
Investment and Financing Business Standards of Taiwan Cooperative Financial Holding Co., Ltd. and Its Subsidiaries for Coal Phase-Out and Unconventional Oil and Gas Exploration

June 29, 2023

Article 1 The Company has enacted these Business Standards to strengthen its actions and efforts towards sustainable financing, carry out the development of sustainable financing, respond to the impact of global warming and climate change, and fulfill its environmental protection responsibilities.

Article 2 These Business Standards shall apply to the Company and its subsidiaries. The Company and its subsidiaries shall comply with these Business Standards when engaging in investing and lending activities.

Article 3 When undertaking the following business, one shall carefully assess its corresponding ESG risks. If there is no specific improvement action or clear transformation plan, it is advisable to avoid undertaking the business, and it is advisable not to increase existing positions :

1. Project Finance

(1) For project finance involving enterprises whose coal-fired power generation accounts for more than 10% of the energy generated from coal per year, the goal is to completely withdraw from the business by the end of 2040.

(2) For project finance involving enterprises whose business related to coal mining and equipment, coal trading, coal transportation, and infrastructure accounts for more than 10% of their revenue, the goal is to completely withdraw from the business by the end of 2040.

(3) For project finance involving enterprises whose unconventional oil and gas-related business accounts for more than 10% of their revenue, the goal is to completely withdraw from the business by the end of 2040.

2. Direct Equity and Debt Investment and Bond Underwriting

(1) For direct equity and debt investment and bond underwriting involving enterprises whose coal-fired power generation accounts for more than 10% of the energy generated from coal per year, the goal is to

completely withdraw from the business by the end of 2040.

(2) For direct equity and debt investment and bond underwriting involving enterprises whose business related to coal mining and equipment, coal trading, coal transportation, and infrastructure accounts for more than 10% of their revenue, the goal is to completely withdraw from the business by the end of 2040.

(3) For direct equity and debt investment and bond underwriting involving enterprises whose unconventional oil and gas-related business accounts for more than 10% of their revenue, the goal is to completely withdraw from the business by the end of 2040.

The term “unconventional oil and gas-related business” specified in the preceding paragraph refers to targets involving tar sands, shale oil and gas, arctic oil and gas, liquified natural gas derived by non-conventional extractions of the above sources, and offshore oil and gas, including exploration, transportation, sales, related infrastructure, and other overall life cycles.

The term “direct equity and debt investment and bond underwriting” specified in Article 3 Section 2 does not include short selling, and the investment targets are limited to equity and debt, excluding ETFs or funds.

For the business undertaken in accordance with the provisions of this article, if the counterparties are state-owned enterprises, or the funds are used for low-carbon transition, green energy development, etc., which can help to achieve the goal of net zero emissions by 2050, the supervisors of each unit are authorized to conduct individual case assessments to determine if the business relationships with these counterparties should be maintained.

Article 4 These Business Standards shall become effective upon promulgation after being approved by the president. Any amendments to these Business Standards shall follow the same procedure.