2 Strengthening Climate Resilience

GRI 3-3

Plan

- Strengthen the Company's climate change-related financial disclosures.

Commitment

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.

Material Topic	2024 Target	Status of Achievement	Major Performances in 2024	Short-term Target (2025)	Medium- to Long-term Target (2030 as the Target Year)
Actions for climate change	Strengthen the quality of TCFD disclosures, obtain third-party verification, and issue TCFD reports.	☑	• Published the second TCFD Report, which was ranked in the top 20% in the industry in the TCFD Report Evaluation of the Center for Business Sustainability, NCCU.	• Optimize climate change risk and opportunity management mechanisms and assessments, and continue to improve the TCFD content.	• Comply with Green Finance 3.0, international disclosure trends, and sustainable development progress.
	Assist SKFH in promoting and implementing TNFD.	☑	• Assisted SKFH in publishing the "Climate and Nature-Related Financial Disclosures Report". • Organized 1 TNFD training course.	• Assist SKFH in the promotion and implementation of the TNFD and IFRS Sustainability Disclosure Standards.	• Follow SKFH's SBT phased carbon reduction targets.

2. Strengthening Climate Resilience

According to the Global Risk Report 2025 published by the World Economic Forum (WEF) in January 2025, the top two of the top 10 global risks in the next decade are "extreme weather events" and " biodiversity loss and ecosystem collapse ", 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:

2.1 Climate Governance

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.

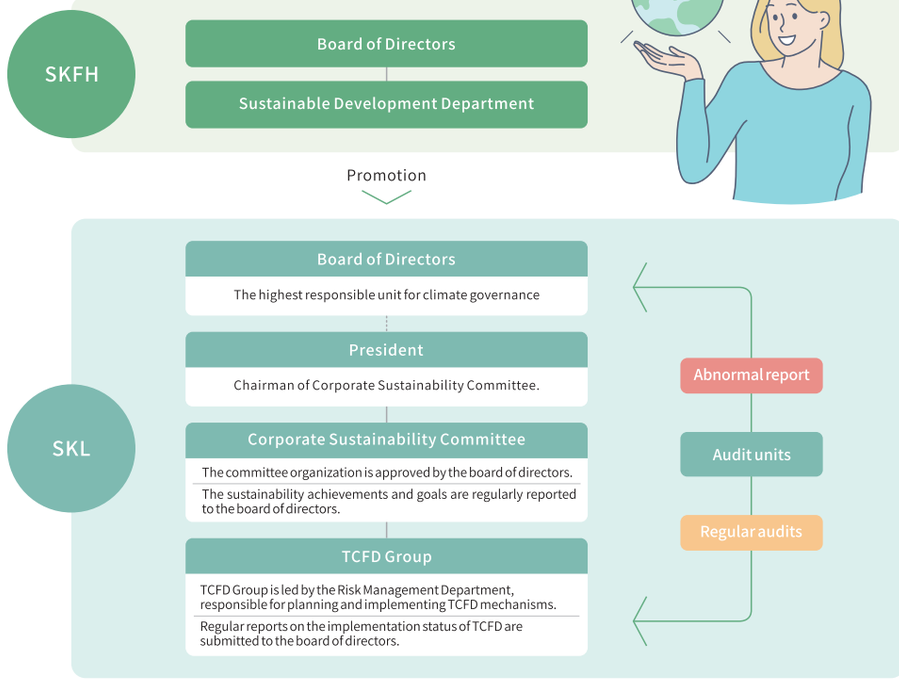
Education and training

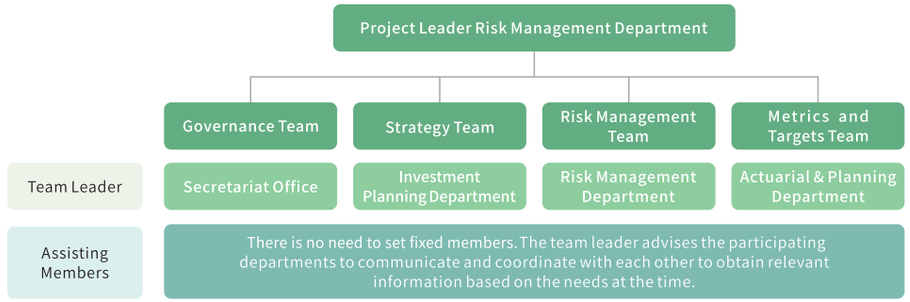
In 2024, we continued to offer education and training for directors, senior executives, and employees to provide new climate risk-related knowledge and deepen climate risk management concepts.

Education and training targets and issues

Education and training for directors and supervisors	1. TCFD and TNFD Disclosure Trends in the Global Insurance Industry 2. SBT target setting for the Financial Industry	3. IFRS S1/S2 Sustainability Disclosures Guidelines 4. Sustainable Development Trends in the Insurance Industry
Education and training for executives	1. International Climate-Related Trends 2. Introduction to Task Force on Climate-related Financial Disclosures (TCFD) Recommendations	
TNFD education and training (employees)	1. Development and Trends of Nature-Related Issues 2. Nature-Related Concepts	3. TNFD Nature-Related Financial Disclosures

SKL Climate Governance Framework





2.2 Climate Strategy

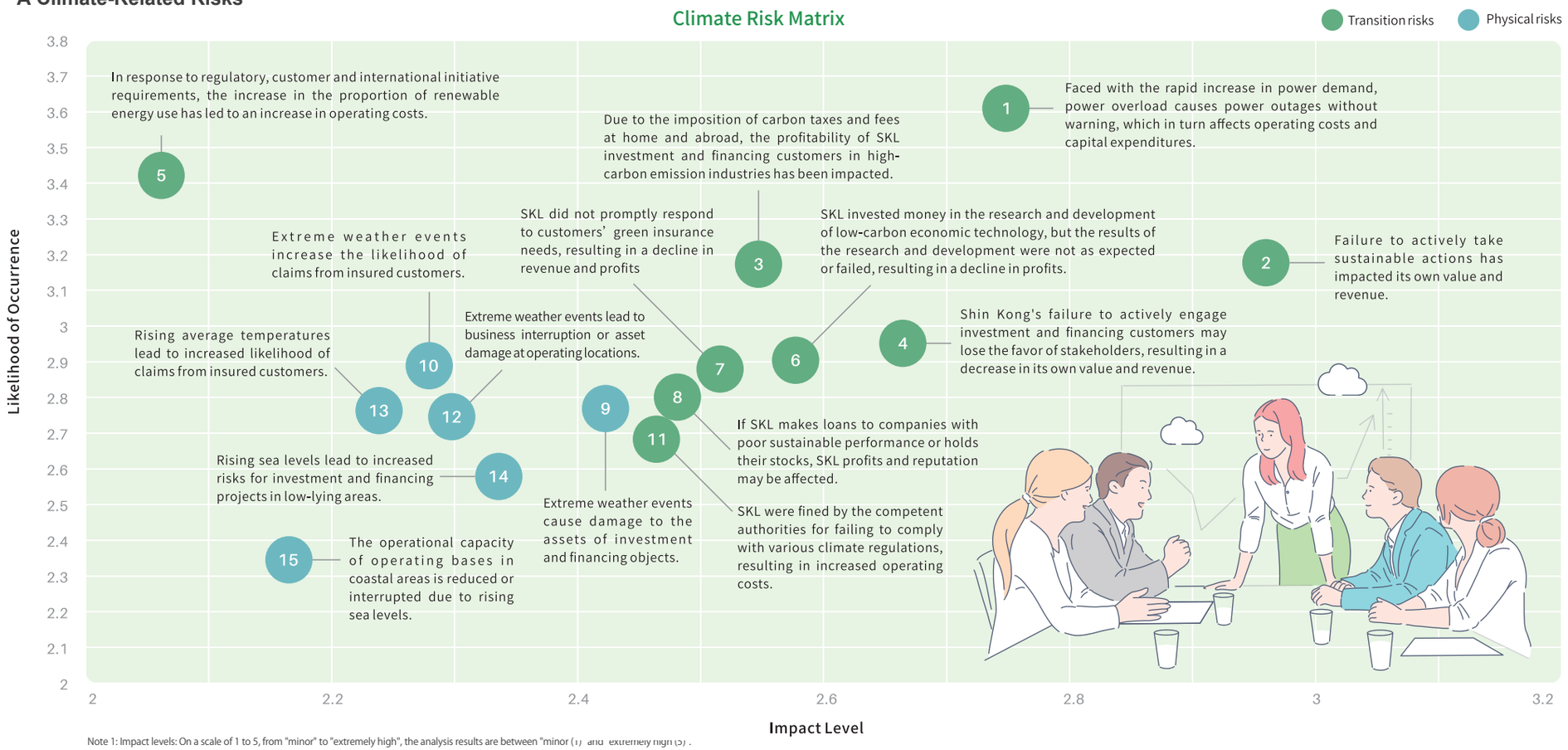
GRI 305-1、305-2、305-3、305-4、305-5

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 adjusted the issue repository based on the scenario analysis and transition risk results of the previous year to strengthen the correlation between the four aspects of climate. The Company inventoried climate-related opportunities in its operations, investments and insurance products. By conducting internal expert investigations and gathering opinions from departments related to sustainable development, risk management, resource management, investment, and customer relations, we identified the impact and implications of climate factors on various aspects of the Company's business. Based on the questionnaire results, 15 climate risk issues and 9 climate opportunity issues were identified, quantified according to their "likelihood of occurrence" and "impact level", and ranked in order of materiality based on the sum of the scores of the first two items. Detailed explanations, response strategies and scenario analysis were developed for material issues:

A Climate-Related Risks



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"

Material Climate Risk Issues

Transition risks

Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Impact	Response Measures	Major Performances in 2024
1	Technical risks	Mid-term	In the face of rapidly increasing demand for electricity, the Company is required to build backup electricity and replace high energy-consuming assets, which in turn increases Shin Kong's operating costs and capital expenditures.	Rising operating costs and increased capital expenditures	Operations	• 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. • Establish a business continuity management system (BCMS) and conduct business continuity drills and tests every year.	• Redesigned the lighting in conjunction with the renovation of office buildings, or assisted in 1 on 1 upgrade to energy-saving LED lights based on on-site needs. • Integrated the Company's resources, re-examined the area used by each unit, and conducted ping efficiency inspection and management to avoid energy consumption before the space is utilized. • Added the threat of "staff canteen fire" and incorporated it into the 2024 business continuity drill scenario.
2	Reputation risks	Mid-term	Failure to actively take sustainable actions will result in an impact on own value and revenue, which may cause Shin Kong to lose the favor of investors, customers and the public.	Reduced inflow of capital	Operations	• 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.	• SKFH passed the audit of SBTi. • SKFH won the first place in the world in the DJSI insurance category.
3	Emerging policy risks	Mid-term	Due to the imposition of carbon taxes and fees at home and abroad, the profitability of SKL investment and financing customers in high- carbon emission industries has been impacted.	Decreased revenue and profits	Investment and financing	• 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.	• We distributed climate engagement questionnaires to 129 investees to understand their climate transition plans. More than 25% of the investees had closed their cases or were progressing positively. • The suppliers of the industry are mainly office equipment, materials suppliers, and labor suppliers. Therefore, we prioritize the purchase of products with green labels currently to exert consumer influence.
4	Market risks	Mid-term	Shin Kong's failure to actively engage investment and financing customers may lose the favor of stakeholders, resulting in a decrease in its own value and revenue.	Decreased revenue and profits	Investment and financing	• Conduct ESG risk due diligence for controversial industries and high carbon emission industries, carry out careful assessments, and adjust asset allocation in a timely manner.	• In compliance with the SKFH Sustainable Finance Policy, we formulated industry guidelines and engagement principles, evaluated coal and unconventional oil and gas-related industries, and initiated engagement actions.

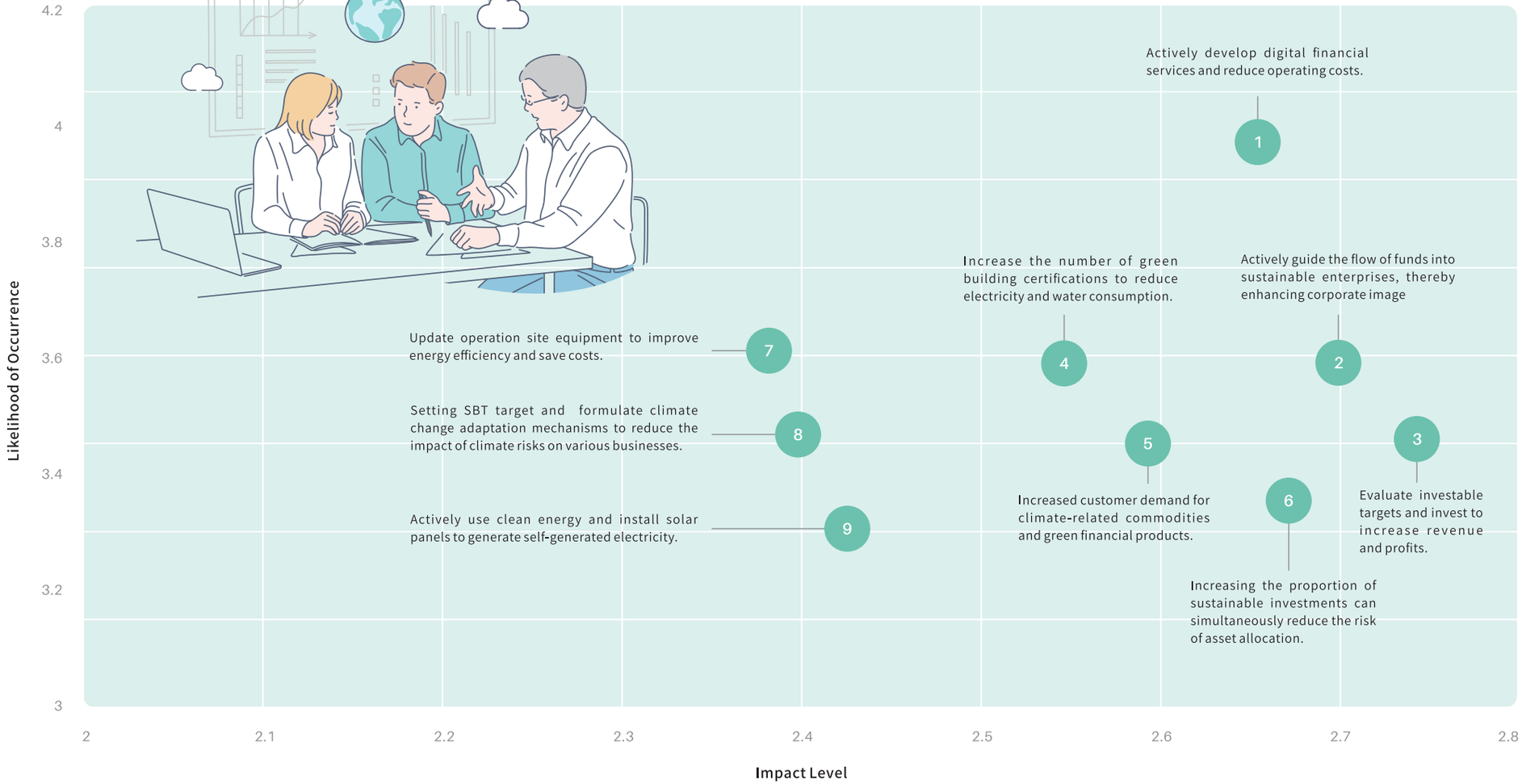
Physical risks

Ranking	Risk Type	Event Time	Risk Description	Financial Impact	Impact	Response Measures	Major Performances in 2024
1	Immediate risks	Long-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	Investment and financing	• 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.	• Conducted physical risk scenario analysis for the locations of investment and financing customers and evaluated the analysis results.
2	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	Operations	• 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.	• A total of 3 emergency response mechanisms were activated for major events, including earthquake in the eastern sea, Typhoon Gaemi, and fire at Pingtung Antai Tian-Sheng Memorial Hospital.
3	Immediate risks	Long-term	Affected by extreme climate disasters, the frequency and severity of typhoons, heavy rains and floods have increased, leading to operational interruptions or injuries to employees at the operating locations, indirectly causing Shin Kong to face financial losses and asset impairments.	Rising operating costs and decreased asset value	Operations	• Conduct physical risk scenario analysis and assess the financial impact on the Company for the Company's own operating locations and investment real estate.	• Incorporated extreme weather events into ISO45001 - Occupational Safety and Health Management risk assessment. After evaluation, it was confirmed that heavy rainfall may cause traffic accidents when personnel left the office. Traffic safety had been added to the annual labor safety training to promote this issue.
4	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	Investment and financing	• Utilize average daily temperature data from the Central Weather Bureau, life insurance claims data, and AR6 climate scenario data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) for the period 2015 to 2024 to analyze the potential changes in future life insurance claims related to heat injuries.	• The results indicated that warming will increase the Company's estimated personal insurance thermal injury claims expenses by no more than NT$10 million, and that the financial impact on insurance claims was not material.

Time scope definition: 1 to 2 (inclusive) years is short-term, 3 to 5 (inclusive) years is mid-term, and more than 6 years is long-term.

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"

Material Climate Opportunities

Ranking	Opportunity Type	Opportunity	Event Time	Financial Impact	Response Measures	Major Performances in 2024
1	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	• Actively promote digital finance, with "creating excellent services, deepening digital value and developing financial innovation" as our digital innovative strategies, to reduce the consumption of energy and resources through digitalization.	• E-tools reduced a total of 22.87 million sheets of paper and approximately 155.5 tons of carbon emissions. • The average amount of paper purchased for administrative purposes decreased by 2,207 packs compared to the previous three years, resulting in a reduction of 7.5 tons of carbon emissions.
2	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 from the media and sustainability rating agencies, thereby enhancing the corporate image and winning the favor of investors and customers.	Mid-term	Increased capital injection and increased revenue and profits	• Continue to actively participate in internal and external organizational initiatives to enhance the company's image. • 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.	• Won the TCSA Climate Leadership Award. • Invested approximately NT$582.9 billion in ESG topics.
3	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	• 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.	• The amount of green investment reached NT$32.7 billion, of which the amount of investment related to green energy and renewable energy industries reached NT$7.2 billion.
4	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	• 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.	• Adopted power-saving project measures (upgrading of lighting fixtures, improvement of energy efficiency of power equipment, etc.) • Obtained a total of 6 green building certificates, 3 green building candidate certificates, 1 low-carbon building candidate certificate, and 1 US LEED certificate.
5	Products and services	Increased customer demand for climate-related commodities and green financial products.	Mid-term	Increased revenue and profits	• Implement the ESG concept of environmental sustainability and combine environmental protection factors with insurance products and investment targets.	• Launched "Wun-Wan-Li foreign currency structure note annuity Insurance", the industry's first offshore structured product linked to green bonds. The funds raised from corporate bond issuance will be used for green investment projects. In 2024, the underwriting amount reached AUD103 million and 6,590 trees were planted.

Note 1: Climate opportunity types include resource efficiency, energy source, products and services, markets, and resilience.
Note 2: Time scope definition: 1 to 2 (inclusive) years is short-term, 3 to 5 (inclusive) years is mid-term, and more than 6 years is long-term.

2.2.2 Climate Scenario Analyses and Stress Tests

To further identify 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 are based on the scenarios set by the Fifth and Sixth Assessment Reports (AR5 & AR6) of Intergovernmental Panel on Climate Change (IPCC) and the "Network for Greening the Financial System " (NGFS). The scenarios used for each application and risk category are as follows, and the definitions of each scenario will be explained one by one in the following chapters:

Application	Risk Type	Climate Scenario	Description
Operating locations and investment real estate	Physical Risk - Immediacy and Long-Term	Overall: IPCC AR5-RCP2.6、RCP8.5 Some physical risk factors (flooding, high temperatures): IPCC AR6- SSP1-2.6、SSP2-4.5、SSP3-7.0、 SSP5-8.5	Calculate the impact of climate change risks on real estate investments (maximum climate risk values, reconstruction costs, and likelihood of operational disruptions)
Real estate collateral	Physical Risk – Long-Term	Overall: IPCC AR5-RCP2.6、RCP8.5	Calculate the impact of climate change risks on real estate collateral
Operating locations of investment and financing portfolio companies	Physical risks	Overall: IPCC AR5-RCP2.6、RCP8.5 Some physical risk factors (flooding): IPCC AR6- SSP1-2.6、SSP2-4.5、SSP3-7.0、 SSP5-8.5	Calculate the impact of climate change risks on the operating locations of investment and financing portfolio companies
Life insurance products	Physical Risk – Long-Term	IPCC AR6- SSP1-2.6、SSP2-4.5、SSP3-7.0、 SSP5-8.5	Calculate the impact of temperature rise on heat-related injury claims in life insurance products
Investment portfolios	Transition Risk - Policy and Regulation	NGFSs-Net Zero 2050、Current Policies、Delayed transition、Nationally Determined Contributions(NDCs) Fragmented World	Calculating the changes in credit and market risks for investment and financing positions under stricter climate regulations

A. Physical risks

Real Estate Risk Scenario Analysis Process:

To review the potential future impact of climate change on physical assets, we have established climate models and analyzed the operating locations, investment real estate, real estate collateral of SKL, and operating locations of investment and financing portfolio companies 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, forest fire, and extreme heat, during each decade from 2020 to 2100 under the RCP 2.6 and RCP 8.5 climate scenarios of the IPCC AR5. Required parameters and data outputs as follows:

Physical risk scenario assumptions

Scenario category	Scenario description
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.
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.
SSP1-2.6	SSP1-2.6 is a low forcing pathway. The simulation reveals average results of lower than 2° C in 2100, meaning that the scenario shows a combination of low vulnerability, mitigation pressure and radiative forcing.
SSP2-4.5	SSP2-4.5 is the middle pathway, which is a combination of medium social vulnerability and medium radiative forcing.
SSP3-7.0	SSP3-7.0 is a medium-to-high forcing path. SSP3 combines relatively high social vulnerability and radiative forcing.
SSP5-8.5	SSP5-8.5 is a high radiative forcing pathway. SSP5 is the only SSP scenario with emissions high enough to reach radiative forcing level of 8.5W/m2 in 2100.

Required parameters and data outputs as follows:

Operating Locations、Real Estate for Investment 、Real Estate Collateral

The Use of Climate Models	Real Estate Data Input	Physical Risk Data Output
General Circulation Models The selection of IPCC's CMIP5 and CMIP6 models	Input the following information for the property	Output numerical values for physical risks faced in the following natural disasters.
Regional Climate Models Using regional climate models for analyzing specific physical risks and disasters.	Real Estate address Economic useful life of the building Latitude and longitude Year of construction Building type	Coastal Inundation Surface Water Flooding Riverine Flooding Soil Subsidence Forest Fire Extreme Heat Extreme Wind

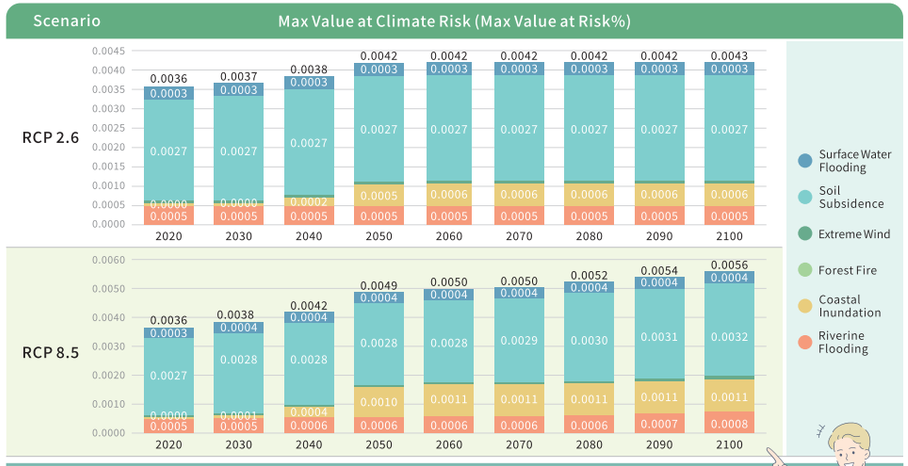
(1) Operating Locations and Real Estate for Investment：

Analysis and results

In 2024, the Company owned a total of 196 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$300 million to NT$400 million. In the most severe scenario, RCP8.5, the MVaR for the end of the century is 0.56%, with a financial impact of approximately NT$490 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.

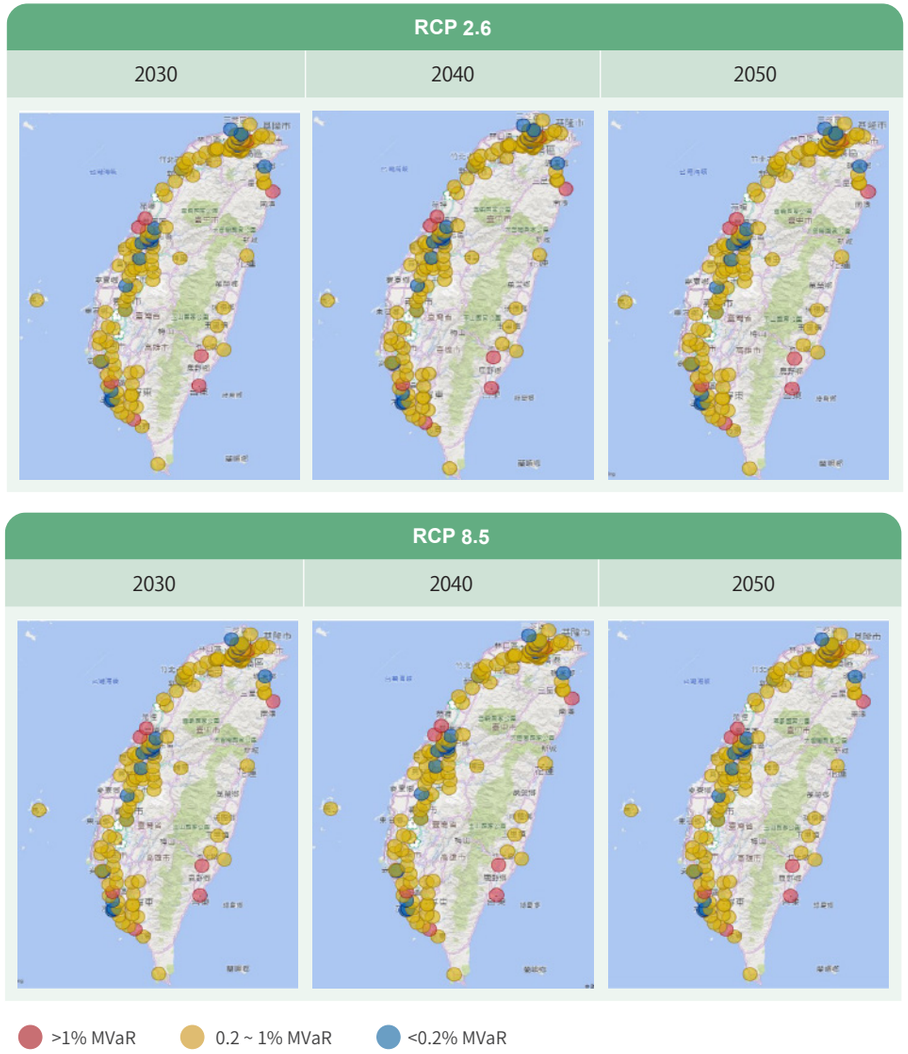
Maximum climate risk values (MVaR) under RCP2.6 and RCP8.5 scenarios:



Scenario／Year	2030	2050	2100
RCP 2.6	0.37%	0.42%	0.43%
RCP 8.5	0.38%	0.49%	0.56%

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.

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



Operating Locations and Real Estate for Investment

In the above overall analysis results, the Company also used the "Financial Industry Climate Physical Risk Information Integration Platform" of the Join Credit Information Center to further analyze the perspectives of physical risks of "river flooding" and "coastal inundation" that exert a greater impact, and examined the impact on domestic operating locations and investment real estate under various climate risk scenarios based on the three factors of hazard (incidence of flooding), vulnerability (percentage of impairment), and exposure under the risk category "flooding ". Looking at the analysis results for 2050, under the SSP 5-8.5 scenario with the highest temperature rise at the end of century, the cost of restoring asset damages caused by flooding at the operating locations would account for approximately 0.58% of the net profit before tax in 2024;and investment real estate would account for 0.51%.

2050	Indicator	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
Operating Locations	Cost of restoring damaged assets as a percentage of total asset value	0.30%	0.36%	0.27%	0.58%
Investment real estate		0.23%	0.28%	0.20%	0.51%

Suppliers

In order to understand the possible impact of climate change on suppliers' products and services, the Company also analyzed the impact of flood risks under the 2030 and 2050 climate scenarios for operating locations of 23 domestic suppliers based on the Financial Industry Climate Physical Risk Information Integration Platform, and used hazard (incidence of flooding) and vulnerability (percentage of impairment) to understand the overall risk of flooding at the supplier's operating locations. The results showed that 2 suppliers were listed as high risk and 7 suppliers were listed as medium-high risk by 2050 under the SSP5-8.5 scenario.

2050	Indicator	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
High risk	Number of suppliers (Procurement percentage)	1 (0.00%)	1 (0.00%)	1 (0.00%)	2 (0.00%)
Medium-high risk		7 (21.68%)	8 (26.12%)	7 (21.68%)	7 (26.12%)

Note 1: High risk is defined as the multiplication of hazard and vulnerability >5%.
Note 2: Medium-high risk is defined as the multiplication of hazard and vulnerability between 1% and 5%.
Note 3: The evaluation data was based on the "Financial Industry Climate Physical Risk Information Integration Platform". Therefore, the evaluation may be limited by the contents of the platform data.

Risk response

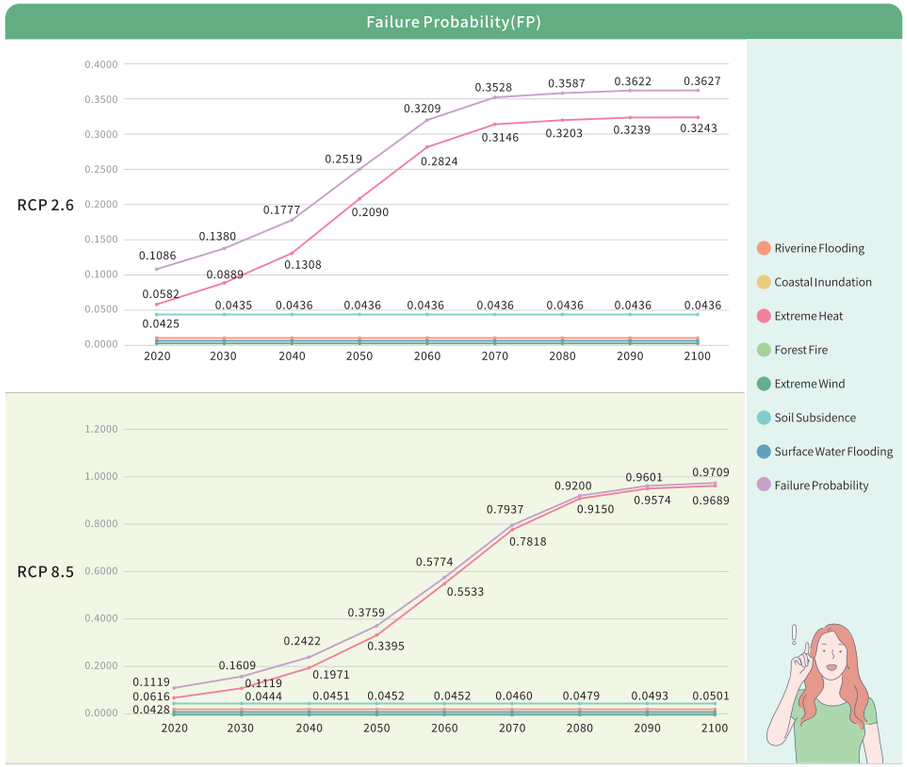
Based on the observations above, the risk assessment results indicate that the impact is relatively minor for the overall company and remains within an acceptable range. As a result, we will use the Land Subsidence Monitoring System of the Water Resources Agency (WRA) under the Ministry of Economic Affairs 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.

Failure Probability (FP)

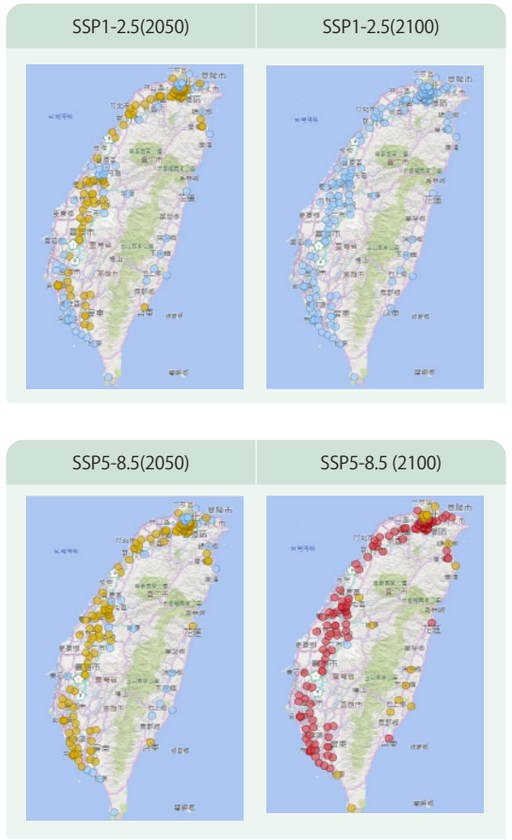
Analysis and results

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 97.09% of operation failure, which makes SKL attach more importance to promoting low-carbon transition.

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



Operating locations and investment real estate are mainly affected by "extreme heat". Therefore, the "Financial Industry Climate Physical Risk Information Integration Platform" was used to further assess the future high temperature situation. Based on the assessment results (as shown in the figure below), it can be observed that under the SSP5-8.5 scenario in 2100, most of the operating locations and investment real estate locations would reach a maximum temperature of 38° C and above, with a red signal of high temperatures.



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 (See 6.3 Risk Management for details). Furthermore, according to IPCC AR6, 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.

Temperatures are classified as follows with reference to the definition of "High Temperature Signal " of the Central Weather Administration:

- Temperature ≥ 38° C
- 38° C > Temperature ≥ 36° C
- Temperature < 36° C

(2) Real Estate Collateral

Analysis and results

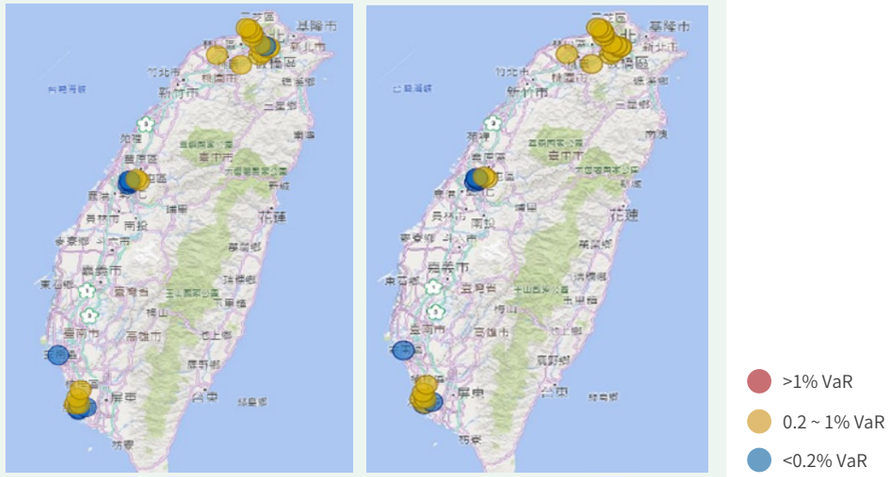
To assess the physical risks faced by the real estate collateral for loans, the Company conducted a physical risk analysis using climate scenarios RCP 2.6 and RCP 8.5.It was found that under the most severe scenario, RCP8.5, of the loans currently undertaken, during 2100, the climate change value at risk (VaR) faced by real estate collateral was only 2 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.

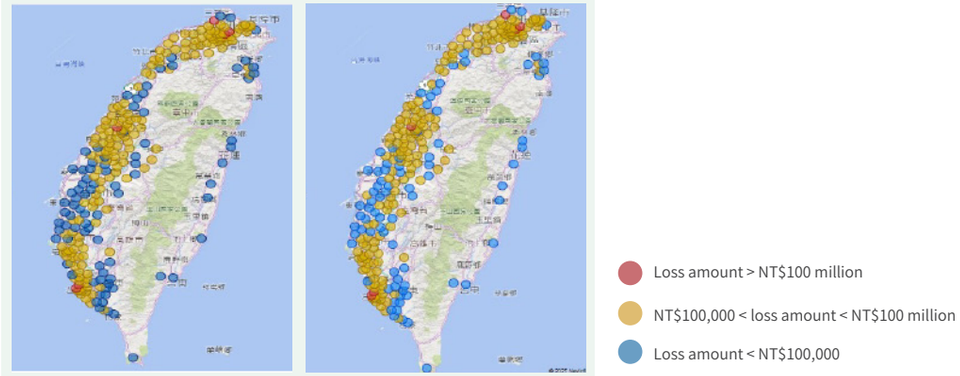
Real Estate Collateral Location Distribution and Corresponding VaR under RCP2.6 / 8.5 Real Estate Collateral Location Distribution and Corresponding VaR under RCP2.6 / 8.5

RCP 2.6	RCP 8.5
2050	2050



In addition, the Company also assessed the physical risks faced by real estate collateral for personal loans. Under the RCP2.6 and RCP8.5 scenarios by 2050, the majority of the collateral would be exposed to moderate risks. The distribution of collateral and corresponding risks are as follows:

RCP 2.6	RCP 8.5
2050	2050



The Company also used the "Financial Industry Climate Physical Risk Information Integration Platform" to analyze the exposure to flooding hazard (incidence of flooding) and vulnerability (percentage of impairment) based on different climate scenarios for the locations of real estate collateral for domestic corporate loans. The results showed that there were 0 high-risk real estate collateral and 17 medium-risk real estate collateral by 2050 under the SSP5-8.5 scenario.

2050	Indicator	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
High risk	Number of collateral (percentage of total balance of positions held)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Medium risk		10 (4.75%)	15 (19.15%)	11 (14.16%)	17 (20.67%)

Note 1: High risk is defined as the multiplication of hazard and vulnerability >5%.
Note 2: Medium risk is defined as the multiplication of hazard and vulnerability between 1% and 5%.
Note 3: The evaluation data was based on the "Financial Industry Climate Physical Risk Information Integration Platform". Therefore, the evaluation may be limited by the contents of the platform data.

For the company locations of investment targets

For the company locations of investment targets, the Company also assessed and analyzed the physical risks faced by the contact locations of the investment and financing positions. In terms of domestic investment, under the RCP8.5 scenario by 2050, most of the contact locations of the domestic stock and bond positions would be exposed to medium to low risk. In terms of overseas investments, under the RCP8.5 scenario by 2050, most of the contact locations of the overseas stock and bond positions would be exposed to medium to low risk; those with high risk are located in North America, Southeast Asia, etc. Due to the fact that investment positions are not held for a long period of time and are held as securities rather than real estate, they have higher liquidity, are less affected by physical risks, and are more exposed to transition risks. The distribution and corresponding risks are as follows:

RCP 8.5	RCP 8.5
Domestic investment (2050)	Overseas investment (2050)

Investment and financing target companies

The Company used the "Financial Industry Climate Physical Risk Information Integration Platform" to analyze the exposure under the impact of flooding hazard and vulnerability of the contact locations of domestic investment and financing targets. The results showed that the vast majority of investment and financing targets would be subject to medium and low risks in various climate scenarios by 2050. The statistics of high and medium risks in each scenario are shown in the table as follows.

	2050	Indicator	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5
Stock	High risk	Number of transactions (percentage of total balance of positions held)	2 (0.04%)	3 (0.22%)	1 (0.02%)	6 (0.67%)
	Medium-high risk		16 (26.61%)	19 (29.11%)	14 (23.54%)	31 (63.26%)
Bond	High risk		1 (0.13%)	1 (0.13%)	1 (0.13%)	2 (0.59%)
	Medium-high risk		5 (6.13%)	6 (14.71%)	5 (6.13%)	15 (36.79%)
Credit extension	High risk		0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (0.66%)
	Medium-high risk		2 (42.02%)	2 (42.02%)	2 (42.02%)	2 (42.26%)

Note 1: High risk is defined as the multiplication of hazard and vulnerability >5%.
Note 2: Medium risk is defined as the multiplication of hazard and vulnerability between 1% and 5%.
Note 3: The evaluation data was based on the "Financial Industry Climate Physical Risk Information Integration Platform". Therefore, the evaluation may be limited by the contents of the platform data.

(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 2015~2024 Bureau of Meteorology average daily temperature, amount of claims, and the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)" AR6 climate scenarios. Preliminary results indicated that warming will increase the Company's estimated personal insurance thermal injury claims expenses by no more than NT$10 million, and that the financial impact on insurance claims was 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.

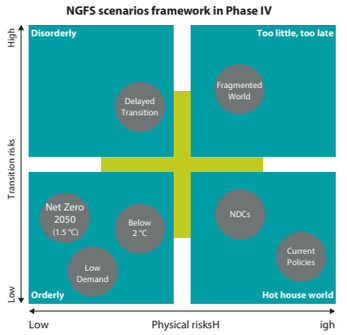
Note: The target periods for heat-related injury insurance products are as follows: 2026-2035, 2056-2065, and 2091-2100. The analysis results are presented based on the end year of each respective period.

(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 (Value at Risk %) of real estate assets and collateral, and implement corresponding climate action plans based on their fluctuations.

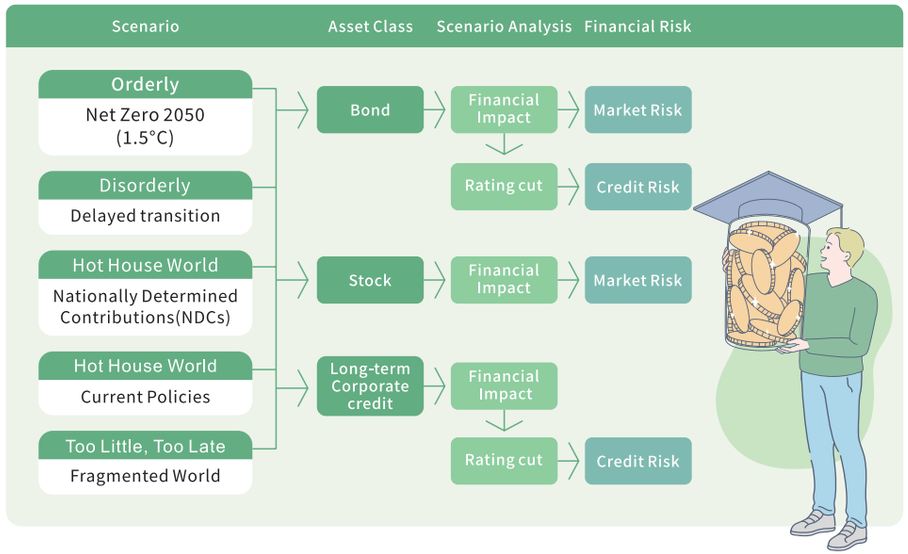
B. Transition Risk

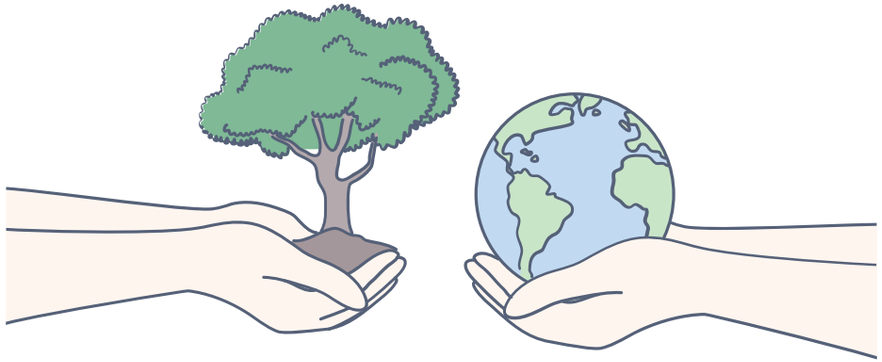
Transition risk scenario analysis is conducted to assess and measure the risks that may arise during the process of transition towards a low-carbon economy. It focuses on evaluate the risks associated with the adjustments made in the journey towards a low-carbon economy. We use the international data 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). Five scenarios, "Current policies", "Delayed transition", "Nationally Determined Contributions(NDCs)", "Net Zero 2050 " and " Fragmented World " 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 CO_2 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 2023

Transmission Pathway Diagram for Transitional Risk Assessment





(1) Transition risk scenario assumptions

Scenario category	Scenario description
Current Policies	Assessment of transition risk indicators based on the existing policy intensity of governments worldwide.
Nationally Determined Contributions	Cover all carbon reduction targets that have been committed, even if there is no corresponding effective policy support.
Delayed transition	Assuming that annual carbon emissions will not decrease by 2030, strong policy support is required to control global warming below 2° C.
Net Zero 2050	Through rigorous climate policies and innovative technologies, global warming can be controlled at 1.5° C to attain global carbon neutrality by 2050.
Fragmented World	It is assumed that the climate policy response of various countries is delayed with inconsistent pace. Countries that do not set net zero goals only comply with current policies, while other countries only fulfill partial carbon reduction commitments.

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	2024-2050 (annually)	• Energy consumption • Energy prices • CO_2 emissions • Carbon prices	• Balance sheet • Income statement • Cash flow statement

(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 1 notch	Average credit rating downgrade of about 1 to 2 notches	Average credit rating downgrade of 2 to 3 notches	Based on the results of scenario analysis on the left, the main industries affected are the oil and gas industry, steel and iron industry, non-alcoholic beverage industry, and semiconductor industry. The financial impacts are limited and the overall outcome is within the Company's acceptable range.
	Nationally Determined Contributions (NDCs)	Average credit rating downgrade of 1 notch	Average credit rating downgrade of about 2 notches	Average credit rating downgrade of 3 notches	
	Delayed transition	Average credit rating downgrade of 1 notch	Average credit rating downgrade of 2 to 3 notches	Average credit rating downgrade of 3 to 4 notches	
	Net Zero 2050	Average credit rating downgrade of about 1 to 2 notches	Average credit rating downgrade of 2 to 3 notches	Average credit rating downgrade of 3 notches	
	Fragmented World	Average credit rating downgrade of 1 notch	Average credit rating downgrade of about 2 notches	Average credit rating downgrade of 3 notches	
Stock investments	Current Policies	• Financial impact indicator: EBITDA Margin • Compared to 2024, the maximum average EBITDA Margin decrease for investment targets was 18.21%.			After comprehensively analyzing the impacts of the following risk scenarios on the financial profitability of stock investment targets, the main risks are concentrated in the semiconductor, cement, and steel and iron industries. The Company will continue to manage its investments based on their potential climate risks and returns.
	Nationally Determined Contributions(NDCs)	• Financial impact indicator: EBITDA Margin • Compared to 2024, the maximum average EBITDA Margin decrease for investment targets was 18.11%.			
	Delayed transition	• Financial impact indicator: EBITDA Margin • Compared to 2024, the maximum average EBITDA Margin decrease for investment targets was 27.58%			
	Net Zero 2050	• Financial impact indicator: EBITDA Margin • Compared to 2024, the maximum average EBITDA Margin decrease for investment targets was 26.37%			
	Fragmented World	• Financial impact indicator: EBITDA Margin • Compared to 2024, the maximum average EBITDA Margin decrease for investment targets was 21.53%			
Long-term corporate financing	Current Policies	• Average credit rating downgrade of 1 notch compared to 2024			Based on the results of scenario analysis on the left, it mainly affects the construction industry. The financial impacts are limited and the overall outcome is within the Company's acceptable range.
	Nationally Determined Contributions (NDCs)	• Average credit rating downgrade of 1 notch compared to 2024			
	Delayed transition	• Average credit rating downgrade of 1 notch compared to 2024			
	Net Zero 2050	• Average credit rating downgrade of 1 notch compared to 2024			
	Fragmented World	• Average credit rating downgrade of 1 notch compared to 2024			

(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 Scenario	The financial impact of stress testing on the Company	Description
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 million Mid-term: 3.22 million Long-term: 5.42 million	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: 2.28 million Mid-term: 3.48 million Long-term: 5.5 million	
Transition risks	Credit risk	Bond investments	Estimate expected credit losses under climate stress scenarios through the changes in credit ratings and Probability of Default (PD).	Current Policies	Credit losses are expected to increase by 0.86%	In the stress test results for bonds, the increase in loss ratios derived from climate change risks are not significant, and the expected credit losses derived therefrom are low as a percentage of the bond positions, indicating a limited impact on credit risk, which falls within an acceptable range for the Company.
				Nationally Determined Contributions(NDCs)	Credit losses are expected to increase by 0.93%	
				Delayed transition	Credit losses are expected to increase by 0.86%	
				Net Zero 2050	Credit losses are expected to increase by 2.27%	
				Fragmented World	Credit losses are expected to increase by 0.86%	
		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 are expected to be NT$7.55 thousand	In the stress test results for corporate financing, the amount of losses derived from climate change risks is low, indicating a limited impact on credit risk, which falls within an acceptable range for the Company.
				Nationally Determined Contributions(NDCs)	Credit losses are expected to be NT$7.55 thousand	
				Delayed transition	Credit losses are expected to be NT$7.55 thousand	
				Net Zero 2050	Credit losses are expected to be NT$7.55 thousand	
				Fragmented World	Credit losses are expected to be NT$7.55 thousand	
	Market risks	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 0.21% of the bond position at the end of 2024	The stress test results indicate that the losses derived from climate change risks as a percentage of the bond positions are less than 1%, 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 0.42% of the bond position at the end of 2024	
				Delayed transition	The loss accounted for 0.21% of the bond position at the end of 2024	
				Net Zero 2050	The loss accounted for 0.15% of the bond position at the end of 2024	
				Fragmented World	The loss accounted for 0.21% of the bond position at the end of 2024	
		Stock investments		Current Policies	The loss accounted for 5.50% of the stock position at the end of 2024	
				Nationally Determined Contributions(NDCs)	The loss accounted for 5.47% of the stock position at the end of 2024	
				Delayed transition	The loss accounted for 5.50% of the stock position at the end of 2024	
				Net Zero 2050	The loss accounted for 5.82% of the stock position at the end of 2024	
				Fragmented World	The loss accounted for 5.49% of the stock position at the end of 2024	

Time scope definition: 2030 (short-term), 2040 (mid-term), 2050 (long-term)

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.

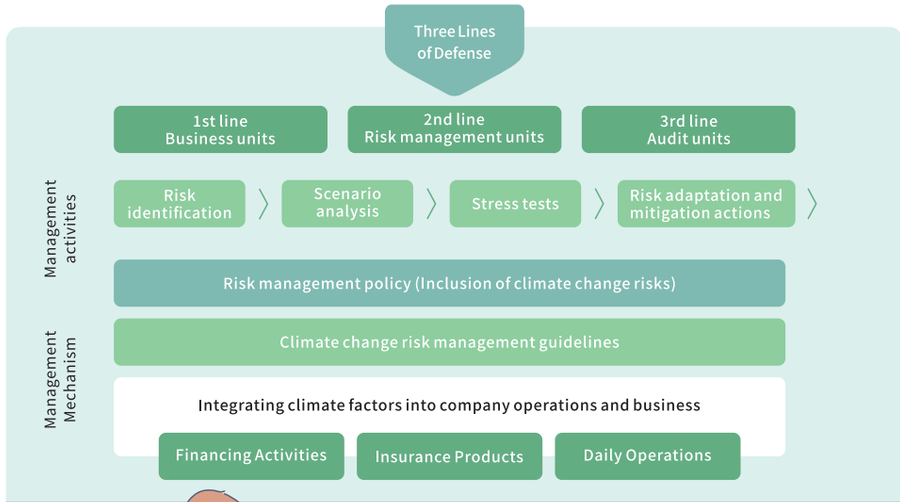
2.2.3 Implementation of the scenario analysis and stress test, and the control and assessment plan

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; 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. In addition,please refer to the appendix for the "Climate Change Scenario Analysis for the Insurance Industry" in accordance with the guarantee fund.

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



Climate Change Risk Appetite

Upon approval by the Board of Directors, the Company has incorporated climate change factors into our risk management policy. This enables us to assess the internal level of risk appetite of climate change risks and manage the potential transition and physical risks we may face in the future.

We have also set targets for achieving net zero carbon emissions at our headquarters and office locations. Through the establishment of climate scenarios and stress testing scenarios, we assess the impact of our counterparties with high climate change risk; Additionally, we include the asset allocation of carbon-intensive industries as evaluation factors to enhance our overall risk assessment and appetite.

B .Climate risk management response mechanism

The Company's investment and financing climate change risk management mechanism is from the parent company and the Company:

(1)Shin Kong Group's climate change risk management mechanisms include the "SKFH Sustainable Finance Policy", "Finance-related carbon emissions management guidelines", and "Guidelines for managing large exposures in individual countries, regions, and industries".

(2) SKL's climate change risk management mechanism includes the "Climate Change Risk Management Guidelines" and management of the three aspects of investment and financing activities, insurance services, and operating activities.

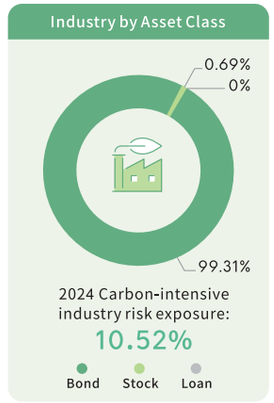
C. Carbon Asset Risk Exposure

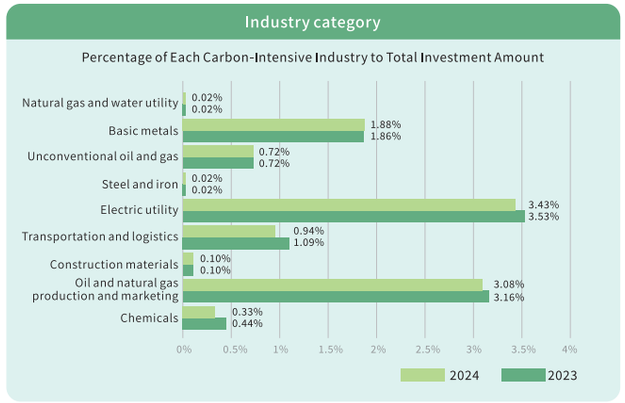
Net zero emissions have become a global trend, and countries worldwide are progressively implementing carbon pricing mechanisms such as carbon taxes and carbon trading. The European Union is also planning to launch the Carbon Border Adjustment Mechanism (CBAM) in 2023. These new policies and trade rules 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 response to this trend, SKL based on the SKFH Sustainable Finance Policy definition, developed lists of carbon-intensive industries and factored them into climate-related risks analyses for investment and finance decisions. As of 2024, carbon-intensive industries accounted for 10.52% of the SKL's portfolio, of which bonds are the main form (about 99%), and mainly comes from" Electric Utilities & Power Generators" and "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	
Chemicals	Electric Utilities & Power Generators
Iron & Steel Producers	Transportation and Logistics
Oil & Gas – Exploration & Production	Building Materials
Unconventional oil and gas (new)	Basic metals (new)
Natural gas and water utility (new)	

Disclosure of risk exposure by asset class and industry category：





Note: The proportion of high-carbon emitting industries in 2023 is calculated based on the standards of 2024. The percentage of high-carbon emission industries to total investment amount decreased in 2024 compared with 2023.

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, 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 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.

E. Potential risks of low-carbon investments

The Company has integrated ESG issues into green investment and financing decision-making and actions, and is committed to low-carbon transition investments. At the same time, we assessed potential risks that may arise, as described below:

Industry	Industry-specific risks	Risks to which the Company's investments may be exposed
Low-carbon industry	I. Energy disruption risk: Higher risk of supply disruption for renewable energy. 1. Possible failure of facilities such as wind power plants. 2. Potential network security vulnerabilities in smart energy grids or virtual power stations.	I. Market risk: 1. Power supply disruptions can lead to market shutdowns and reduced revenue. 2. Operations of low-carbon industries invested will be affected accordingly, and the income of investors will also be affected.
	II. Low return risk: Renewable energy investments fail to meet expected returns of investors.	II. Market risk: In the short term, the rate of return may be lower than that of high carbon emission industries, leading to divestment by market investors, which in turn can lead to a decline in the asset value of financial institutions.
	III. Regulatory risk - reduced biodiversity: Wind and solar power require large amounts of land, leading to habitat destruction. Similarly, the use of biofuels as an alternative to oil may help mitigate climate change. However, large-scale use may lead to loss of biodiversity. Reduced biodiversity or increased NOx may violate government regulations in the future.	III. Reputation risk: Investment in companies that violate laws and regulations will lead to a decline in the reputation of the investing company.

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.

2.4.1 SKL Climate Indicators and Goals

Sustainability Issues	Observation Indicators	Short-term Target	Execution Status in 2024	Medium- to Long-term Target
Actions for climate change Note 1	Scopes 1 and 2 reduction Note 1	Reduce Scope 1 and Scope 2 carbon emissions by 9.2% compared to the baseline year Note 2	Reduced Scope 1 and Scope 2 carbon emissions by 23% compared to the baseline year	Reduce Scope 1 and Scope 2 carbon emissions by 42% by 2030 according to SBTs
	Decarbonization of investment portfolios	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets will reach 30%	The proportion of listed / OTC-traded stocks and bonds passing the SBT targets reached 34.7%	In 2027, the proportion of listed / OTC-traded stocks and bonds passing the SBT targets will reach 50.3%
Green operations	• Electricity consumption reduction • Obtain green building certification for new construction projects	• Reduce electricity consumption by 8.4% • Obtain green building certification	• Reduced electricity consumption by 10% compared to last year • Obtained 6 green building certificates, 3 green building candidate certificates, and 1 low-carbon building candidate certificate	• Replace all lighting fixtures in all locations nationwide by 2030 to improve the energy efficiency of AC equipment • Obtain green building certificate labels (silver and above) for all new projects in future

Note 1: A material sustainability issue of SKL, with the baseline year of 2022.
Note 2: SKL's reduction target for 2024 is 9.2%;reduction target for 2025 is 14.67%.

2.4.2 Financed Emissions

Since 2021, SKL 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). 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 ($ktCO_2e$), 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, tCO_2e/TWD$M).

● Carbon emissions of investment and financing portfolios

The scope of disclosure in 2024 was based on the items required to be set for the targets announced by the SBTi (listed / OTC-traded equity and bonds, long-term corporate loans). According to the PCAF methodology, REITS 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. The aforementioned values are disclosed in the sustainability report, and the AA1000AS v3 Type 2 Moderate is used as the verification standard of the report.

In 2024, the financed emissions amounted to 1,594 ktCO2e. Due to the characteristics of insurance company fund allocation, the highest proportion of financed emissions came from bonds, accounting for approximately 91% 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 industries with high absolute carbon emissions were mainly " oil and natural gas production and marketing" and "electric utility (mainly coal-fired)";observing intensity units, the industries with high weighted average carbon intensity were mainly "construction materials" and "steel and iron". SKL has formulated management regulations for high-carbon emission industries and dynamically adjusted trading strategies to effectively achieve the goal of sustainable financial decarbonization.

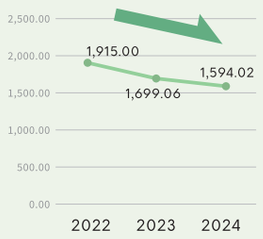
Carbon emissions of investment portfolios - asset category

	Financed Emissions ($ktCO_2e$)			Weighted average carbon intensity (tCO_2e /TWD$M revenue)			Carbon footprint (tCO_2e /TWD$M)		
Asset class / Year	2022	2023	2024	2022	2023	2024	2022	2023	2024
Listed equity	262.79	227.77	133.85	0.534	2.97	2.61	1.270	1.168	0.657
Corporate bonds	1,651.98	1,471.29	1,460.17	2.114	2.04	1.96	1.199	1.031	0.95
Long-term loans	0.23	0.003	0.004	0.0003	0.02	0.03	0.130	0.002	0.005
Total	1,915.0	1,699.06	1,594.02	2.65	2.15	2.03	1.207	1.047	0.915

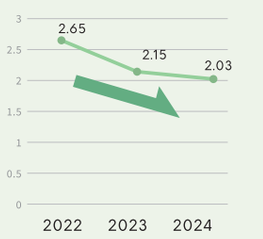
Note 1: According to Page 46 of the Global GHG Accounting and Reporting Standard for the Financial Industry (the Standard) renewed by the PCAF in December 2022, the scope of assessment excluded financial assets for which the Standard does not provide explicit guidance on methods to calculate financed 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. 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: The scope of the inventory was based on the items required to be set for the SBTs announced by the Science Based Targets initiative (SBTi), in which the inventory of each asset in 2024 covered 100% of listed / OTC-traded equity and bonds, and over 67% of long-term corporate loans (non-SMEs).

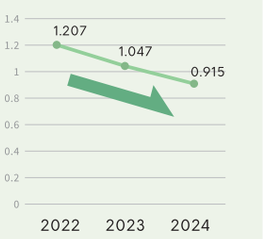
Financed Emissions



Weighted average carbon intensity



Carbon footprint



Since SKFH joined the Nature-Related Financial Disclosure (TNFD) Forum in 2023 to discuss global natural capital issues and future solutions with leading international organizations, SKL initially followed the requirements of the LEAP methodology of the TNFD guidelines, conducting an overlay analysis of Taiwan's operating locations and investment positions in high-nature-sensitivity industries, using coordinates to analyze whether their locations overlap with biodiversity areas. The results showed that SKL has three sales representative office located within 1 kilometer of animal diversity hotspots. Due to these locations are located in populated urban areas, the initial assessment of the impact and risk level is relatively low.

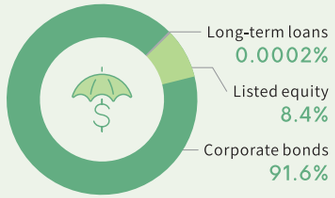
Carbon emissions of investment portfolios - industry category

Industry		Ratio to the overall investment portfolios	Carbon emissions ($ktCO_2e$)	Carbon emissions coverage rate (%)	Weighted average carbon intensity (tCO_2e /TWD$M revenue)
Carbon-intensive industry	Oil and natural gas production and marketing	3.35%	602.93	37.82%	14.33
	Electric utility (mainly coal-fired)	3.01%	261.23	16.39%	13.14
	Steel and iron	0.06%	14.65	0.92%	23.56
	Chemicals	0.58%	65.44	4.11%	15.03
	Construction materials	0.17%	63.21	3.97%	57.97
	Transportation and logistics	1.05%	79.28	4.97%	6.73
	Manufacture of basic metals	1.35%	35.50	2.23%	11.16
Other		90.43%	471.78	29.60%	0.81
Total		100.00%	1,594.02	100.00%	2.03

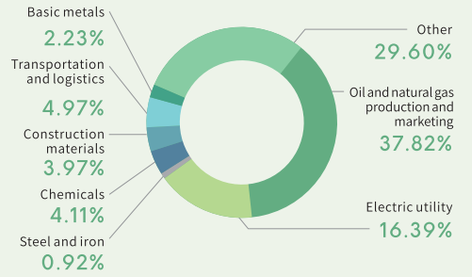
Note: The basic metal manufacturing industry has been newly added to the list of high-carbon emitting industries since 2024 after the adjustment.

2024 Carbon emissions by asset class and industry category：

Asset class



Industry category



Sovereign bond financed emissions

The Company follows the carbon emissions calculation methodology announced by PCAF to inventory Scope 1 financed emissions related to sovereign bonds, and newly disclosed the carbon emissions of sovereign bonds.

2024	Financed Emissions ($ktCO_2e$)	Economic Emissions Intensity ($ktCO_2e$/USD$M)
Scope 1 (Excluding LULUCF)	5,640.54	0.29
Scope 1 (Including LULUCF)	5,874.00	0.30

Note 1: The United Nations Framework Convention on Climate Change (UNFCCC) also takes Land Use, Land Use Change and Forestry (LULUCF) into consideration for greenhouse gas, so that countries can estimate their carbon emissions and carbon removal according to the LULUCF plans. The total national carbon emissions may increase or decrease due to LULUCF.

Note 2: The sovereign bond investment positions are the data in 2024. In light of information access limitations, the national carbon emissions were calculated using the data in 2021, and the GDP adjusted for purchasing power parity was calculated using the data in 2023.

3 Advancing Towards A Net Zero Future

GRI 3-3

Plan

- Follow the SBTi carbon reduction pathway and establish Shin Kong carbon reduction guidelines.
- Establish self-generated renewable energy facilities for self-use.
- Construct green buildings.

Commitment

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.

Material Topic	2024 Target	Status of Achievement	Major Performances in 2024	Short-term Target (2025)	Medium- to Long-term Target (2030 as the Target Year)
Actions for climate change	Continued to implement carbon reduction targets and plans for own operations, achieving a decrease of 9.2% compared to the baseline year (2022).	☑	• S1+S2 emissions reduced by 23% compared to the baseline year (2022).	• Reduce S1+S2 emissions by 14.7% compared to the baseline year (2022). • Complete self-generated renewable energy facilities for self-use at 1 location.	• Reduce S1+S2 emissions by 42% in 2030 compared to the baseline year (2022). • Complete self-generated renewable energy facilities for self-use at 3 locations.
	Optimized the sustainable design of new construction projects and obtained green building labels and other sustainable real estate certifications.	☑	• Obtained 1 new Diamond-Level Low Carbon Building Candidate Certificate.	• Obtain green building certificates (Silver-Level and above) for all new projects.	

3. Advancing Towards a Net Zero Future

3.1 Low Carbon Operational Management | 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, which is responsible for the planning and implementation of environmental policies, strategic goals, and action plans. The Group regularly reports the results of various actions to the Committee. In particular, the annual greenhouse gas inventory is submitted to the board of directors on a quarterly basis for review and control. 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. There were no violations of environmental laws and regulations in 2024.

Through comprehensive environmental management measures and mechanisms, we reduce the consumption of energy and resources in our daily operations, lowering overall carbon emissions of the Company. Since 2014, SKL has introduced environmental management certification and continues to maintain the system; in 2024, SKL maintained the validity of ISO 14046 water footprint verification, expanded the scope of ISO 50001 energy management system verification to include the Shin Kong Songshan Financial Building in addition to the Shin Kong Life Tower, completed ISO 14064-1: 2018 greenhouse gas inventory for all locations (including overseas), and obtained third-party verification certificates.

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.

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.

Four Low Carbon Operation Strategies

- Implementing Greenhouse Gas Inventory
- Improving Energy/Resource Efficiency
- Shaping a Green Culture
- Constructing Green Buildings

3.2 Low Carbon Strategy Actions

Implementing Greenhouse Gas Inventory

GRI 305-1、305-2、305-3、305-4、305-5

A. GHG emissions

Following SKFH's science-based targets, we set the goal to reduce Scope 1 and Scope 2 carbon emissions by 42% by 2030. SKL's goal for 2024 was to achieve a reduction by 9.2% compared to the baseline year (2022). The actual Scope 1 and Scope 2 GHG emissions was 11,803 tCO_2e, a successful reduction of carbon emissions by 23% compared to the baseline year. As the main carbon emissions came from the administrative work of the staff, the emission intensity per person is assessed to be 1.18 tCO_2e based on the number of full-time employees. In addition to energy conservation, we are also taking action to support green energy. In 2024, we replaced general electricity consumption with about 540,000 kWh of green power, and gradually increased 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

	Unit	2022	2023	2024
Total GHG emissions	tCO_2e	18,005.67	16,737.21	**14,531.27**
Scope 1 emissions (C1)	tCO_2e	1,553.66	1,463.21	**1,322.90**
Scope 2 emissions (C2)	tCO_2e	13,768.62	12,484.70	**10,480.58**
Total controllable GHG emissions (C1+C2)	tCO_2e	15,322.28	13,947.92	**11,803.48**
Scopes 1 and 2 emission intensity	tCO_2e / person	1.59	1.51	**1.18**
Scopes 1 and 2 emission density	tCO_2e /per million NTD	0.0529	0.0538	**0.0370**
Other emissions (C3~C6)	tCO_2e	2,683.39	2,789.30	**2,727.79**
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 + All Paper Procurement Procurement of Indirect Energy GHG Emissions + Document Destruction**

Note 1: The baseline year of comparison is the year in which the parent company SKFH officially signed the SBTi commitment in 2022 to join the international decarbonization efforts. The data of the year was verified by SGS according to ISO14064-3:2006 and met the ISO14064-1: 2018 standards.

Note 2: The data in 2023 and 2024 were verified by DNV according to ISO14064-3:2006 and met the ISO14064-1: 2018 standards.

Note 3: Emissions are calculated using the operational control approach and the "annual usage (activity data) * emission factor * GWP value". The emission factor in this table was selected from the "Summary of Factor from the Research of Greenhouse Gas Emissions Collected by the Ministry of the Environment, Executive Yuan - Emission Factor Management Table (Version 6.0.4)". The GWP value was based on the Sixth Assessment Report of Intergovernmental Panel on Climate Change (IPCC AR6, August 2021).

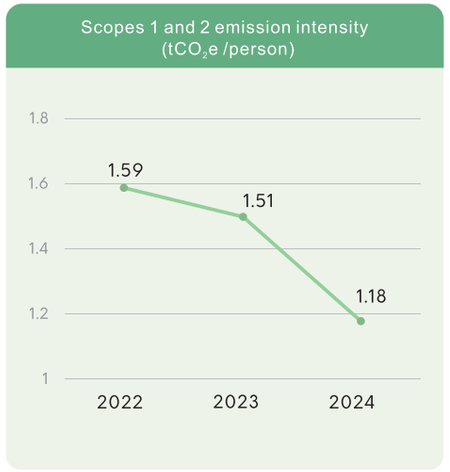
Note 4: Scope 1 emissions (C1) refers to direct emissions from stationary combustion sources (emergency generator diesel, natural gas used in the staff canteen), mobile combustion sources (company car oil), and other anthropogenic system fugitives (air-conditioning refrigerants and septic tanks).

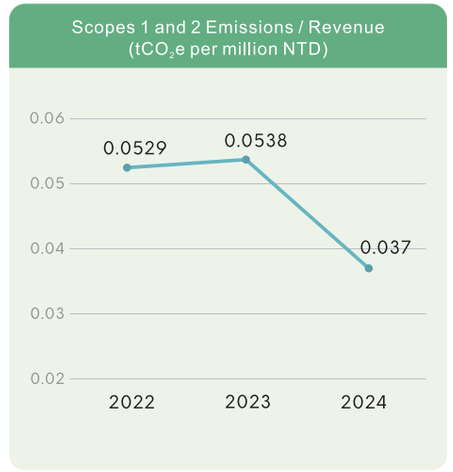
Note 5: Scope 2 emissions (C2) refers to indirect electricity emissions, which are calculated using the latest electricity emission factor (0.494 kg CO_2-e/kWh for 2023 and 0.474 kg CO_2-e/kWh for 2024) provided by the Bureau of Energy, Ministry of Economic Affairs.

Note 6: Other emissions (C3-C6) are disclosed based on annual significance assessments, with C1 + C2 used as the carbon emission intensity standard.

Note 7: The number of full-time employees calculated for carbon emissions intensity was 9,632 in 2022, 9,238 in 2023, and 9,992 in 2024.

Note 8: Inventory boundary: There were 168 buildings (including overseas) in 2022 (baseline year of SBTi), 167 buildings (including overseas) in 2023, and 145 buildings (including overseas) in 2024 used by the Company's permanent employees as locations of operations.





In response to the requirements of "Article 8 of the Regulations Governing Public Disclosure of Information by Life Insurance Enterprises", the GHG emissions of "Shin-Kong Life Real Estate Service Co., Ltd.", a subsidiary of SKL, in 2024 are as follows. It is expected to complete the disclosure of assurance information in 2027.

Total GHG emissions	Scope 1 emissions (C1)	Scope 2 emissions (C2)
66.6905 tCO_2e	1.5934 tCO_2e	65.0791 tCO_2e

Scopes 1 and 2 emission intensity	Scopes 1 and 2 emission density
0.2268 tCO_2e / person	0.0582 tCO_2e / per million NTD

Note: In 2024, the number of full-time employees of Shin-Kong Life Real Estate Service Co., Ltd. was 294, with an operating revenue of NT$1,146 million.

B.Internal carbon pricing mechanism

In accordance with the Greenhouse Gas Reduction and Carbon Pricing Management Regulations of the parent company SKFH, we set internal carbon prices based on the shadow price model, and stipulate that if the total greenhouse gas emissions exceed the reduction target for the year, the purchase of renewable energy certificates (T-REC), renewable energy or energy-saving projects should be included in the expenses of the following year (such as energy conservation and replacement fees, carbon offset projects, etc.) as the discretionary internal carbon prices, in order to understand carbon emission costs and carbon reduction efficiency, and to achieve the purpose of effective carbon risk control.

3.2.2 Improving Energy/Resource Efficiency

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.

SKL has set its own operational carbon reduction targets and implementation strategies. In 2024, we comprehensively reviewed the status of lighting usage, gradually replaced existing lighting with high-efficiency lamps with energy-saving labels, optimized the energy efficiency of air-conditioning systems and other energy-consuming equipment, installed regenerative power systems in elevators, and planned for an innovative approach of self-generated renewable energy wheeling, in order to reduce our reliance on energy resources, and gradually replace those that cannot be reduced with renewable energy sources and environmentally friendly products, thereby bringing positive benefits to environmental sustainability.

SKL Energy Management Goals

Management Item	2024 Target	Execution Status in 2024	Targets Before 2030
Scopes 1 and 2 carbon emissions	Cumulative reduction of 9.2% compared to the baseline year (2022)	Achieved	Cumulative reduction of 5.47% per year compared to the baseline year (2022)
Electricity consumption		Achieved	
Water consumption	≤200,035.67 kL	Achieved	≤Average consumption per person in the past three years
Fuel consumption of company cars	≤2,145.64 liters	Not achieved[Note]	
Paper consumption	≤22,677 packs	Achieved	

Note: Please refer to D. Energy Consumption in Transportation for details of the target not achieved.

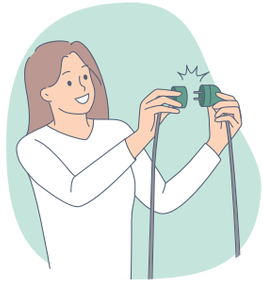
A. Electricity Consumption

Electricity Consumption for the Past Three Years

	Unit	2022	2023	2024
Total electricity consumption	kWh	27,050,327	25,791,472	22,108,464
Number of full-time employees	Person	9,634	9,238	9,992
Electricity consumption intensity	kWh/person	2,807.80	2,791.89	2,212.62
Renewable energy use	kWh	—	522,000	540,000

1.Energy Saving Projects

In 2024, through the upgrade of lighting fixtures and compressor motors as well as the installation of regenerative power systems in elevators, it is estimated to reduce nearly 950,000 kWh of electricity. We voluntarily participated in Taipower's demand bidding activity, and sold back to Taipower the electricity saved during heavy loads, receiving a deduction of electricity bills. Through this measure, the electricity saved increased 17 times compared with last year, which is a clear indication of the potential for lowering electricity consumption. Furthermore, by re-examining the office space used by each unit, we implemented space efficiency management and carried out unit integration, in order to avoid space wastage and increased energy consumption. This project is expected to reduce electricity consumption by 2 million kWh.



Energy saving projects in 2024

Main Implementation Projects	Annual Electricity Savings (kWh)	Annual Electricity Savings (MWh)	Annual Emission Reductions (tCO_2e)
Participation in Taipower demand bidding activity	2,882	2.88	1.42
Upgrade of lighting fixtures and compressor motors (Songshan Financial Building, Huiguo Building, Chungtsu Shuanghsing)	938,528	939	465
Installation of regenerative power systems in elevators (Songshan and Xinzhuang)	10,400	10.40	5.15
Integration of space used by each unit	2,000,000	2,000	988

Note: The lighting upgrade of Chungtsu Shuanghsing and installation of Xinzhuang's regenerative power system were completed in the second half of 2024. Energy savings and carbon reduction values listed in the table represent the estimated annual benefits.

2. 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 power usage effectiveness (PUE) of the computer server room in SKL's Bade Building was maintained at a stable level of 1.55-1.64 in 2024, which was rated as a silver benchmark by the Green Grid Association's PUE evaluation standard.

Note: The lighting upgrade of Chungtsu Shuanghsing and installation of Xinzhuang's regenerative power system were completed in the second half of 2024. Energy savings and carbon reduction values listed in the table represent the estimated annual benefits.

B. Water consumption

SKL's water consumption is mainly for office livelihood use, for employees and some consumers. We are committed to minimizing water wastage, with a reduction in water consumption of 8.8% in 2024 compared to last year, and a significant drop in average consumption per person; 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

Indicator	2022	2023	2024
Water consumption in buildings across Taiwan* (Unit: kL)	205,083	193,784	176,653
Average consumption per person (Unit: kL/person)	21.29	20.98	17.68

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 NT$14/kL for buildings in Taipei City and NT$12/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 for the Past Three Years

Item	Unit	2022	2023	2024
Total recycled waste	Tons	556.7	321.9	322.1
Total incineration	Tons	1,538.2	1,100.4	1,104.7
Total waste quantity	Tons	2,094.9	1,422.3	1,426.8
Resource recycling rate	%	26.6%	22.6%	22.6%
Waste intensity	Ton/person	0.21	0.15	0.14

Note 1: In 2024, 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, Shin Kong Life Fuxing Building, Shin Kong Life Huiguo Building, and Shin Kong Life Zhongxing Building).

D. Energy Consumption in Transportation

The fuel consumption of company cars at the head office increased by 19% compared with the previous year due to the increase in the number of business activities and the increase in the demand for office operations such as relocation of document files. In response to the reduction of carbon emissions from transportation vehicles, in 2024, the company cars for senior executives were changed to leased hybrid vehicles, which can automatically adjust the kinetic energy according to the speed of vehicles and the force of the throttle, and convert kinetic energy consumed during braking or excessive kinetic energy generated during transportation into electrical energy for power storage of batteries, thereby addressing the high demand for customer visits and achieving the goal of emissions reduction.

Transportation Statistics for the Past Three Years

Item	Unit	2022	2023	2024
Total fuel consumption of company cars	Liter	2,381	3,047	3,627
GHG emissions	tCO_2e/year	5.61	7.18	8.34

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 and low-carbon living so that employees, family members, and policyholders can work together to reduce energy consumption and reduce carbon emissions in their daily lives.

A. Implementing Digital Office

1. E-administration

SKL has introduced technology applications to take stock of paper-consuming operations and evaluate the feasibility of e-operations. In addition to the long-term implementation of electronic official documents and administrative forms, the Company has adjusted legal compliance, audit administration, suppliers and procurement, board of directors and audit committee meetings to electronic and systematic operations, in order to significantly improve administrative efficiency and reduce paper consumption. The administrative paper consumption target for 2024 was achieved, reducing 2,207 packs and carbon emissions by 7.5 tCO_2e compared to the estimated consumption.

2. E-insurance services

SKL is committed to providing various digital services and disseminating the concept of digital sustainability, encouraging policyholders to use e-policies and e-documents, recommending customers to join online memberships, and using digital tools instead of paper. On the other hand, we actively empower sales representatives with digital capabilities by launching the "e-agent digital sales representative service certification mechanism" to observe various digital service transaction indicators, and familiarize sales representatives with e-business tools through project promotion and specialized training. We also established digital-related incentive measures to accelerate the digital transformation of business marketing. Starting from July 2024, e-reissue service was launched, whereby sales representatives can obtain real-time reissue information through tablets, and transmit relevant documents electronically to speed up the process of new contracts, thereby providing customers with high-quality and low-carbon financial services.

E-insurance tool	Number of tools used	Usage rate (%)
e-insurance policies	218,139	46.9%[Note 1] (465,200 new contract policies)
e-notices	2,363,477	81.4%
Mobile e-insurance[Note 3]	181,469	93.5%
e-claims	350,501	93%
e-policyholder service	234,151	73%
e-benefit payment	23,829	80.3%
e-reissue	31,176	34.7%

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.

In 2024, approximately 22.87 million sheets of paper and approximately

155.5 tCO_2e

were saved through 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 CO_2e.
Note 3: Amount of paper consumed (pack) x 3.4 kg CO_2e/1,000 (unit conversion)=) = Carbon emissions (tCO_2e) saved.

B. Promoting Low Carbon Green Living

In order to comprehensively implement green office, we have drastically changed our office model, replacing the physical office with online meetings and online education and training courses, which effectively reduces the carbon footprint caused by commuting and personnel movement. In addition to encouraging the use of digital tools, we also actively encourage more walking or the use of low-carbon transportation tools (such as bicycles) for close-range policyholder visits to reduce the impact of emissions caused by the transportation of field personnel, which not only helps 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 posted slogans related to green office in the office area, promoted walking exercises on the upper and lower three floors, and encouraged employees to increase exercise and reduce the use of elevators. We have kept the air-conditioning temperature at the summer temperature range of 26 ° C to 28 ° C, as announced by the Bureau of Energy. SKL has implemented the "Light Shirts in Summer" for 18 consecutive years, whereby male employees wear shirts with no ties, and female employees wear short-sleeved uniforms to support environmental protection, energy conservation and carbon reduction with concrete actions.

1. New Life for Old Clothes, Light up the World - Heart and Light Tour

SKL integrates issues encompassing low carbon living, circular economy, and support for disadvantaged groups through cross-sector collaboration and partnerships to initiate an innovative solution - New Life for Old Clothes, Light up the World. This initiative creates employment opportunities for disadvantaged groups by upcycling used jeans collected through charity events. The reproduced products are used for public welfare fundraising, helping disadvantaged families to obtain microinsurance risk protection. Continuing our innovative business model from 2023, we organized the "Heart and Light Tour" event in 2024. We worked with Story Wear to form a team composed of 8 to 10 street corner seamstresses to transform recycled fabrics and discarded bed sheets into 640 pieces of zero-waste fashion accessories. In addition, we partnered with the Syin-Lu Social Welfare Foundation in a charity project, which was supported by a total of 114 people with actual donations. SKL joined hands with partners to exert our influence. The funds raised will be utilized to help 459 people with disabilities obtain basic risk protection. The Syin-Lu Social Welfare Foundation will provide employment counseling and support, so that the disadvantaged can move forward to a sustainable and self-reliant life.

2. Nationwide Hiking - Carbon Reduction Lifestyle Festival

In 2024, SKL's nationwide charity hiking activities took "Carbon Reduction Lifestyle Festival" as the theme of the event to promote the concept of sustainable carbon reduction, combining the concept of ESG and carbon reduction lifestyle with a series of activities, and inviting Zero Market, MY HONG TE, SwingTaiwan and Beautiful City to participate in exhibitions and sales. Three events were held in Kaohsiung (Dayi Pier-2 Park), Taichung (Central Park), and Taipei (Hua Zhung Campsite), with a total of more than 1,800 participants. To implement the concept of carbon reduction and plastic reduction, no disposable containers and tableware were provided on site. Participants were encouraged to bring their own environmentally friendly tableware and water bottles. After hiking, 316 stainless steel lunch boxes were given away in order to contribute to environmental protection and love the earth through carbon reduction.

3. Joining the Beautiful City Platform - Promoting the Personal Carbon Passbook Project

In response to the international trend of Net Zero emission by 2050, SKL joined the "Beautiful City" platform launched by GreenhopeTW on LINE to promote the "Personal Carbon Passbook Project". Combined with SKL's online insurance enrollment business and nationwide charity hiking activities, four low-carbon task rewards were launched to encourage the public to complete tasks in exchange for low-carbon action rewards provided by SKL, enabling the public to transform their low-carbon actions into tangible "green gold". Meanwhile, on June 24, Chairman Wei, Mark also shared SKL's carbon reduction cases at the "Sustainable Taipei City: New ESG Solutions and Consumer Carbon Pricing Conference", hoping that the general public will take ESG actions in response to the 10 "Green Lifestyle" of 12 Key Strategies of Taiwan's 2050 Net-Zero Transition.

C. Net Zero Initiative and Action

In line with the National 2050 Net Zero Emission Path and Strategy, SKL, 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, establish self-generated renewable energy facilities for self-use, 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.

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 energy efficient, eco-friendly lifestyle and reduce the environmental impact of our business operations.

A. SKL's Commitment to Eco-friendly Buildings

- **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.**
- **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.**

B. Sustainable Green Building Achievements

As part of our commitment to eco-friendly buildings, SKL has been constructing energy-efficient and sustainable buildings that will benefit people living there and the environment in perpetuity.

As of 2024, we had applied for Green Building Labels for 9 buildings, including 6 Green Building Labels (obtained), 3 candidates for Green Building Labels, 1 candidate for Low Carbon Building Label, and 1 LEED credential (obtained). We also expect to apply for Green Building Labels for six projects currently under construction in 2024 or are still under planning.

The Nangang Bus Station BOT obtained the Diamond-Level Low Carbon Building Candidate Certificate. Through design and planning, the project reduces the amount of materials used in the main structure, such as beams, columns, slabs, and walls, and adopts low-carbon construction methods to reduce carbon emissions of the building during the construction stage. The Company is committed to creating a low-carbon, sustainable and smart green building.

The Company aims to improve the aesthetic and construction quality of buildings, and further supports 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."

C. Green Leasing Achievements

In response to the "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.

We also promoted 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 1,150,000 kWh of green power/year. In the future, we will assist building tenants in introducing renewable energy, increasing the use of green power energy, and minimizing the impact on the environment.

Green Buildings for the Past Three Years

Building	Results	Investment Amount	Green Benefit		
			Amount of CO_2 absorbed	Soil water content (greenery design)	Capacity of rainwater storage (recycling and reuse)
Shin Kong Jasper Villa President	Green Building Label (Silver) in 2022	2.418 billion	1477.025t	31.08m^3	217.27m^3
Shin Kong Hangzhou North Road Superficies Case	Obtained the Silver-Level Green Building Candidate Certificate in 2022	3.313 billion	357.88t	-	269.10m^3
Superficies in Qianjin District, Kaohsiung City	Obtained the Silver-Level Green Building Candidate Certificate in 2023	2.649 billion	0.65536t	3.56m^3	-
Nangang Bus Station BOT	Obtained the Gold-Level Green Building Candidate Certificate in 2023 Obtained the Diamond-Level Low Carbon Building Candidate Certificate in 2024	5.89 billion	Amount of CO_2 absorbed: 1.03849t Amount of carbon reduction: 48,979 tCO_2/60yr	15.87m^3	587.72m^3