
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

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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 using self-owned funds and lending activities.

Article 3 These Business Standards are aimed at strengthening control over sectors with high greenhouse gas emissions such as coal and unconventional oil and gas industries, prioritizing plans for gradual divestment from the following types of industries:

1. Coal industry:

- (1) Enterprises whose coal-fired power generation accounts for more than 80% of their power generation.
- (2) Enterprises whose business related to coal mining and equipment, coal trading, coal transportation, and infrastructure accounts for more than 80% of their revenue.

2. Unconventional oil and gas industry: This term refers to targets involving tar sands, shale oil and gas, arctic oil and gas, liquefied natural gas derived by non-conventional extractions of the above sources, and ultra-deep-water oil and gas, including enterprises whose business related to mining, transportation, sales, related infrastructure, and other overall life cycles accounts for more than 10% of their revenue.

Article 4 When undertaking the following business, one shall carefully assess its corresponding ESG risks. If there is no specific improvement action or clear transformation plan, we will avoid undertaking new business and refrain from expanding existing positions :

1. Project Finance and Corporate Finance

- (1) Avoid undertaking activities from new projects of coal-fired power generation enterprises and from existing projects in the process of related business expansion, and a full phase out the business by 2030.
- (2) Avoid undertaking activities from new projects of enterprises engaging in coal mining and equipment, coal trading, coal transportation, and infrastructure and from existing projects in the process of related business expansion, and a full phase out the business by 2030.
- (3) Avoid undertaking activities from new projects of unconventional oil and gas enterprises and from existing projects in the process of related business expansion, and a full phase out the business by 2040.

2. Active Equity and Debt Investment, Outsourced Investment and Bond Underwriting

- (1) Avoid undertaking projects from new customers of coal-fired power generation enterprises and from existing customers in the process of related business expansion, and a full phase out the business by 2030.
- (2) Avoid undertaking projects from new customers of enterprises engaging in coal mining and equipment, coal trading, coal transportation, and infrastructure and from existing customers in the process of related business expansion, and a full phase out the business by 2030.
- (3) Avoid undertaking projects from new customers of unconventional oil and gas enterprises and from existing customers in the process of related business expansion, and a full phase out the business by 2040.

For the business undertaken in accordance with the provisions of this article, if the counterparty has specific decarbonization actions or a transition plan aligned with the goals of the Paris Agreement, if the intended use of funds is for renewable energy or carbon reduction transition, or if the entity is a state-owned enterprise whose local government has announced a net-zero pathway and targets consistent with the Paris Agreement, the relevant unit supervisors are authorized to conduct case-by-case evaluations to determine whether to maintain business relations.

Article 5 We will continue to implement the following plans to manage the existing coal and unconventional oil and gas industries, so as to actively engage carbon-

intensive sectors and work with our customers towards low-carbon transition.

1. Continue to inventory and regularly review the balances of relevant positions, and track the reduction in carbon emissions related to investment and financing targets.
2. Understand net zero transition plans for investment and financing targets, the establishment of carbon reduction goals for them, and achievements in carbon reduction related to them via engagement actions before the loan maturity or due date. Additionally, verify whether the decarbonization pathway is consistent with that established by the Group. If it is inconsistent, observe engagement actions and achievements in carbon reduction to assess whether to continue with transactions.

Article 6 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.