

12 Key Strategies of Net-Zero Transition

Green Finance



Presentation Outline

- 1. Background Information**
- 2. Executive Plans of Green Finance Strategy**
 - (1) Green Finance Action Plan
 - (2) Sustainable Development Guidemap for TWSE- and TPEX-
Listed Companies
- 3. Expected Benefits**

1. Background Information

International consensus on net zero emissions by 2050

Companies, consumers, and investors pay attention to climate change issues

Financial market as a key driver for net zero emissions

1. Background Information

Recent International Development Trends in Sustainable Finance

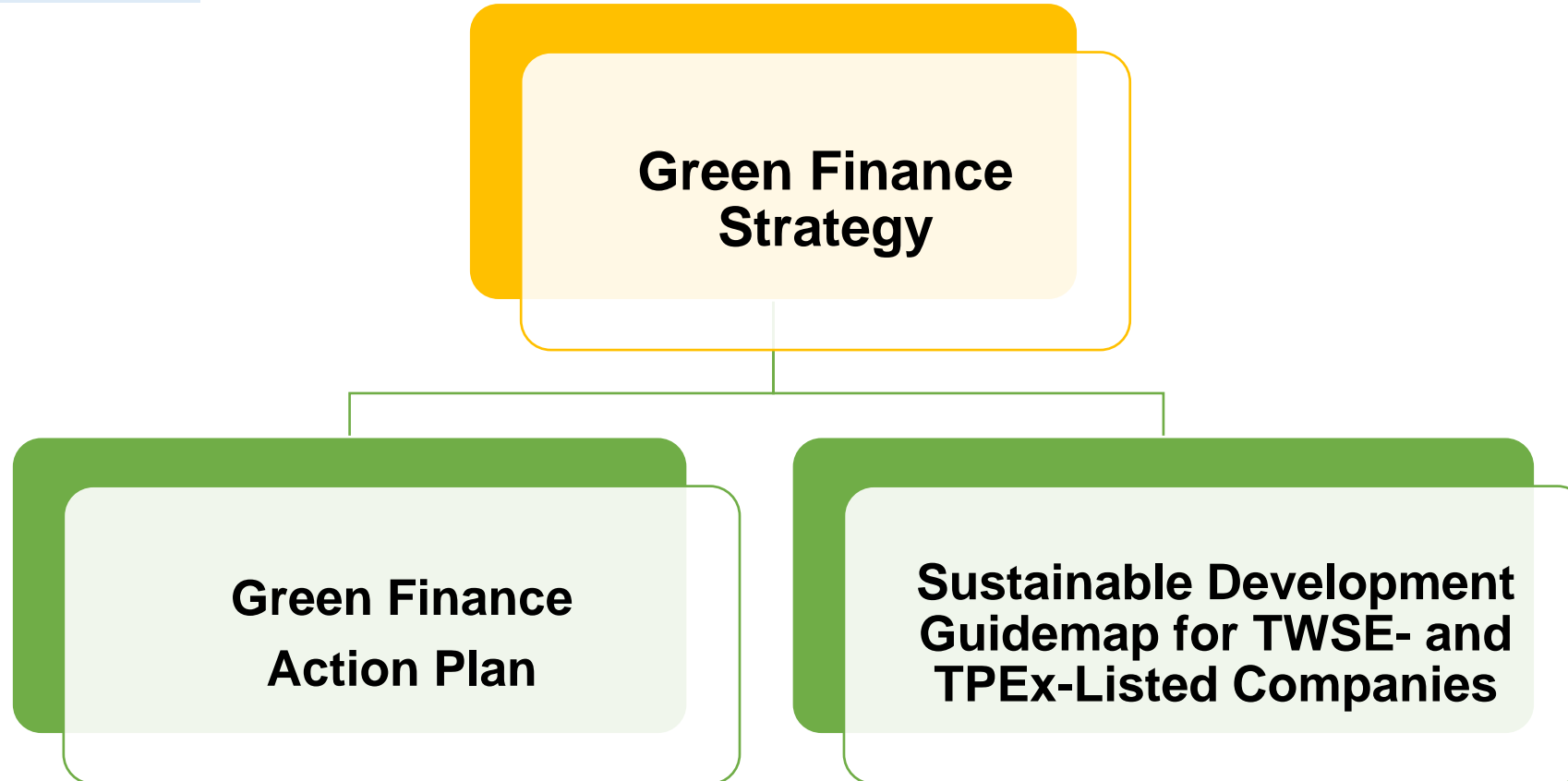
- ✓ International financial organizations support the attainment of net zero emissions by 2050
- ✓ Assess and manage climate-related risk and strengthen financial resilience
- ✓ Avoid "green-washing" or "sustainability-washing"
- ✓ Integrate ESG and climate-related data to facilitate analysis and risk assessments
- ✓ Government and industries cooperate to promote net zero emissions and accelerate sustainable development

Taiwan's Challenges in Promoting Green Finance

- ✓ Insufficient greenhouse gas inventory information, particularly for non-listed companies
- ✓ Domestic financial institutions differ in characteristics and scale, and proportionate approach may be introduced
- ✓ The concepts of "green" and "sustainability" have not been clearly defined
- ✓ Financial industries require more detailed and accessible climate and ESG data
- ✓ Insufficient professionals for sustainable finance

2. Executive Plans of Green Finance Strategy

Framework



2. Executive Plans of Green Finance Strategy

Green Finance Action Plan

Deployment

GHG inventory
and climate risk
management

Funding

Promotion of
Taiwan
Sustainable
Taxonomy

Data

Integration of
ESG and
climate-related
information

Empowerment

Enhance
Sustainable
finance training

Ecosystem

Establishment of
cooperation
mechanisms

(1) Green Finance Action Plan

Deployment --GHG inventory and climate risk management of financial institutions(FI)

International financial organizations launch initiatives to request financial institutions to complete and disclose inventory of carbon emissions



Financial institutions must not only review their own carbon emissions in operating business but the emissions from their investment and loan positions



1. Set the time schedule with reference to FI's opinions of disclosing and assuring Scope 1, 2, and 3 carbon emissions
2. Set medium and long-term carbon reduction strategies and objectives



Drive the industry and society toward transition:

- adjust their business models
- formulate carbon reduction strategies
- leverage the power of lending and investments
- engage with their investment and financing parties

◆ Time schedule for disclosure and inventory

- ✓ **Scope 1, 2:** The banking, securities and insurance industry proposed a schedule in Dec. 2022
- ✓ **Scope 3:** The financial industry association shall propose best practice handbooks by Dec. 2023, and the financial industry shall propose a schedule by Jun. 2024

◆ Time schedule for setting carbon reduction strategies and targets

- ✓ **Scope 1, 2:** The financial industry shall propose a schedule by Dec. 2023
- ✓ **Scope 3:** The financial industry shall propose a schedule by Dec. 2024

(1) Green Finance Action Plan

Funding --Promote and Develop Taiwan Sustainable Taxonomy

Assist companies and FIs in clarifying the scope of sustainable economic activities, and encourage FIs to channel funds into green and sustainable development fields

FSC and related government agencies

- ✓ Issued "Taiwan Sustainable Taxonomy" with related government agencies on Dec. 8, 2022
- ✓ Develop the phase 2 Taiwan Sustainable Taxonomy (add more industries and technical screening criteria to other environmental objectives)(2024.06)
- ✓ Continue to study and refine the Taxonomy, and make adjustments on a rolling basis based on the implementation experience

Companies

- ✓ Understand the evaluating factors of the Taxonomy
- ✓ Encourage companies to voluntarily disclose their information about the "eligibility" and "alignment" of their primary economic activities to the Taxonomy in the annual report, sustainability report, official website, or Market Observation Post System.

Financial Institutions

- ✓ Know customers through their disclosed contents and engage with them
- ✓ Encourage FIs to use the Taxonomy for investment and financing assessments, decision making, and financial products designs when adopting concepts such as "green," "ESG," or "sustainability" (2023.12)

(1) Green Finance Action Plan

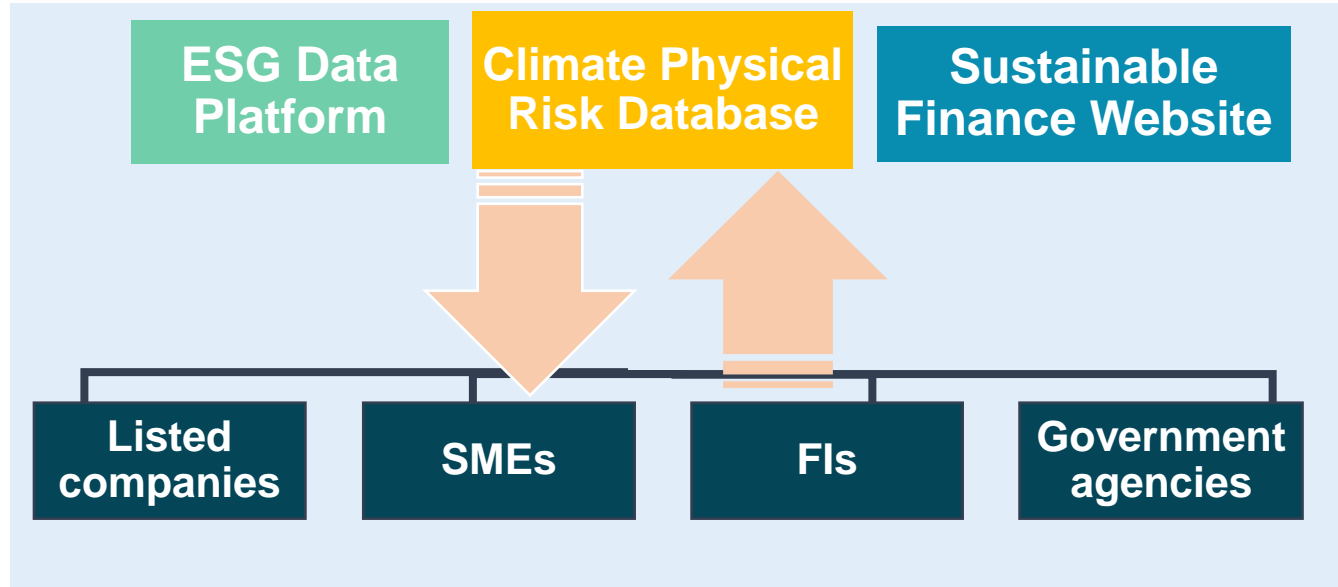
Data --Integration of ESG and climate-related information

Expand the information and data application for financial institutions to analyze and assess climate-related risks, and help companies, stakeholders, and investors understand the progress of sustainable finance in Taiwan

ESG Data Platform

Transition risk:

- Promote Taiwan Stock Exchange to expand the ESG data platform of listed companies to help information integration and data application
- Promote JCIC to help build up the corporate ESG Data platform



Sustainable Finance Website

- Build up the Sustainable Finance Website to compile sustainable finance information
- Promote Taiwan Insurance Institute to compile statistics on the insurance underwriting and the number of sustainable insurance products

Climate Physical Risk Database

Physical risk: Work with relevant organizations to expand the existing climate risk database, and to provide raw data or access data via API

(1) Green Finance Action Plan

Empowerment --Enhance Sustainable Finance Training

Introduce sustainable finance certificates

- ◆ **Finance industry training institutions** to develop sustainable finance training programs and issue certificates to enhance the professional sustainable finance competencies of employees of financial institutions (2024.06)

Enhance sustainable finance training for directors, senior executives, and employees of financial institutions

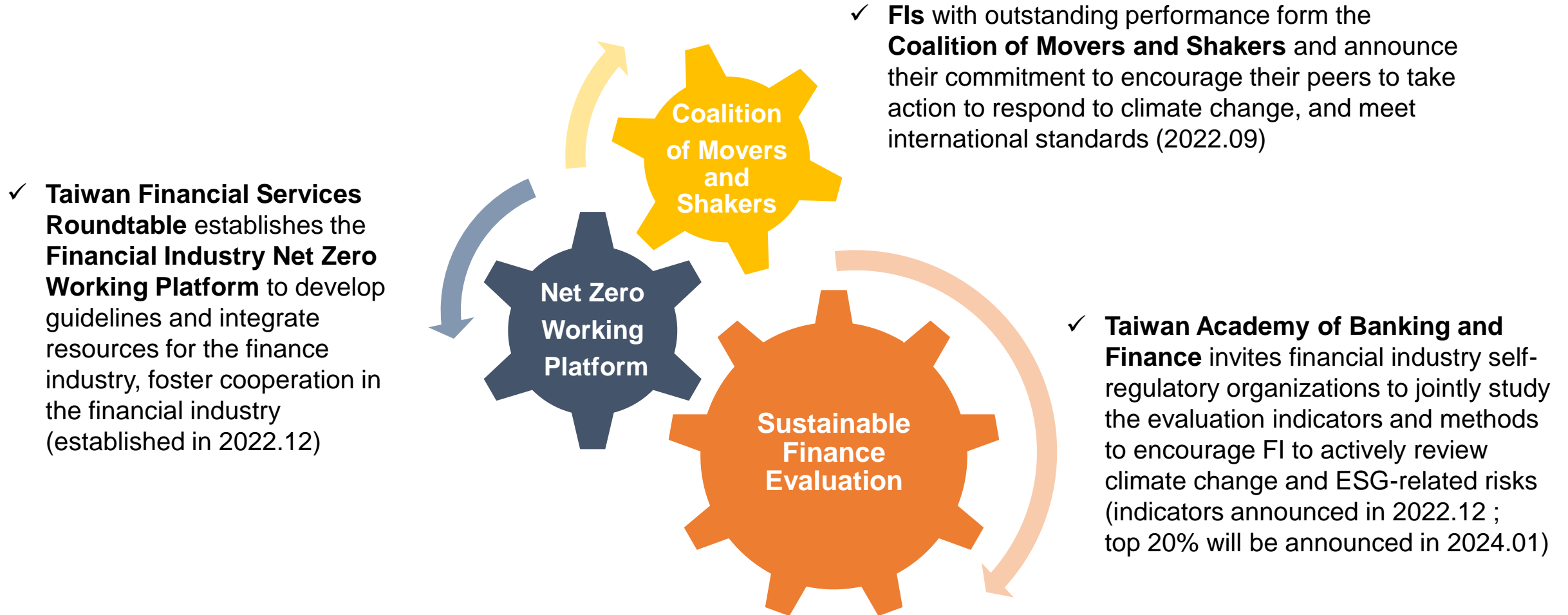
- ◆ Specify in the **self-governing regulations of the financial industry** that directors, senior executives, and employees must attend training or courses on climate change risk assessment, response measures, and sustainable development (2023.06)

Encourage social communication on green and sustainability issues

- ◆ Incorporate the knowledge and ideals of green and sustainable finance into **financial education and advocacy** to promote and communicate sustainability issues to the **public** and encourage the public to attach importance to sustainability

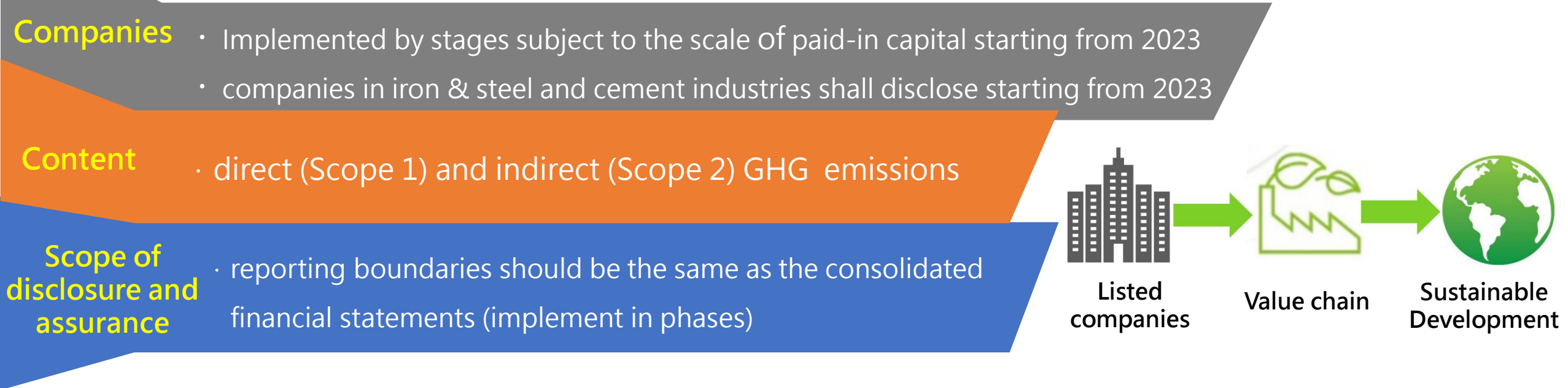
(1) Green Finance Action Plan

Ecosystem --Establishment of cooperation mechanisms



(2) Sustainable Development Guidemap for TWSE- and TPEX- Listed Companies

- ✓ Set the disclosure timeline of GHG emissions for listed companies to be in line with the government's 2050 net-zero carbon emission target
 - **By 2027**, all listed companies disclose GHG inventory
 - **By 2029**, all listed companies disclose GHG inventory with assurance



- ✓ the disclosure of carbon reduction targets and strategies will be required in the future

(2) Sustainable Development Guidemap for TWSE- and TPEX- Listed Companies

Disclosure of GHG Emissions inventory and assurance for Listed Companies

From individual company to consolidated companies
Disclose GHG emission inventory first, then assurance

Scheduled Timeline

Disclose Individual companies' GHG Inventory

Disclose Consolidated companies' GHG Inventory

Disclose Individual companies' GHG Inventory with assurance

Disclose Consolidated companies' GHG Inventory with assurance

Listed Companies w/ a capital amount more than NT\$10 bn, iron & steel, and cement industries

2023

2025

2024

2027

Listed Companies with a capital amount of NT\$5~10 bn

2025

2026

2027

2028

Listed Companies with a capital amount below NT\$5 bn

2026

2027

2028

2029

Big companies take the lead

3. Expected Benefits

