

## CTBC Holding Sustainable Finance Statement

2023.06.30

CTBC Financial Holding Co., Ltd. (hereinafter, “CTBC Holding” or “the Company”) pledges to address the U.N. Sustainable Development Goals (SDGs) and to support international initiatives and government policies. Our sustainable strategy has three main pillars: “Sustainable Growth,” “Responsible Operations,” and “A Connected Society.” Through low-carbon transition and sustainable transformation action plans, we aim to support the low-carbon economy and inclusive finance, thereby effectively implementing sustainable management.

### **Scope**

CTBC Holding and four subsidiaries, namely all operations of CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Venture Capital in Taiwan and the operations of their respective offshore branches. The overseas subsidiaries shall in principle comply with the laws and regulations of their respective local competent authorities.

### **Responsible investment and financing process**

Our subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Venture Capital comply with the Principles for Responsible Banking (hereinafter, “PRB”), Principles for Sustainable Insurance, Equator Principles, and Principles for Responsible Investment (hereinafter, “PRI”). In addition to striving to develop financial products and services linked with the SDGs in order to promote sustainable development, our investment and financing processes take into account the environmental, social, and governance (hereinafter, “ESG”) risks associated with the products, services, and operations of investment and financing targets.

CTBC Bank has been voluntarily complying with the PRB since 2019. It has also formulated sustainable management policies for its headquarters and offshore branches. As well as promoting corporate social responsibility in its corporate financing services, CTBC Bank has formulated control and management measures for use during the credit investigations process for ESG “exclusion list” industries, ESG sensitive sector (e.g., project financing and corporate financing for thermal coal and unconventional oil and gas industries), high ESG risk company, and carbon intensive sector (e.g., power generation, marine shipping/airlines, iron and steel/smelting, and cement). CTBC Bank has also signed on to the Equator Principles and formulated assessment and management procedures for environmental and social risks in project finance.

Taiwan Life, CTBC Securities, and CTBC Venture Capital began voluntarily complying with the PRI in 2019 and have each formulated their own responsible investment-related operating procedures for assessing stocks, bonds, funds, real estate, corporate loans, and counterparties and investment brokers.

In the investment and financing process, control measures have also been implemented for ESG “exclusion list”, ESG sensitive sector, and targets with low external ESG ratings.

### **Net-zero emissions goal**

The Board of Directors of CTBC Holding has approved a resolution to include net-zero emissions in the Company’s long-term sustainable development roadmap. We have also formally submitted our carbon reduction targets to the Science Based Targets initiative (SBTi) in late 2022. By continuing to adjust our investment and financing asset portfolio, providing financial products, and conducting customer engagements, we are joining our customers on the path toward net-zero emissions. We are committed to exiting thermal coal and unconventional oil and gas industries as follows:

1. We will completely end financing, project finance, and underwriting for fixed-income products in thermal coal extraction and thermal coal power generation industries by 2035. In addition, we will completely end active and passive investments in thermal coal extraction by 2035.
2. We will completely end financing, project finance, and underwriting for fixed-income products in unconventional oil and gas industries by 2035.
3. Effective immediately, we will no longer underwrite new active or passive investments in thermal coal extraction.
4. Effective immediately, we will no longer underwrite corporate financing or project financing from new customers in ESG sensitive sector, unless the customer is a state-owned enterprise or has more than a 50% of its shares held by local governments and it provides a sustainable transformation plan, or unless the funds will be used only for sustainable development.

Definitions of related industries (all of the following are ESG sensitive sector):

- (1) Thermal Coal extraction: More than 25% of a company’s revenue comes from coal mining.
- (2) Thermal Coal power generation: More than 25% of the power generated comes from coal-fired sources.
- (3) Unconventional oil and gas extraction: Companies that derive more than 10% of their revenue from unconventional oil and gas extraction. Unconventional oil and gas includes oil sands, shale oil and gas, Arctic oil and gas, and ultra-deep-water oil and gas.

### **Trade associations and advocacy organizations**

CTBC Holding’s participation in a trade association or an advocacy organization requires a formal internal approval process. The level of approval varies, and depends on the nature and tier of the trade association or advocacy organization in question. In order to fulfill our climate responsibilities, it is necessary to ensure that the climate stance of the trade or advocacy association aligns with the Paris Agreement when making a decision.



## Engagements and shareholder actions

CTBC Holding leverages our sustainable financial impact by organizing seminars, ESG workshops, engaging with enterprise managers, and launching financial products including green loans and sustainability-linked loans to facilitate customers' sustainable transformations and promote sustainable actions in support of the SDGs. For investment and financing targets with higher ESG risks, we will adopt more active engagements and management measures.

These measures will be in accordance with the PRI and we will conduct regular post-investment management. If an investee has a material ESG event (including but not limited to climate change, biodiversity, human rights, workplace safety, and material corporate governance issues) or underperforms in terms of ESG, an engagement with the investee will be carried out, with an engagement result report issued and improvements monitored. In addition, the Company will pay close attention to the operational status of the investee through attendance at shareholder meetings, board meetings, or other investor meetings at which we have voting rights. These voting rights will be exercised, and appropriate dialogue and interaction with the investee will be conducted to ensure effective corporate governance.

In line with the PRB, CTBC Bank will actively engage with enterprises with high ESG risks and high carbon emissions in order to provide sustainable finance products and services to help these customers improve their ESG performance. For customers in ESG sensitive sector including thermal coal extraction and thermal coal power generation, engagements will be conducted to obtain evidence of their transition plan or sustainable transformation, or that the funds will be used only for sustainable development.

Note: CTBC Holding Sustainable Finance Statement is the English translation of 「中信金控永續金融聲明」。 If there is any discrepancy between the Chinese and English version, the Chinese version shall prevail.



## 中信金控永續金融聲明

2023.06.30

中國信託金融控股(股)公司(以下稱「中信金控」或「本公司」)承諾持續呼應聯合國永續發展目標(Sustainable Development Goals; SDGs)，並響應國際倡議及政府政策。永續策略以「永續成長」、「責任營運」與「共榮社會」為三大主軸。透過低碳轉型(transition)與永續變革(transformation)的行動方案，促進低碳經濟及普惠金融，具體落實永續經營。

### 適用範圍

中信金控暨旗下四家子公司：中國信託商業銀行股份有限公司、台灣人壽保險股份有限公司、中國信託綜合證券公司、中國信託創業投資公司，包含臺灣全數及海外分行營運活動，海外之子公司以當地主管機關之規範為原則。

### 責任投融資流程

旗下銀行、人壽、證券及創投子公司分別遵循「責任銀行原則(Principles for Responsible Banking)」、「永續保險原則(Principles for Sustainable Insurance)」、「赤道原則(The Equator principles)」及「責任投資原則(Principles for Responsible Investment)」。除致力開發與SDGs連結之金融商品與服務，推動促成永續發展外，投融資流程應考量投融資對象之產品、服務及營運的環境、社會、治理(後簡稱ESG)風險：

銀行於2019年開始主動遵循責任銀行原則，並制定永續管理政策，適用總行及海內外分行，透過企業金融服務推動企業永續發展，且於徵授信流程中針對ESG負面表列產業、ESG高敏感產業(包含燃煤與非常規油氣相關產業之專案融資與企業融資)、ESG高風險企業及高碳排放產業(包括電力供應業、海洋/航空運輸、鋼鐵業/冶煉業及水泥業等)等建立管控措施；並加入赤道原則，針對專案融資之環境及社會風險制定審核及管理辦法。

人壽、證券及創投則於2019年開始自願遵循責任投資原則，分別制定責任投資相關作業辦法，適用股票、債券、基金、不動產、企業放款、交易對手和投資服務經紀商之評估，於投融資作業流程中，針對ESG負面表列產業、ESG高敏感產業及ESG外部評比分數低落之標的等建立管控措施。

### 淨零碳排目標

中信金控董事會已通過將淨零排放納入本公司的長期永續發展藍圖，並於2022年底，正式向「科學基礎減量目標倡議」(Science-based targets initiative, SBTi)提交減碳目標，本公司將透過持續調整投融資資產組合、提供金融商品及與客戶議合，同客戶攜手邁向淨零碳排。針對燃煤與非常規油氣相關產業提出退出承諾：



5. 2035 年前全面撤出燃煤開採、燃煤發電業企業融資、專案融資及固定收益商品承銷;且全面撤出燃煤開採之主動及被動投資;
6. 2035 年前全面撤出非常規油氣開採業企業融資、專案融資及固定收益商品承銷;
7. 即日起不再新增承作燃煤開採業之主動及被動投資;
8. 即日起不再新增承作 ESG 高敏感產業之新客戶企業融資及專案融資，除非該新客戶為已提供轉型計畫之國營事業/當地政府持股大於 50% 者，或資金用途為永續發展之用。

相關產業定義(以下皆屬 ESG 高敏感產業)

- (1) 燃煤開採：營收超逾 25% 來自於燃煤開採者；
- (2) 燃煤發電：電力產能超逾 25% 來自於燃煤發電；
- (3) 非常規油氣開採業：營收來自非常規油氣開採之比重超逾 10% 之企業，非常規油氣包含油砂、頁岩油氣、極地油氣、深水鑽探油氣

### 經貿與倡議組織

中信金控參加經貿與倡議組織的管理程序為透過正式內部簽核程序，依據該經貿或倡議組織的規模與層級分層核決。為履行氣候責任，核決時須檢視該經貿或倡議組織的氣候立場是否與巴黎協定一致。

### 議合作為與股東行動

中信金控發揮永續金融影響力，透過舉辦講座、ESG 工作坊、與企業經理人交流以及推出綠色貸款、永續連結貸款等金融商品，協助客戶永續轉型及推廣符合 SDGs 之永續作為;針對 ESG 風險較高之投融資對象，更積極議合並制定管理辦法：

依循責任投資原則並定期進行投資後管理，若被投資公司 ESG 重大議題之情事(包括但不限於氣候變遷、生物多樣性、人權保障與安全職場及重大公司治理議題)或 ESG 表現不如預期，須與被投資公司進行議合並依流程出具議合結果報告，並追蹤改善情形；另需關注被投資公司營運狀況，透過出席股東會、董事會或其他具表決權之投資人會議、行使投票權、適當與被投資公司對話與互動等方式參與公司治理。

依循責任銀行原則，中信銀制定永續管理政策，透過企業金融服務推動企業永續發展。針對 ESG 高風險企業以及高碳排產業，中信銀行將積極議合，並提供相對應的永續金融產品服務以利客戶改善 ESG 表現；針對燃煤開採、燃煤發電等 ESG 高敏感產業，將向客戶議合使其出具轉型計畫、永續轉型之佐證，或貸款資金用途僅限用於永續發展。