

2024 TCFD Report on Climate-related Financial Disclosures

CH6 Climate Metrics and Targets

Taichung Bank has developed comprehensive response strategies for identified climate risks and opportunities. To achieve strategic goals, key metrics and short-, medium-, and long-term targets have been established to quantify progress, monitor achievements, and conduct annual effectiveness evaluations. These efforts aim to achieve climate goals through optimized plans for mitigation and adaptation. This chapter will highlight the achievements in relation to key metrics and targets.

6.1 Climate Risk Metrics and Targets

Business Type	Strategy Scope	Key Metrics	Corresponding risks	Short-term targets (2024–2025)	Medium-term targets (2026–2030)	Long-term targets (2031–2050)	2024 Implementation Progress
Credit/Loans	Credit extension business' climate risk assessment and management	<ul style="list-style-type: none"> · Balance and proportion of credit extensions to carbon-intensive industries · Progress of climate-related credit/loan risk assessment 	1, 4, 8	Implement a climate risk assessment process for financing carbon-intensive industries	Implement entry requirements for carbon-intensive industries, establish a phased reduction plan for credit extensions to high-climate risk sectors, and define associated timelines	The Bank will not consider credit applications from applicants in certain carbon-intensive industries that do not have specific transition plans in place to reduce their emissions	<ul style="list-style-type: none"> · Credit balance for carbon-intensive industries: NT\$44,031,410,000, or 15.24% of the total. · The Bank integrated ESG credit balances and the credit extensions to 3-High industries into operational performance evaluations to expand ESG credit business while minimizing exposure to 3-High industries, thereby achieving a

							<p>balanced portfolio shift.</p> <ul style="list-style-type: none"> · The Bank formulated and started implementing the Climate Risk Identification Procedures for Corporate Banking Credit Extensions and Real Estate Collaterals. Climate risk assessments were conducted for 95.74% of new corporate credit in 2024.
Net-zero aligned asset portfolio	<ul style="list-style-type: none"> · Financial carbon emissions inventory coverage rate and data quality score · Financial carbon emissions and financial carbon emissions intensity by asset category/ 	1	<ul style="list-style-type: none"> · Use the PCAF methodology to calculate credit position carbon emissions and related financial carbon emissions intensity · Align with SBTi standards to set emission reduction targets 	<ul style="list-style-type: none"> · Conduct external verification of asset portfolio carbon emissions · Set asset portfolio's carbon emission reduction targets and develop related action plans 	Regularly monitor progress towards net zero emissions targets and actively refine carbon reduction action plans	<ul style="list-style-type: none"> · Credit extension business' financial carbon emissions inventory coverage rate in 2024 was 71.18%, and its data quality score was 3.83. · In 2024, credit extension business' financial carbon emissions were 858,986.58 MTCO₂e; the corresponding carbon emission intensity was 2.01 MTCO₂e/NT\$ million. 	

		industry					
Investment	Investment business' climate risk assessment and management	<ul style="list-style-type: none"> · Balance and proportion of investment in carbon-intensive industries · Progress of climate-related investment risk assessment 	2, 5	<ul style="list-style-type: none"> · Continuously monitor the investment balance in carbon-intensive industries · Implement a climate risk assessment process for investments in carbon-intensive industries 	<ul style="list-style-type: none"> · Reduce/do not add to the investment balance in the carbon-intensive industries that do not have specific transition plans in place to reduce their emissions · Set investment limits in carbon-intensive industries 	<ul style="list-style-type: none"> · Gradually reduce carbon-intensive investment positions · Actively support national policies for net-zero emissions 	<ul style="list-style-type: none"> · The investment balance in carbon-intensive industries was NT\$13,697,189,000, or 14.91% of the total · Climate risk assessments were conducted for 100% of new investments.
	Net-zero aligned asset portfolio	<ul style="list-style-type: none"> · Financial carbon emissions inventory coverage rate and data quality score · Financial 	2	<ul style="list-style-type: none"> · Use the PCAF methodology to calculate investment position carbon emissions and related financial 	<ul style="list-style-type: none"> · Conduct external verification of asset portfolio carbon emissions · Set asset portfolio's carbon 	Regularly monitor progress towards net zero emissions targets and actively refine carbon reduction action plans	<ul style="list-style-type: none"> · Investment business' financial carbon emissions inventory coverage rate in 2024 was 59.57%, and its data quality score was 1.51. · In 2024, investment business' financial carbon emissions were 1,114,321.24 MTCO₂e; the

		carbon emissions and financial carbon emissions intensity by asset category/industry		carbon emissions intensity · Plan to adopt SBTi standards to set emission reduction targets	emission reduction targets and develop related action plans		corresponding carbon emission intensity was 7.70 MTCO ₂ e/NT\$ million.
Proprietary Operations (General)	Net-zero aligned operations	GHG emissions from proprietary operations	3, 16	<ul style="list-style-type: none"> · Reduce combined Scope 1 and Scope 2 emissions shall be by 1% compared to 2023 (base year) by 2025. · Decrease per capita electricity consumption by 1% over the period from 2024 to 2025 	<ul style="list-style-type: none"> · Over the period from 2026 to 2028, reduce combined Scope 1 and Scope 2 emissions by 3% per year. · Over the period from 2028 to 2030, reduce combined Scope 1 and Scope 2 emissions by 5% per year. · Reduce per capita electricity 	<ul style="list-style-type: none"> · Over the period from 2031 to 2050, reduce combined Scope 1 and Scope 2 emissions by 5% per year. · Reduce per capita electricity consumption by 27% compared to 2023 (base year) by 2050. 	Actively implement and broaden energy-saving and carbon-reduction initiatives within the Bank, and expand the scope of inventory and third-party verification

					consumption by 7% compared to 2023 (base year) by 2030.		
Green operations	<ul style="list-style-type: none"> · Assessment of sustainable construction practices for new business location · Install solar photovoltaic (PV) systems at branches to raise our use of green electricity 	3, 16	<ul style="list-style-type: none"> · Track the spending on green building materials · Install solar photovoltaic panels on two self-owned buildings per year 	<ul style="list-style-type: none"> · Regularly review the effectiveness of the sustainable construction practices adopted in the new business location · Install solar photovoltaic panels on two self-owned buildings per year 	<ul style="list-style-type: none"> · Regularly review the target achievement status of the sustainable construction practices adopted in the new business location, and actively support national policies for net-zero emissions · Install solar photovoltaic panels on two self-owned buildings per year 	<ul style="list-style-type: none"> · Our Datong Branch (relocated in 2024) is being built with sustainable materials and is expected to be completed on January 13, 2025. · We have obtained 114 renewable energy certificates as of the end of 2024. Solar photovoltaic systems have been installed in Shetou Branch, Xiushui Branch, Tianzhong Branch, and Xihu Branch. · The total amount of green electricity (solar energy) used in 2024 was 126,610.3 kWh. 	

Transition Risk Metrics

Credit extensions to and investment exposure positions in carbon-intensive industries

Based on the carbon emission intensity grouping for industries suggested in the Domestic Banks' Operation Plan for Climate Change Scenario Analysis, we define the fourth and fifth groups as carbon-intensive industries. Among the Bank's listed credit extensions and stock/bond investments at the end of 2024, the credit balance for carbon-intensive industries was NT\$44,031,410,000, or about 15.24% of the total (credit balance for such industries/total corporate credit balance). Most of these loans were for the manufacture of basic metals and civil engineering projects. The stock/bond investment balance in carbon-intensive industries was NT\$13,697,189,000, or about 14.91% of the total (investment balance for such industries/total stock/bond investment balance). Most of these funds were invested in the electricity and gas supply industry and the manufacture of petroleum and coal products. The total balance of the Bank's credit extensions to and stock/bond investment in carbon-intensive industries at the end of 2024 was NT\$57,728,599,000. Carbon-intensive industries' investment/financing percentage was about 15.16% of the total (that is, of such industries' credit and investment balance/total corporate credit and stock/bond investment balance). The primary focus of the investment/financing was on the manufacture of basic metals.

PCAF Breakdown

2024 GHG emissions from investments and loans

Asset Class	Scope 1+2 total Financed emissions (CO ₂ e)	Carbon footprint (tCO ₂ e/investment and loan balance in NT\$ million)	PCAF data Quality score	Scope 3 total Financed emissions (CO ₂ e)
Listed & unlisted equity and corporate bonds	10,504.23	2.02	1.56	18,490.85
Corporate bond	515,557.41	5.95	1.59	243,478.59
Sovereign debt (excluding LULUCF)	588,259.60	11.14	1.36	-
Business loans	691,799.49	2.39	3.75	147,280.07
Commercial real estate	140,066.61	2.59	4.00	-
Mortgages	26,806.58	0.32	4.00	-
Motor vehicle loans	313.90	3.59	3.27	-
Total	1,973,307.82	3.44	3.24	409,249.51

2024 Power plant project finance avoid emissions

Asset Class	avoid emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/investment and loan balance in NT\$ million)	Data Quality score
Power plant project finance	58,260.31	42.12	3.00

2024 Investments GHG emissions by region

Region	Scope 1+2 total Financed emissions (CO₂e)	Carbon footprint (tCO₂e/investment and loan balance in NT\$ million)
Taiwan	767,360.00	9.40
Oceania	193,607.03	11.26
America	102,299.01	5.14
Asian regions(excluding Taiwan)	9,152.66	1.59
Europe	37,800.51	1.92
Central America	4,102.02	8.34

2024 Business Loans GHG emissions by region

Region	Scope 1+2 total Financed emissions (CO₂e)	Carbon footprint (tCO₂e/investment and loan balance in NT\$ million)
Taiwan	479,659.45	1.94
Oceania	3,685.86	1.65
America	52,090.30	7.82
Asian regions(excluding Taiwan)	101,615.33	3.76
Europe	37,366.40	8.48
Africa	17,382.16	17.39

2024 Top 10 Investments GHG emissions by industry

Industry type	avoid emissions (CO₂e)	Carbon footprint (tCO₂e/investment and loan balance in NT\$ million)	Proportion of financed emissions
Electricity and Gas Supply	263,420.06	56.366	50.07%
Manufacture of Basic Metals	95,742.83	42.119	18.20%
Manufacture of Petroleum and Coal Products	84,664.63	24.943	16.09%
Air Transport	23,345.76	27.049	4.44%
Manufacture of Electronic Parts and Components	13,173.83	1.138	2.50%
Manufacture of Other Non-metallic Mineral Products	12,743.06	9.228	2.42%
Manufacture of Chemical Material and Fertilizers	11,484.25	10.324	2.18%
Manufacture of Textiles	6,569.14	4.150	1.25%
Manufacture of Computers, Electronic and Optical Products	6,208.01	0.932	1.18%
Manufacture of Electrical Equipment	2,313.23	2.203	0.44%

2024 Top 10 Business Loans GHG emissions by industry

Industry type	avoid emissions (CO₂e)	Carbon footprint (tCO₂e/investment and loan balance in NT\$ million)	Proportion of financed emissions
Manufacture of Other Non-metallic Mineral Products	97,645.45	19.843	14.11%
Manufacture of Basic Metals	81,630.67	7.326	11.80%
Manufacture of Paper and Paper Products	62,207.21	43.180	8.99%
Manufacture of Fabricated Metal Products	58,420.69	6.124	8.44%
Manufacture of Textiles	42,558.50	12.548	6.15%
Air Transport	37,025.35	28.163	5.35%
Electricity and Gas Supply	27,654.90	15.206	4.00%
Manufacture of Plastics Products	24,766.92	10.022	3.58%
Other Professional, Scientific and Technical Activities	23,960.11	181.248	3.46%
Manufacture of Chemical Material and Fertilizers	23,225.59	11.049	3.36%