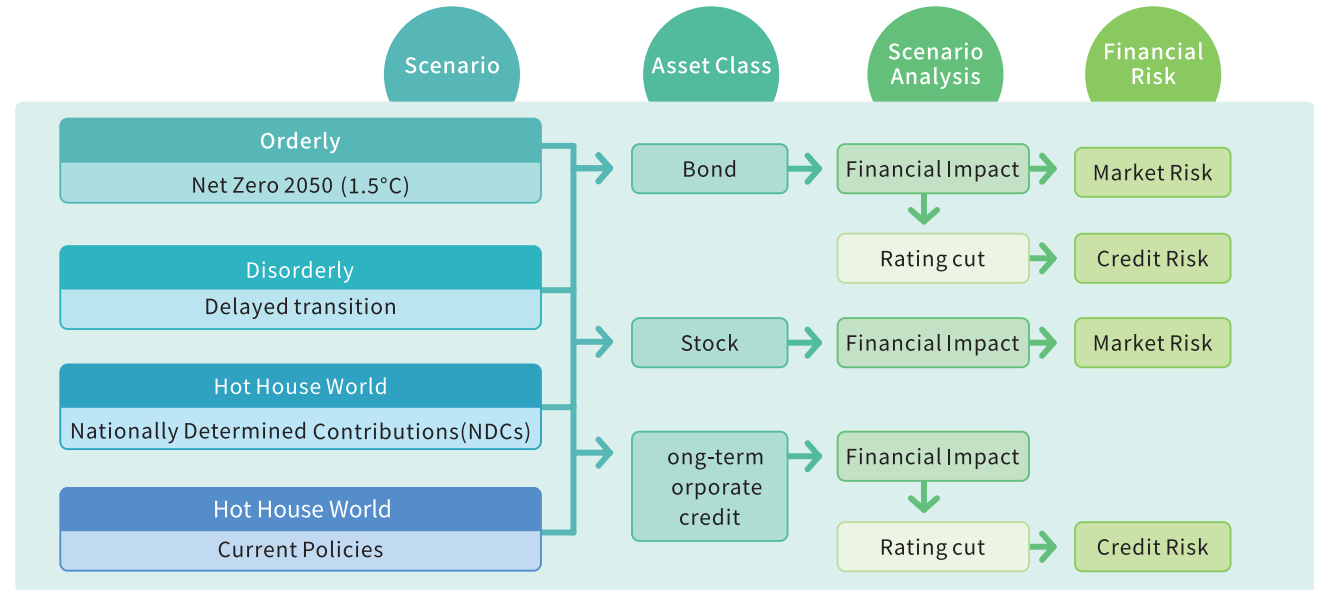
B. Transition Risk

Transition risk scenario analysis is conducted to assess and measure the risks that may arise during the process of transition towards a low-carbon economy. It focuses on evaluate the risks associated with the adjustments made in the journey towards a low-carbon economy. We use the international data from the Network for Greening the Financial System (NGFS) of central banks and financial supervisors to establish relevant stress test models to measure changes in the ratings of investment targets (Including evaluations of future energy consumption growth rate, energy unit cost, carbon emission growth rate, and carbon fee unit cost). Four scenarios, "Current policies"、"Delayed transition"、"Nationally Determined Contributions(NDCs)"and "Net Zero 2050," provided by the NGFS Scenario Explorer, were selected as the basis for the analysis of transition risks. A simulation was conducted to construct the distribution of energy consumption and CO₂ emissions for benchmarking industries with high climate change risks. The financial impacts on the target's financial indicators resulting from the influence of the transition risk scenarios were estimated. The following are explanations and results of the related scenario analysis assumptions:



Data resource : NGFS Scenarios for central banks and supervisors, September 2022

Transmission Pathway Diagram for Transitional Risk Assessment



(1) Transition risk scenario assumptions

Scenario category		Climate Scenario			
Current Policies		<ul style="list-style-type: none"> Assessment of transition risk indicators based on the existing policy intensity of governments worldwide. Compare the Current Policies scenario (limited action, existing policies) \ NDCs \ Delayed transition with the Net Zero 2050 scenario (ambitious action) for conducting a transition risk scenario analysis. 			
Nationally Determined Contributions (NDCs)		<ul style="list-style-type: none"> Countries are required by the conference of the Parties (COP), the annual United Nations climate summit, to set their own targets and track them every year. 			
Delayed transition		<ul style="list-style-type: none"> The world has not taken any emission reduction measures before 2030, as a result, tough policies will be needed later on to control global warming below 2°C. 			
Net Zero 2050		<ul style="list-style-type: none"> Implement proactive measures for an orderly transition towards achieving net-zero emissions globally by 2050. 			
Scenario Assumptions					
Scope of Affected Assets	Industry Coverage	Geographic Areas	Forecast Period and Intervals	Input Parameters	
				Scenario Parameters	Financial Parameters
The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate change risk.	Metal and mining, oil and gas, electricity generation, steel, chemical, and aviation, and other industries with high climate change risk.	The Americas, Asia, Europe, and Oceania	2022-2050 (annually)	<ul style="list-style-type: none"> Energy consumption Energy prices CO₂ emissions Carbon prices 	<ul style="list-style-type: none"> Balance sheet Income statement Cash flow statement

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(2) Transition risk scenario analysis results

Asset category	Climate Scenario	Rating changes or financial impacts under climate scenarios			Description
		Short-term(2030)	Mid-term(2040)	Long-term(2050)	
Bond investments	Current Policies	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 1 to 2 notches	Based on the above scenario analysis, the main industries affected are the power generation industry, semiconductor industry, and oil and gas industry. The overall outcome is within our company's acceptable range.
	Nationally Determined Contributions(NDCs)	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 1 to 2 notches	
	Delayed transition	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 2 notch	Average credit rating downgrade of 2 to 3 notches	
	Net Zero 2050	Average credit rating downgrade of 0 to 1 notch	Average credit rating downgrade of 1 to 2 notch	Average credit rating downgrade of 1 to 2 notches	
Stock investments	Current Policies	<ul style="list-style-type: none"> • Financial impact indicator: EBITDA Margin • Compared to 2023, the maximum average EBITDA Margin decrease for investment targets was 6.64%. 			Based on comprehensive analysis, the impact of four scenarios on stock investments is limited and falls within an acceptable range for the company.
	Nationally Determined Contributions(NDCs)	<ul style="list-style-type: none"> • Financial impact indicator: EBITDA Margin • Compared to 2023, the maximum average EBITDA Margin decrease for investment targets was 4.71%. 			
	Delayed transition	<ul style="list-style-type: none"> • Financial impact indicator: EBITDA Margin • Compared to 2023, the maximum average EBITDA Margin decrease for investment targets was 27.21%. 			
	Net Zero 2050	<ul style="list-style-type: none"> • Financial impact indicator: EBITDA Margin • Compared to 2023, the maximum average EBITDA Margin decrease for investment targets was 19.37%. 			
Long-term corporate financing	Current Policies	<ul style="list-style-type: none"> • No rating changes • Compared to 2023, the average net profit of the financing targets during the observation period showed a maximum decline of 0.89%. 			In this analysis, although no rating changes or increased default rates were observed for the benchmark corporate financing targets due to the impact of the transition risk scenario, it falls within an acceptable range for the company.
	Nationally Determined Contributions(NDCs)	<ul style="list-style-type: none"> • No rating changes • Compared to 2023, the average net profit of the financing targets during the observation period showed a maximum decline of 22.63%. 			
	Delayed transition	<ul style="list-style-type: none"> • No rating changes • Compared to 2023, the average net profit of the financing targets during the observation period showed a maximum decline of 47.21%. 			
		<ul style="list-style-type: none"> • No rating changes • Compared to 2023, the average net profit of the financing targets during the observation period showed a maximum decline of 14.69%. 			

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(3) Transition risk summary:

After a comprehensive assessment, the transition risk is determined to have a limited impact on the Company's operations in terms of credit rating changes and financial implications.

Therefore, the management approach adopted is "acceptable". However, to actively respond to transition risks and continuously monitor the impact of these risks on the Company's investments,

we have incorporated climate risk factors into our investment and financing-related policies. We have established a requirement for careful assessment of climate change risks associated with transaction counterparts before making investment and financing decisions. Ongoing monitoring and management are also implemented following the completion of transactions.

C. Climate Risk Stress Tests

The following calculations were made by the company, using the current risk areas, to determine the expected loss from operational risk, expected loss from credit risk, and impairment of asset value due to market risk:

Climate risk	Existing risk	Asset category	Method	Climate scenarios	The financial impact of stress testing on the Company	Explanation
Physical risks	Operational risk	Operating locations and real estate investments	Estimate the number of operational risk events and the impact of losses that may be caused by extreme weather events.	RCP 2.6	Short-term : 2.40 million Mid-term : 3.89 million Long-term : 6.12 million	<ul style="list-style-type: none"> • The simulated expected losses for operational risks are not significant. Therefore, the impact on operational risk management can be considered relatively limited, and this climate risk is within an acceptable range.
				RCP 8.5	Short-term : 2.37 million Mid-term : 4.09 million Long-term : 6.51 million	
Transition risk	Credit risk	Bond investments and long-term corporate financing	Estimate through the changes in credit ratings, Probability of Default (PD), and Loss Given Default (LGD) for collateralized positions affected by physical risk.	Current Policies	Credit losses on bond investments are expected to increase by 0.64%	<ul style="list-style-type: none"> • In regard to corporate finance, the analysis is limited to using benchmark data to simulate investment targets' financial condition under four climatic scenarios while taking into account collateralized loans' maturity on the reference date. It was found that the transition risk scenario had not increased the default rates for the corporate finance portfolio. • In the stress test results for corporate financing and bonds, the loss ratios derived from climate change risks are not significant, indicating a limited impact on credit risk, which falls within an acceptable range for the company.
				Nationally Determined Contributions(NDCs)	Credit losses on bond investments are expected to increase by 0.63%	
				Delayed transition	Credit losses on bond investments are expected to increase by 0.64%	
				Net Zero 2050	Credit losses on bond investments are expected to increase by 1.88%	

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Climate risk	Existing risk	Asset category	Method	Climate scenarios	The financial impact of stress testing on the Company	Explanation
Transition risk	Market risk	Bond investments	Estimate the operational impact on equity and debt issuers due to specific climate stress scenarios related to transition risk.	Current Policies	The loss accounted for 0.16% of the bond position at the end of 2023	<ul style="list-style-type: none"> • The stress test results indicate that the derived loss ratios in stocks and bonds are not high, suggesting a relatively limited impact on market risk. This climate change risk falls within an acceptable range.
				Nationally Determined Contributions(NDCs)	The loss accounted for 0.13% of the bond position at the end of 2023	
				Delayed transition	The loss accounted for 0.16% of the bond position at the end of 2023	
				Net Zero 2050	The loss accounted for 0.22% of the bond position at the end of 2023	
		Stock investments		Current Policies	The loss accounted for 0.23% of the stock position at the end of 2023	
				Nationally Determined Contributions(NDCs)	The loss accounted for 0.22% of the stock position at the end of 2023	
				Delayed transition	The loss accounted for 0.22% of the stock position at the end of 2023	
				Net Zero 2050	The loss accounted for 0.48% of the stock position at the end of 2023	

Definitions of time categories: 2030 (short-term), 2040 (mid-term), 2050 (long-term)

2.2.3 Implementation of the scenario analysis and stress test, and the control and assessment plan

In conclusion, the Company considers the risk associated with climate change to be manageable and reasonably limited. However, the Company has introduced climate-related policies and regulations (such as changing the standards for new part selection, preserving the combination of current parts, etc.), including climate-related risks in risk appetite statements, and frequently conducts climate stress tests across the main financial risks in order to effectively manage and mitigate the effects of climate risk. To keep a strong framework for climate governance in place, the findings are communicated to the Board of Directors and pertinent committees.

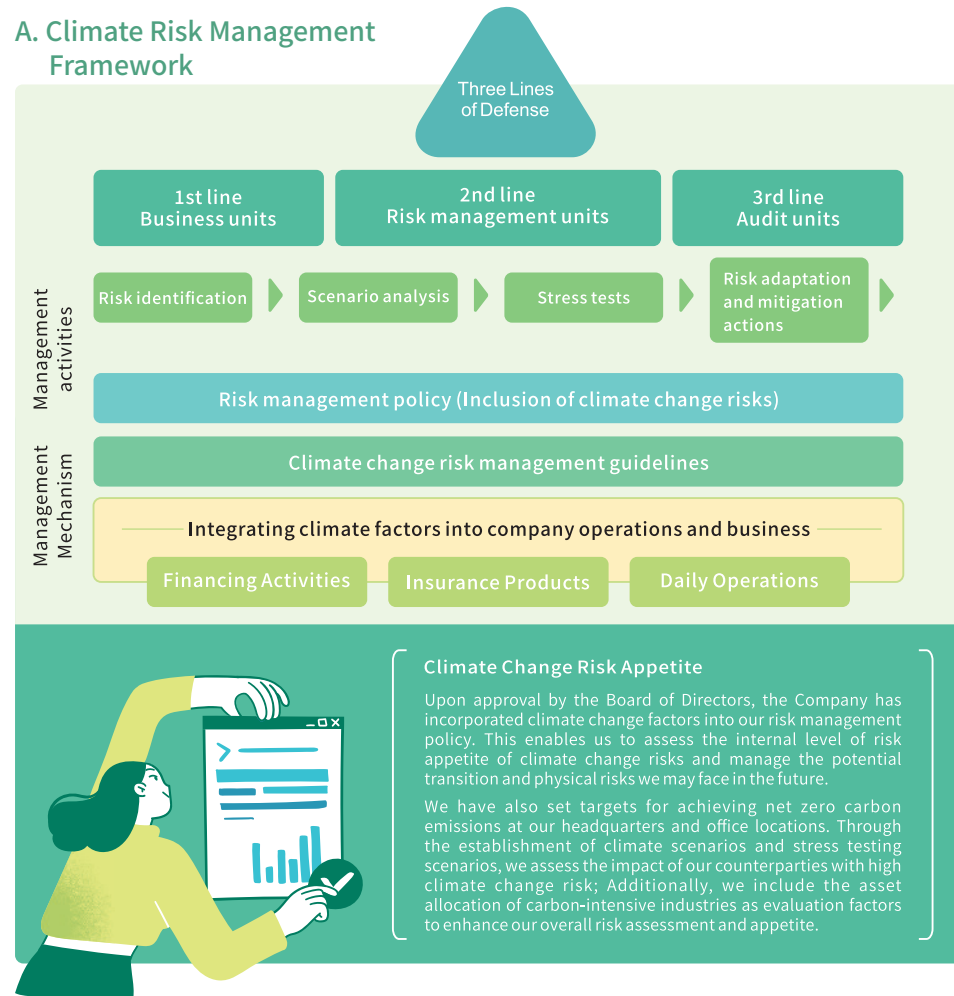
Based on the scenario analysis results of physical risks and transition risks, scenario analysis and stress test are continuously performed every year. The goal is to assess the financial impact on the company's real estate and investment positions under different climate scenarios, and the assessment results will also be linked to the climate risk issue database (used to identify the Company's climate risks and opportunity projects) and the risk responses will be developed. In terms of physical risks, corresponding countermeasures will be taken against the assessed physical risk factors that have a greater impact (for example: using the Land Subsidence Monitoring System of the Water Resources

Agency (WRA) under the Ministry of Economic Affairs to monitor the development of land subsidence in the areas where the real estate is located); in terms of transition risks, the assessment results show that industries with high climate risks are subject to greater transition risks. Therefore, for investment and financing targets in carbon-intensive industries, we conduct climate change risk assessments before investment, continue to review their ESG and climate performance after transactions, and actively engage with relevant companies to assist them in their zero-carbon transition.

2.3 Climate Risk Management

Climate change has become one of the most urgent risks globally. Taking voluntary and proactive measures to identify and manage climate change risks and opportunities is essential for harmonizing financial and economic activities, social well-being, and the Earth's ecology. To mitigate the impact of climate change on business operations, the Company has established a climate change risk management mechanism, which follows the guidance of the TCFD framework and aligns with the SKFH Sustainable Finance Policy. We have incorporated "climate change risk" into the Company's risk management policy and continuously seek improvement by integrating it with our existing corporate risk management framework. We employ three lines of defense for internal control to manage climate change risks effectively.

A. Climate Risk Management Framework



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B. Climate risk management response mechanism

The Company manages climate change risk in investment and financing activities through two aspects. Firstly, we follow the sustainable finance policies established by SKFH. Secondly, we have formulated our own management mechanisms:

(1) Shin Kong Group climate change risk management measures

SKFH Sustainable Finance Policy	Finance-related carbon emissions management guidelines	Guidelines for managing large exposures in individual countries, regions, and industries
<ul style="list-style-type: none"> • Incorporate ESG factors into investment, financing, and life insurance operations. • Establish guidelines for carbon-intensive industries, commit to a schedule for phasing out coal and unconventional oil and gas-related industries and set interim targets. 	Regularly review counterparties involved in coal, unconventional oil, and gas transactions, with priority given to those with business revenue exceeding 50% of the total revenue.	Set exposure limits for carbon-intensive industries in investment and financing positions and conduct regular monitoring.

(2) SKL climate related risk management mechanism

Climate Change Risk Management Guidelines	Investing and Financing Activities	Insurance services	Operating Activities
<ul style="list-style-type: none"> • Establish a climate change risk management model based on the framework of the "Three Defense Lines for the Internal Control System of an Insurance Enterprise". • Establish investment and financing procedures that consider climate change risks. • Depending business characteristics, choose to establish engagement mechanisms with counterparties or clients to encourage them to take measures to mitigate their climate change risks. 	<ul style="list-style-type: none"> • Incorporate climate factors into investment, financing, and real estate related regulations. • Identify industries with potential controversial issues. • Conduct climate risk assessments for carbon-intensive industries before making investments. If the transaction involves a carbon-intensive industry, conduct a climate risk assessment. 	<ul style="list-style-type: none"> • Follow the Principles of Sustainable Insurance (PSI), actively develop sustainable insurance products by incorporating ESG issues into insurance products, underwriting, sales, claims and services, and assist policyholders in exploring solutions to environmental changes and other challenges. 	<ul style="list-style-type: none"> • Set up a "Business Crisis Response Team" to establish crisis response measures and the emergency reporting regulations. • Implement a Business Continuity Management System (BCMS) to reduce the likelihood or extent of operational disruptions. • Promulgate environmental policies to integrate the concept of low carbon into various business operations to minimize our impact on the environment.

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C. Carbon Asset Risk Exposure

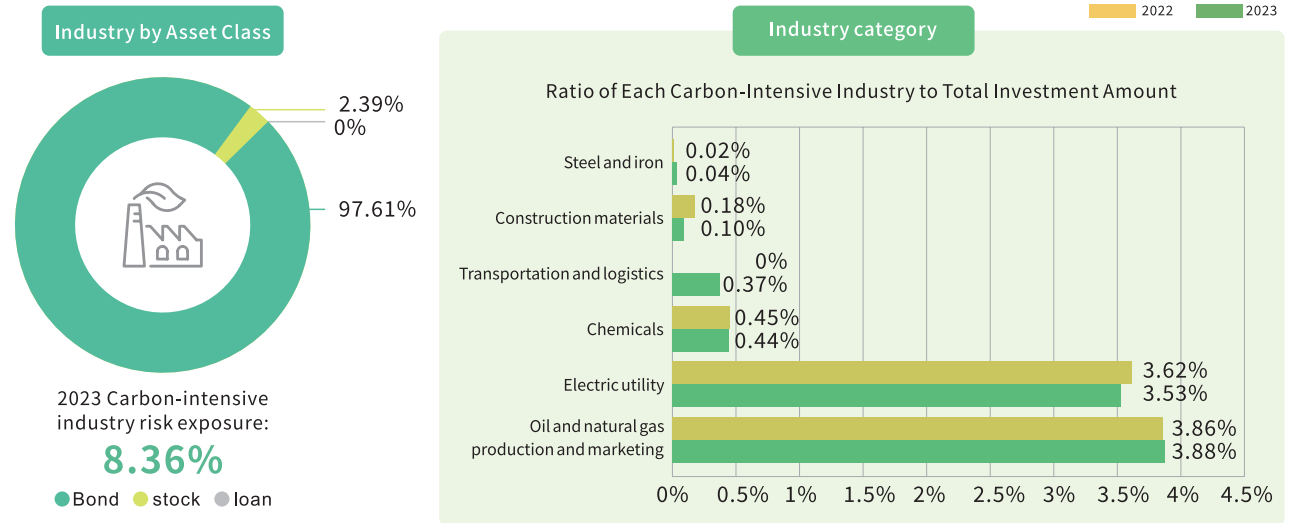
Net zero emissions have become a global trend, and countries worldwide are progressively implementing carbon pricing mechanisms such as carbon taxes and carbon trading. The European Union is also planning to launch the Carbon Border Adjustment Mechanism (CBAM) in 2023. These new policies and trade rules will reshape the market, and governments around the world will introduce relevant policies to drive industrial and energy transformations. It is foreseeable that carbon-intensive industries heavily reliant on fossil fuels and electricity consumption will be most affected, and this will also have significant impacts on the capital market.

In addition, SKL has also established high-carbon emission sub-industry quotas (10%), early warnings (9%) and over-limit standard control mechanisms for carbon-intensive industries. Through monthly control and monitoring, every quarter report to the Risk Management Committee; when the sub-industry investment quota reaches the warning value of the limit, the Risk Management Department will issue a warning notice; As of 2023, carbon-intensive industries accounted for 8.36% of the SKL's portfolio, of which bonds are the main form (about 98%), and mainly comes from "Oil & Gas - Exploration & Production" industry. However, under the trend of carbon reduction in the investment and financing portfolio, we will continue to pay attention to the transformation of the industry and monitor the risk exposure.

Lists of carbon-intensive industries	
Transportation and Logistics	Oil & Gas - Exploration & Production
Building Materials	Iron & Steel Producers
Chemicals	Electric Utilities & Power Generators

Note: Oil and natural gas includes exploration and production, refining and marketing and services.

Disclosure of risk exposure by asset class and industry category :



Note: The proportion of high-carbon emitting industries in 2022 is calculated based on the standards of 2023. The absolute amount of investment in high-carbon emission industries decreased in 2023 compared with 2022.

D. Commitment to phase out coal and unconventional oil and gas-related industries

SKL carefully evaluates the use of funds in coal-related high-carbon emitting industries, and follows SKFH' commitment to set a phase-out schedule for coal and unconventional oil and gas-related industries. The scope includes: listed / OTC-traded equity and debt, project financing, credit lines and loans, fixed income product underwriting service, and all active, passive and third-party managed investment positions. Our by-stage commitments are:

1. Direct investment and financing support for coal and unconventional oil and gas-related projects (including new mining projects and continued expansion of existing projects), as well as projects for companies that continue to expand coal and unconventional oil and gas-related businesses, will be suspended from now on.
2. By 2030, we will completely end investment and financing support for global coal-related industries.
3. By 2040, we will completely end investment and financing

We are committed to complete phase-out of coal by 2030^{Note 1} and complete phase-out of unconventional oil and gas by 2040^{Note 2}

support for unconventional oil and gas-related industries. The above-mentioned related industries may be excluded if they have specific carbon reduction actions or specific transition plans including adopting science-based carbon reduction targets (SBT), using carbon capture technology to remove carbon emissions, or other carbon reduction actions recognized by third-party organizations. etc., or those that are state-owned enterprises / where local government holds more than 50% of the shares, and the local government has announced a net-zero pathway and net-zero targets consistent with the goals of the Paris Agreement, in such instances, case evaluation can be conducted, and the head of each unit is authorized to maintain business relationships with his / her consent.

Note 1: Coal-related businesses refer to industries related to and where coal mining and equipment, coal trading, coal-fired power generation, and coal transportation account for more than 5% of their revenue or power generation.




Note 2: Unconventional oil and gas-related businesses refer to industries related to and where oil sands, shale oil and gas, Arctic oil and gas, deep-sea drilling, and liquefied natural gas production derived from the above-mentioned non-traditional methods account for more than 5% of their revenue.

2.4 Climate Indicators and Goals

The climate issue has attracted great international attention. In response to the global net-zero trend, the National Development Council of Taiwan has announced the "Taiwan's 2050 Net-Zero Emissions Pathway". In order to uphold the spirit of sustainable finance and respond to Taiwan's net-zero strategy, SKFH, our parent company, officially signed the Science Based Targets

initiative (SBTi) in 2022 to join the international decarbonization efforts. Following the SBTi guidance for financial institutions, we have developed decarbonization strategies and set Science-Based Targets (SBTs) specifically for Scope 3 investment and financing activities, and obtained SBTi approval in 2024. SKL has set its own operational carbon reduction goals and taken inventory of the

carbon emissions of our investment portfolios. Furthermore, it has established climate-related indicators and identified climate opportunities, aiming to leverage our core competencies in the financial industry to promote the low-carbon transition.

Strategic Direction	Indicator	Base year	Short-term	Medium/Long-Term Goals	Execution Status in 2023
 Carbon reduction practices in own operations	GHG emissions (Scopes 1+2 carbon emissions)	2022	Reduce our own operational greenhouse gas emissions by 2%	<ul style="list-style-type: none"> Achieve net zero emissions at the headquarters and main offices by 2030 Reduce the total greenhouse gas scope 1 and 2 emissions by 42% in 2030 	GHG emissions Scope 1: 1,463.21 tCO ₂ e Scope 2: 12,484.70 tCO ₂ e Cumulative decrease of 9%
 Decarbonization of investment portfolios	Engagement	2022	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets reaches 30%	<ul style="list-style-type: none"> In 2027, the proportion of listed / OTC-traded stocks and bonds (including stocks, bonds, ETFs, REITS) passing the SBT targets will reach 50.3% 	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets reached 39.9%
	Plan to phase out coal and unconventional oil and gas-related industries	-	Suspend direct investment and financing support for coal and unconventional oil and gas-related projects (including new mining projects and continued expansion of existing projects), as well as projects for companies that continue to expand coal and unconventional oil and gas-related businesses	<ul style="list-style-type: none"> By 2030, we will completely end investment and financing support for global coal-related industries By 2040, we will completely end investment and financing support for unconventional oil and gas-related industries 	High-carbon emitting industries accounted for 8.36%
 ESG-Themed Investment	Sustainable investment	2022	Continue to strengthen the sustainable investment process to achieve sustainable and robust investment performance. Achieve a 3% CAGR in the amount of securities investments under the principles of sustainable investing in 5 years	<ul style="list-style-type: none"> Continue to identify potential thematic and impactful investments to pursue long-term and stable returns 	Sustainable investment securities have a CAGR of 3.8% compared to the base year
	Low-carbon and green energy investments	2020	Continue to invest in the low-carbon green energy industry, with a 400% growth rate in investments in green energy-related businesses	<ul style="list-style-type: none"> Continue to invest in the low-carbon green energy industry, strengthen the engagement mechanism of investees, and exert sustainable financial influence 	Investments in green energy projects experienced a growth of 354%

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2.4.1 SKL Climate Indicators and Goals

In 2023, presidents of the parent company SKFH and subsidiaries set the key performance indicators for "setting SBTi carbon reduction targets and submitting them for review".

In addition, the company and SKFH have established a "Proposal Reward Guidelines" and a "Sustainable Action Proposal Reward Guidelines" to encourage employees at all levels to actively come up with innovative ESG proposals. Proposals that have environmental, social, and corporate governance benefits will receive a proposal reward after being formally reviewed and approved.

2.4.2 Carbon Emissions Inventory for Financial Operations

Since 2021, the company has been calculating the carbon emissions of our investment and financing portfolios using the methodologies provided by the Financial Stability Board (FSB), Science Based Targets initiative (SBTi), and Partnership for Carbon Accounting Financials (PCAF), and in accordance with the disclosure requirements and recommendations of the Financial Industry Scope 3 Financed Emissions Calculation Guidelines, we disclose the inventory coverage rate, financed emissions (ktCO₂e), weighted average carbon intensity (per NT\$ million investment and financing company revenue, tCO₂e /TWD\$M revenue) and economic emission intensity (per NT\$ million investment and financing, tCO₂e /TWD\$M), and use AA1000AS v3 Type 2 Moderate as the verification standard to perform assurance operations.

The scope of the Company's disclosure in 2023 was based on the items required to be set for the targets announced by the SBTi (listed / OTC-traded equity and corporate bonds, commercial loans for non-SME enterprises). In terms of coverage, the investment and financing business that complies with the PCAF methodology accounted for 93% of the total investment and financing business, and the investment and financing business that conforms to the PCAF methodology accounted for 55% of the total investment and financing business. REITS and sovereign bonds are currently unable to be disclosed due to immature methodology and insufficient availability of some information. The Company will continue to improve in order to increase the inventory coverage year by year.

In 2023, the financed emissions amounted to 1,699 ktCO₂e. Due to the characteristics of insurance company fund allocation, the highest proportion of financed emissions came from corporate bonds, accounting for approximately 87% of the total. In addition, both the weighted average carbon intensity and economic emission intensity show a downward trend year by year.

If distinguished by industry category, the top three industries with the highest absolute carbon emissions in 2023 are "oil and natural gas production and marketing", "electric utilities" and "chemicals"; observing intensity units, the top three industries with the weighted average carbon intensity are They are "Building Materials Industry", "Steel Industry" and "Electric Utilities". SKL has formulated management regulations for high-carbon emission industries and dynamically adjusted trading strategies to effectively achieve the goal of sustainable financial decarbonization.

Carbon emissions of investment portfolios - asset category

Asset class /Year	Financed Emissions (ktCO ₂ e)			Weighted average carbon intensity (tCO ₂ e /TWD\$M revenue)			Carbon footprint (tCO ₂ e /TWD\$M)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Listed equity	327.06	262.79	227.77	0.780	0.534	2.97	1.384	1.270	1.168
Corporate bonds	1,717.90	1,651.98	1,471.29	2.558	2.114	2.04	1.424	1.199	1.031
Long-term loans	2.11	0.23	0.003	0.006	0.0003	0.02	0.531	0.130	0.002
Total	2,047.07	1,915.0	1,699.06	3.345	2.649	2.15	1.415	1.207	1.047

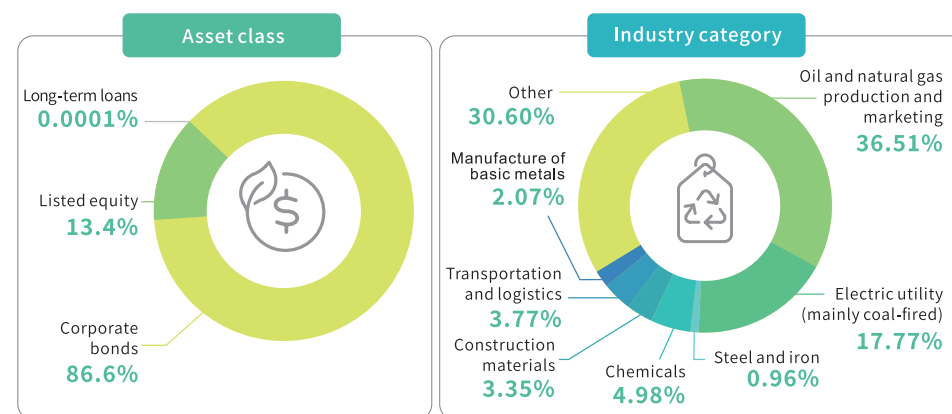
Note 1 : According to Page 46 of the Global GHG Accounting and Reporting Standard for the Financial Industry (the Standard) renewed by the PCAF in December 2022, the scope of assessment excluded financial assets for which the Standard does not provide explicit guidance on methods to calculate financed emissions, including assets held for sale, private equity that refers to investment funds, green bonds, loans for securitization, exchange traded funds, derivatives (e.g., futures, options, swaps), initial public offering (IPO) underwriting.
Note 2: In this case, 99% of the data quality (based on weighted average carbon emission intensity) was rated as 2 (including emissions disclosed by Bloomberg, Market Observation Post System, and actively searched companies), 3% as 4 (estimated emissions by Bloomberg), and 0% as 5 (industry average emissions).

Carbon emissions of investment portfolios - industry category

Industry	Ratio to the overall investment portfolios(%)	Carbon emissions (ktCO ₂ e)	Carbon emissions coverage rate(%)	Weighted average carbon intensity (tCO ₂ e /TWD\$M revenue)	
				Carbon emissions	Weighted average carbon intensity
Carbon-intensive industry	Oil and natural gas production and marketing	3.50%	620.35	36.51%	12.50
	Electric utility (mainly coal-fired)	2.89%	301.99	17.77%	15.55
	Steel and iron	0.07%	16.24	0.96%	21.36
	Chemicals	0.75%	84.54	4.98%	12.64
	Construction materials	0.17%	56.89	3.35%	53.35
	Transportation and logistics	1.08%	63.99	3.77%	13.20
	Manufacture of basic metals	1.37%	35.13	2.07%	8.45
Other	90.17%	519.94	30.60%	0.89	
Total	100%	1,699.063	100%	2.15	

Note: The basic metal manufacturing industry has been newly added to the list of high-carbon emitting industries since 2024 after the adjustment.

2023 Carbon emissions by asset class and industry category



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3. Advancing Towards a Net Zero Future

Shin Kong Life believes that net-zero emissions should be more than just a slogan, and that building a sustainable, low-carbon future should start from the ground up. Therefore, we have set a goal to move steadily toward net-zero through careful data inventory, reduction planning, and internalization of carbon reduction awareness.

3.1 Environmental Policy and Targets GRI 2-27

SKL continues to minimize the impact of its financial services on the environment. In addition to actively participating in and sponsoring environmental protection activities, SKL has promulgated the "SKL Environmental Policy", which serves as the supreme basis for environmentally sustainable actions. In order to effectively promote environmental sustainability, the Environmental Protection Group has been established under the Corporate Sustainability Committee to implement and report the results of various actions to the committee on a regular basis. In order to achieve the goal of zero net emissions by 2030, we continue to improve the energy efficiency of our energy facilities and are gradually realizing the SDG 13 target.

In terms of actions, we are working with our employees and policyholders to implement environmentally friendly actions and responsibilities by improving energy efficiency, reducing the consumption of paper, waste and water, and strengthening the environmental awareness mechanism.

SKL Environmental Policy

Based on our obligation and responsibility for environmental protection, we will provide necessary resources for environmental management, provide necessary assistance from all management levels, and use our environmental policy as a guideline for our self-expectation of environmental friendliness, and make our beliefs on environmental protection concrete and transparent, and we will commit ourselves to achieving the following policies:

- ▶ Be a responsible global citizen by complying with environmental laws and regulations.
- ▶ Participate in the introduction of environmentally friendly policies and the establishment of an environmental management system.
- ▶ Promote independent environmental protection and energy saving measures and resource reuse to establish a low carbon enterprise.
- ▶ Enhance the environmental awareness of all employees and promote environmental education to fulfill our corporate social responsibility.
- ▶ Continuously improve the effectiveness of environmental issues to achieve the goal of sustainable management.

SKL will require all employees to follow and fulfill the above commitments, as well as work with suppliers and contractors to promote this concept and disclose it to the public.



SKL Environmental Goals

- ★ Achieve Carbon Neutral at Headquarters and Major Office Locations by 2030.
- ★ Continuously complete 100% of the greenhouse gas inventories to grasp the greenhouse gas emissions of the enterprises and develop reduction plans based on them.
- ★ Follow SKFH's "Greenhouse Gas Reduction and Carbon Pricing Management Regulations" and implement internal carbon pricing to grasp the cost of carbon emissions and the efficiency of carbon reduction.
- ★ Based on the year 2022, set a carbon reduction target of 42% by 2030 for Category 1 and Category 2 greenhouse gas emissions.
- ★ Deepen the sustainable management mechanism for suppliers, including policy formulation, commitment signing, risk assessment, on-site auditing, and counseling for improvement.
- ★ Plan for future investment and development of new buildings to comply with the Green Building Label at the silver level or above/ or with green building design to enhance the environmental sustainability of buildings.

3.2 Low Carbon Strategy Actions

Through comprehensive environmental management measures and mechanisms, we reduce the consumption of energy and resources in our daily operations, lowering our overall carbon emissions and bringing positive benefits to environmental sustainability. Although the life insurance industry does not directly cause any negative impact on the environment, SKL has integrated low-carbon concepts into its daily operations through its four "low-carbon operation" strategies. In accordance with our parent company's "Greenhouse Gas Reduction and Carbon Pricing Management Regulations," SKL has been able to grasp the cost and efficiency of carbon emissions. The aforementioned carbon pricing regulations will be further revised in 2023, stipulating that the internal carbon price charged under the regulations should be included in the cost of the next year's energy-saving projects for the purpose of effectively controlling carbon risks; and SKL has set its own operational carbon reduction targets and implementation strategies, comprehensively reviewing the status of lighting usage, and gradually phasing out non-LED lighting, optimizing air-conditioning and air conditioning. In addition, we have also set our own operational carbon reduction targets and implementation strategies by comprehensively reviewing the status of our lighting fixtures and gradually replacing them with non-LED lighting fixtures, optimizing the energy efficiency of air-conditioning and other energy-consuming equipment, and proactively reducing our reliance on energy resources, and gradually replacing those that cannot be reduced with renewable energy sources and environmentally friendly products.

Four Low Carbon Operation Strategies



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3.2.1 Implementation of Greenhouse Gas Inventory GRI 305-1, 305-2, 305-3

SKL takes responsibility for protecting the environment and actively implements environmental management. Since 2014, SKL has introduced environmental management certification and continues to maintain the system; in 2023, SKL completed the ISO 50001 energy management system verification for SKL Tower, ISO 14046 water footprint verification, and ISO 14064-1:2018 greenhouse gas inventory for all locations (including overseas), and obtain third-party verification certificates for all of them.

A. GHG emissions

SKL's Scope 1 and 2 GHG emissions in 2023 will be 13,947.92 tCO₂e, with an emission intensity of 1.51 tCO₂e per capita, successfully reducing carbon emissions by 9% compared to the previous year. SKL will continue to actively promote various energy saving and carbon reduction measures and strengthen our energy reduction measures in order to achieve our carbon reduction targets in the long run. In addition to energy conservation, we are also taking action to support green energy by replacing part of our general electricity consumption with green power starting from 2023, and gradually increasing the proportion of green power usage in line with the Group's net-zero target, so as to contribute to the mitigation of global warming.

GHG Emissions Over the Last Three Years

	2021	2022	2023
Total GHG emissions(tCO ₂ e)	16,978.56	18,005.67	16,737.21
Scope 1 emissions (C1)(tCO ₂ e)	1,411.56	1,553.66	1,463.21
Scope 2 emissions (C2)(tCO ₂ e)	12,910.60	13,768.62	12,484.70
Total controllable GHG emissions Scopes 1 and 2 emissions (C1+ C2)(tCO ₂ e)	14,322.16	15,322.28	13,947.92
Scopes 1 and 2 emission intensity(t-CO ₂ e /person)	1.38	1.59	1.51
Scope 1 + 2 Emissions / Revenue (tCO ₂ e per million NTD)	0.0397	0.0529	0.0538
Other emissions (C3-C6)(tCO ₂ e)	2,656.4	2,683.39	2,789.30
Scope of other emissions (C3-C6)	Travel + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction	Travel + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction	Travel + Insurance Application / Procurement of Indirect Energy GHG Emissions + Document Destruction

Note 1: The data was verified by SGS according to ISO14064-3:2006 and meets the ISO14064-1:2018 standards. The GHG emission factor (GWP) in 2019 and 2020 was based on the Environmental Protection Administration's Greenhouse Gas Emission Factor Table (6.0.4). The GHG emission factor (GWP) in 2023 was based on the Sixth Assessment Report of Intergovernmental Panel on Climate Change (IPCC AR6, August 2021). We have adopted the operational control approach on reporting boundaries.

Note 2: Scope 1 emissions (C1) refers to direct emissions from stationary combustion sources (emergency generator diesel), mobile combustion sources (company car oil), and other anthropogenic system fugitives (air-conditioning refrigerants and septic tanks).

Note 3: Scope 2 emissions (C2) refers to electricity emissions, which are calculated using the latest GHG emission factor for electricity (0.494 kg/kWh in 2023) provided by the Bureau of Energy, Ministry of Economic Affairs.

Note 4: Other emissions (C3-C6) are disclosed based on annual significance assessments, with C1 + C2 used as the per capita emission standard.

Note 5: Inventory boundary: Based on the total number of buildings, 169 (including overseas) in 2021; 168 (including overseas) in 2022; 167 (including overseas) in 2023.

Note 6: In line with the commitment submitted to SBTi by the parent company SKFH in 2023, the base year for inventory was adjusted to 2022.

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B. Electricity Consumption

	2021	2022	2023
Total electricity consumption (kWh)	25,718,341	27,050,327	25,791,472
Number of full-time employees (Person)	10,346	9,634	9,238
Electricity consumption intensity (kWh/person)	2,482.82	2,807.80	2,791.89

C. Energy Consumption in Transportation

	2021	2022	2023
Company car oil (Liter)	1,051	2,381	3,047
GHG emissions (tCO2e/year)	2.38	5.61	7.18

Note 1: The data were based on the emission factor (CO2 : 2.2631(kgCO2/L) · CH4 : 0.000816(kgCO2/L) · N2O : 0.000261(kgCO2/L)) under the Greenhouse Gas Emission Factor Table (6.0.4) published by the Bureau of Energy, Ministry of Economic Affairs.

3.2.2 Improving Energy/Resource Efficiency

A. Energy Saving Projects

The primary electricity consumption used by the financial and insurance industry is air-conditioning, lighting and business equipment in office buildings. We aim to improve the efficiency of energy use of electrical equipment through planned upgrades, taking into account the concept of a circular economy, by upgrading old and high energy-consuming equipment, enhancing equipment maintenance and management, actively responding to energy-saving and carbon-reducing campaigns organized by the government or non-governmental organizations, and selecting environmentally friendly and energy-saving labeled equipment with a high degree of preference to achieve the goal of electricity saving.



Energy saving projects in 2023

	Annual Electricity Savings (kWh)	Annual Electricity Savings (MWh)	Annual Energy Savings (GJ)	Annual Emission Reductions (tCO2e)
Participation in Taipower demand bidding activity	170	0.17	0.61	0.08
Lighting upgrades in Songshan Financial Building and Huiguo Building	1,555,882	1,555.882	5,601.18	770.16
Installation of regenerative power systems in Songshan Financial Building elevators	80,000	80	288	39.6

Note: The lighting upgrade and regenerative power system projects were completed from the end of 2022 to early 2023. Energy savings and carbon reduction values listed in the Table represent the estimated annual benefits.

Energy saving in Data Center

With energy saving and carbon reduction as the highest goal, SKL selects energy-saving equipment according to the annual business growth, and through virtual environment and resource integration, and continuously adjusts the power consumption of the server room, the PUE of the computer server room in SKL's Bade Building will be maintained at a stable level of 1.36-1.66 in 2023, which is rated as a silver benchmark by the Green Grid Association's PUE evaluation standard.

Note: Green Grid's silver benchmark: PUE:1.43-1.67

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B. Water consumption

SKL's water consumption is mainly for office livelihood use, for employees and some consumers. Since the main source is tap water and domestic wastewater is discharged to municipal sewers, there is no significant impact on water sources, and we are committed to minimizing water wastage, with a reduction in water consumption of 5.5% in 2023 compared to last year; in the future, we will continue to plan for a more comprehensive water resource management policy to reduce water consumption.

Water Consumption for the Past Three Years

	2021	2022	2023
Water consumption in buildings across Taiwan (kL)	201,240	205,083	193,784

Note 1: Water consumption in Shin Kong Life Tower was calculated based on water bills (kL).
Note 2: Water consumption in other buildings was estimated by dividing the water bill amount by the unit price of water; the unit price of water was estimated at NTS14/kL for buildings in Taipei City and NTS12/kL for buildings in other cities/counties.



C. Waste Management

SKL's main source of waste is the domestic waste generated by its employees. SKL has gradually increased the total amount of recycled resources and reduced waste generation by formulating a long-term reduction strategy, encouraging employees to use environmentally friendly tableware, and actively promoting a system of waste reduction and recycling separation.

Waste Statistics in the Past Three Years

	2021	2022	2023
Total recycled waste(Tons)	310.1	556.7	321.9
Total domestic waste(Tons)	1,771.3	1538.2	1,100.4
Total waste quantity(Tons)	2,081.4	2094.9	1,422.3
Waste intensity(Ton/person)	0.20	0.21	0.15

Note 1: In 2023, total recycled waste was the estimate in the headquarters (Shin Kong Life Tower); total domestic waste incinerated was the estimate in five buildings (i.e., Shin Kong Life Tower, Songshan Financial Building, Taichung Fuxing Building, Taichung Huiquo Building, and Chiayi Zhongxing Building).



3.2.3 Shaping a Green Culture

SKL is actively integrating digital finance to reduce energy and resource consumption through the application of "mobility, cloud computing, e-processing, and data" behaviors and tools. SKL also actively promotes environmental education so that employees, family members, and policyholders can work together to reduce energy consumption and reduce carbon emissions in their daily lives.

A. Low Carbon Operation and Life

Implementing Digital Office

1.E-administration

SKL has introduced technology applications to facilitate marketing and management efficiency, reduce paper consumption, and convey the concept of energy saving and carbon reduction to customers. In addition, in recent years, in response to the COVID-19 pandemic outbreak, SKL has accelerated the development of digital services to minimize the risk of exposure to the disease, which has led to an increase in paper consumption. 2023 administrative paper purchases will be reduced by 4,350 packs, or 17.7%, compared with the previous year, resulting in a carbon reduction of 14.8 tons of CO₂e.

In 2023, 21.65 million sheets of paper and 147.3 tCO₂e were saved through internal e-administration and e-insurance services



Note 1: Number of paper consumed/500 (500 sheets in a pack) = Number of paper consumed (pack).
Note 2: Carbon emissions per pack of A4 paper (70g/sheet) total 3.4kg CO₂e.
Note 3: Amount of paper consumed (pack) x 3.4 kgCO₂e/1,000 (unit conversion)= Carbon emissions (tCO₂e) saved.



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2.E-insurance services

We are actively digitally empowering our staff by introducing the "e-agent service certification mechanism", observing various digital service transaction indicators, and promoting the transformation of our staff into digital agents to bring quality low-carbon financial services to our customers through project promotion and training activities for administrative units. e-agent penetration rate will reach 60.3% by 2023, accelerating the efficiency of after-sales services and reducing resource consumption. Reduce resource consumption. SKL is committed to spreading the concept of digital sustainability to its customers, encouraging them to use e-policies and e-documents, recommending them to join online memberships, and using digital tools instead of paper. On the other hand, in order to help its sales associates develop the habit of using digital tools, SKL has set up digital-related incentives and added incentives to increase the motivation of its digital activities.

E-insurance tool	Number of Tools Used	Usage rate(%)
e-insurance policies	231,381	55.7% ^{note1}
e-notices	2,420,784	80.3%
APP ^{note2}	Number of Tools Used	Usage rate(%)
e-insurance ^{note3}	206,330	94.3%
e-claims	330,719	82%
e-policyholder service	262,493	61%
e-benefit payment	56,360	92.7%

Note 1: The usage rate of e-policies is calculated based on the number of new policy contracts
 Note 2: The scope of Mobile Business app is limited to SKL channels.
 Note 3: Mobile e-Insurance includes statistics for life insurance and accident insurance policies

Embracing Low Carbon Green Living

Starting in 2012, due to the warming of the domestic epidemic, in order to avoid unnecessary contact, we have drastically changed our office model, replacing the physical office with online meetings and online education and training courses, which not only reduces the risk of infection, but also effectively reduces the carbon footprint caused by commuting and personnel movement. As for the impact of emissions caused by the transportation of field personnel, in addition to encouraging digital tools, we actively encourage more walking or the use of low-carbon transportation tools (such as bicycles) to pay visits to our policy holders. In addition to encouraging the use of digitalized tools, the company also actively encourages the use of walking or low-carbon means of transportation (e.g., bicycles) for close-range policyholder visits, which not only helps to reduce greenhouse gas emissions, but is also beneficial to the health of our employees.

Meanwhile, in order to continue to promote the concept of "Embrace Green Life, Adapt to the New Climate," SKL has responded to the "Earth Hour" campaign for 15 consecutive years since 2008, taking concrete actions to support environmental protection and energy conservation and carbon reduction. As of 2023, SKL will have implemented the "Light Shirts in Summer" for the 17th year, in response to the government's policy of energy conservation and carbon reduction, whereby male employees will wear shirts with no ties, and female employees will wear short-sleeved uniforms. Male employees wear shirts without ties, and female employees wear short-sleeved uniforms, keeping the air-conditioning temperature of the office building at the summer temperature range of 26° C to 28° C, as announced by the Bureau of Energy.



Establishing Sustainable Branches

SKL incorporates the concept of low carbon into our service processes. The customer service department of the New Taipei City branch serves as a demonstration site and has obtained ISO 14067 certification for the carbon footprint of its customer service counters. Within the lifecycle of each service, the carbon footprint per person served is only 786 gCO₂e equivalent. In addition, we have applied for the Environmental Protection Administration's carbon footprint label, setting a new benchmark for green customer service and demonstrating our commitment to sustainable development for both society and the environment.



The carbon footprint for this service was calculated in accordance with the product category rules "Carbon Footprint Product Category Rules for Financial Insurance and Telecommunication Industry Counter Services (Document Number: 19-016)," resulting in 800 gCO₂e per service instance. Detailed service-related information is as follows:

Industry category: Financial/Insurance industry.

Location name: Shin Kong Life Insurance Co., Ltd. New Taipei City Branch Customer Service Counter

Location address: 8F, No. 141, Section 1, Zhongshan Rd., Banqiao District, New Taipei City

Services provided to policyholders: Payment services, policy claims, survival benefits, policy changes, policy loans, online transaction services, e-statements/receipts.

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Sustainable Insurance Cornucopia Project - New Life for Old Clothes, Light up the World

SKL integrates issues encompassing low carbon living, circular economy, and support for disadvantaged groups through cross-sector collaboration and partnerships. This innovative solution, named the "Sustainable Insurance Cornucopia," employs a creative business model under the theme of "Old Clothes, New Life: Light up the World" In this initiative, 279 pairs of old jeans were recycled for new life. The washing of these clothes provided income for young people with disabilities. The recycled denim was then used by the partnering organizations, Story Wear and the Street Tailor Team, to create denim bags, generating additional income for these groups. These upcycled products received support from nearly 300 purchasers, whose contributions will provide a basic micro-accident insurance coverage of NT\$300,000 for at least 1,375 economically disadvantaged individuals.

Light up your green life - Polybottle recycling for Shin Kong Umbrella

Shin Kong Life and social enterprise FNG (For Next Generation) cooperated to drive the world's first mobile PET bottle recycling machine, "Good to Plastic," to the Gongtian Temple in Miaoli, Shin Kong Life Tower, Songshan Financial Building, and Kaohsiung's Chih Hsien Building, where they invited the public to participate in a fun bottle-dropping experience to promote proper recycling and sorting processes, reaching 11,530 people. In addition, 2,373 empty plastic bottles were recycled into 500 Sunbeam umbrellas by the disadvantaged families to reduce carbon emissions and create sustainable recycling value for the environment.



B.Net Zero Initiative and Action

In response to international sustainable development issues and in line with the National 2050 Net Zero Emission Path and Strategy, SKFH, together with its parent company SKFH, has joined the Taiwan Alliance for Net Zero Action (TAISE), which responds to and promotes the "Taiwan Net Zero Emission Initiative Net Zero 2030/2050," and has also formulated SKL's midterm goals for net-zero carbon reduction and its implementation strategy. By 2030, SKL will replace all lighting with LEDs, gradually improve the efficiency of air-conditioning equipment, and replace general electricity consumption with green electricity. SKL will also continue to conduct training on environmental sustainability to encourage employees to change their habits of using energy resources.

C.Ecological Sustainability

In addition to actively responding to climate change and participating in net-zero initiatives, we also emphasize other environmental sustainability issues, such as biodiversity, and have a long-term interest in ecological conservation. Besides sponsoring conservation activities and preparing tools to enrich their behavior, we also promoted ecological conservation and education. For ocean sustainability, we assisted with the training of coral reef inspectors and conducted coral reef examinations. We also organized underwater cleaning activities to clear marine waste, which echoes SDG 13-15.(Refer to 8.1.3 Environmental Sustainability)

3.2.4 Constructing Green Buildings

SKL is constantly adjusting its thoughts on buildings, aiming to construct buildings with post-disaster resilience and sustainability in line with SDG 11 Sustainable Cities and Communities, improve the energy efficiency of existing buildings, and get certified to Green Building Labels. We expect to create an energyefficient, eco-friendly lifestyle and reduce the environmental impact of our business operations.

A. SKL's Commitment to Eco-friendly Buildings

- ◆ When planning for future investment or development of new buildings, we will movetowards compliance with the Green Building Label Silver or above / or Green Building design to enhance the environmental sustainability of buildings.
- ◆ Regenerate old buildings and facilities with various energy-saving measures, cut energy consumption, and improve the energy efficiency of existing buildings to be a responsible citizen for the environment.



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B. Sustainable Green Building Achievements

As of 2023, we had applied for Green Building Labels for 9 buildings, including 6 Green Building Labels (obtained) and 3 candidates for Green Building Labels and obtained one LEED credential. We also expect to apply for Green Building Labels for six projects currently under construction in 2023 or are still under planning.

In 2023, the superfacies in Qianjin District, Kaohsiung City, obtained the Silver-Level Green Building Candidate Certificate, and the Nangang Bus Station, Taipei City, obtained the Gold-Level Green Building Candidate Certificate. To meet the seven major indicators of green building specifications, the projects planted a large number of trees and shrubs on the site, used energy-efficient air conditioning equipment, installed LED lighting, selected bathroom equipment with water conservation labels, set

up refrigerated garbage equipment, and extensively used green building materials, aiming to create low carbon and sustainable smart green buildings.

Moreover, in 2023, the Nangang Bus Station BOT project and the Shin Kong Fiber Building project were acknowledged with the 2023 Taiwan Real Estate Excellence Awards in the categories of Best Planning and Design for commercial buildings and Gold Award respectively. The Company aims to improve the aesthetic and creative design and construction quality of buildings, and further supports the spirit of combining carbon reduction, circular economy, innovation, smart, and local cultural features to create an environment for LOHAS where "nature and culture co-exist and ecology and sustainability mutually prosper."

Green Buildings in the Past Three Years

Building	Results	Investment Amount	Green Benefit		
			Amount of CO ₂ absorbed (greenery design)	Soil water content	Capacity of rainwater storage (recycling)
Shin Kong Jasper Villa Jiantan	Green Building Label (Gold) in 2021	1.25 billion	352.47 t	641.31m ³	139.65m ³
Shin Kong Jasper Villa Shuiyang	Green Building Label (Gold) in 2021	1.3 billion	644.33t	15.26m ³	70m ³
Shin Kong Jasper Villa President	Green Building Label (Silver) in 2022	2.42 billion	1477.025t	31.08m ³	217.27m ³
Shin Kong Hangzhou North Road Superfacies Case	Candidate for Green Building Label (Silver) in 2022	3.31 billion	357.88t	-	269.10m ³
Superfacies in Qianjin District, Kaohsiung City	Obtained the Silver-Level Green Building Candidate Certificate in 2023	2.65 billion	0.65536t	3.56m ³	-
Nangang Bus Station BOT	Obtained the Gold-Level Green Building Candidate Certificate in 2023	5.89 billion	1.03849t	15.87m ³	587.72m ³

C. Green Leasing Achievements

In response to the government's "Taiwan Renewable Energy Certificate (T-REC) Single Meter Multiple Users Transaction Guidance Demonstration Program" SKL has procured green power to replace part of its general electricity consumption, and has also assisted in the matchmaking process so that building tenants can smoothly obtain green power and renewable energy certificates.

In response to the government's efforts to promote the 2.0 "Green Leasing Program", the buildings that have already procured green power include the SKL Tower, Nanjing Technology Building, and Xinyi Financial Building, with a total of approximately 870,000 kWh of green power/year. In the future, the landlord will assist building tenants in introducing renewable energy, increasing the use of green power energy, and minimizing the impact on the environment.

