2024

Climate-Related Financial Disclosures Report

Nan Shan Life

CONTENTS

Message from the Chairman

Leading the Way in Sustainable Health and Climate Resilience

Climate change is reshaping our environment and increasingly posing direct risks to human well-being. The Frontiers Report 2025, released by the United Nations Environment Programme (UNEP), highlights a range of rapidly emerging threats that humanity is facing unprecedented shifts in both population and environment. Climate change is no longer a distant threat—it is a present reality, intensifying hazards such as heatwaves, air pollution, and floods, which disproportionately threaten aging populations. It also warns of additional risks—including the reactivation of microbes in a warming cryosphere and the remobilization of legacy pollutants by flood events—that are already impacting life for millions. Without timely and decisive action, these challenges may escalate from local concerns into regional or even global crises, severely undermining human well-being.

Across the globe, extreme weather events are becoming more frequent and severe. Wildfires, heat waves, strong winds, floods, droughts, and record-breaking temperatures are no longer rare; they are becoming more intense and more common. The Global Risks Report 2025, released by the World Economic Forum (WEF), identifies environmental risks as the top four threats to humanity for the next decade and, for the second consecutive year, "extreme weather events" have been named the number one global risk. The report underscores the international community must act decisively to strengthen climate adaptation and accelerate decarbonization to mitigate disaster impacts.

Beyond global warming and natural disasters, climate change also poses mounting risks to human health. As an industry deeply connected to both people and the environment, insurance is uniquely positioned to understand and respond to such risks. Integrating climate action into business strategy and capital allocation has become essential. In 2024, we took a significant step forward by passing the science-based targets (SBT) validation and joining the Taiwan Net Zero Emissions Association (TNZEA) which made a clear demonstration of our unwavering dedication toward net-zero carbon emissions. These milestones reflect Nan Shan's determination to align with international climate goals and to collaborate with industry peers in accelerating the transition to a net-zero future, contributing momentum to global climate action. Faced with the complex risks of climate change, we continue to strengthen our sustainability governance, integrating climate risk into our enterprise risk management framework. Through responsible investment, financing, and insurance product design, we are channeling capital toward environmentally friendly and low-carbon transformation projects, thereby advancing and achieving the dual objectives of corporate sustainability and social responsibility.

Anchored in our core mission of risk sharing and protection, Nan Shan has developed a comprehensive "Sustainable Health" strategy that addresses the interconnected challenges of climate change, aging populations, declining birth rates, and financial inclusion. This strategy is built upon three pillars: environmental health, personal health, and social health. It encompasses climate resilience, health promotion, inclusive finance, workplace well-being, and philanthropic engagement.

Nan Shan aspires to be a "Leader in Sustainable Health", a driving force in strengthening Taiwan's health capital and advancing the well-being of our society. Through advancing our sustainable health strategy to create long-term value for society and the environment. We are enhancing carbon management across our supply chain, raising climate awareness among employees and stakeholders, and inspiring them to take meaningful climate action. Through these collective efforts, Nan Shan proudly contributes to the global mission of achieving net-zero emissions by 2050 and ensuring a healthier, more resilient future for generations to come.

Chairman, Nan Shan Life Insurance Co., Ltd
Convenor of the Corporate Sustainability Committee

About This Report

With climate change intensifying and the frequency and severity of natural disasters increasing, environmental risks have become a pressing global challenge. Nan Shan Life and its subsidiary Nan Shan General (hereinafter collectively referred to as “Nan Shan”) are committed to sustainable development. In alignment with Taiwan's Pathway to Net-Zero Emissions in 2050 and the Task Force on Climate-related Financial Disclosures (TCFD) framework established by the Financial Stability Board (FSB), Nan Shan systematically discloses its governance, strategies, and management practices related to climate change. The Company identifies and evaluates significant climate-related risks and opportunities within its operations, sets measurable targets and indicators, and continuously monitors progress. Through these actions, Nan Shan aims to strengthen climate resilience and effectively address potential climate-related impacts on its business. This report aims to help stakeholders understand Nan Shan’s climate-related initiatives and reaffirm the Company’s unwavering commitment to achieving net-zero emissions.

Scope of Disclosure

This report covers Nan Shan Life and its subsidiary Nan Shan General (hereinafter collectively referred to as “Nan Shan”), with Taiwan as the scope of operations for this disclosure.

Period of Disclosure

The data presented in this report primarily covers the period from January 1 to December 31, 2024. Certain content includes events that occurred during the report preparation period (i.e., 2025), as well as supplementary information on past climate-related actions and performance.

Reporting Framework

Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Nan Shan's Climate Governance Milestones

In the second half of 2020, Nan Shan established a TCFD Team led by the Chief Risk Officer to implement a management framework for climate-related risks and opportunities in alignment with TCFD recommendations. The TCFD Team regularly reports its execution progress to the Risk Management Committee and the Board of Directors.

2015

- Introduced ISO 14064-1 Greenhouse Gas Inventory.

2016

- Completed ISO 14064-1 verification.
- Nan Shan General launched the "Residential Green Energy Upgrade Endorsement" for low-carbon insurance products.

2018

- Nan Shan Life adopted ISO 14067 Carbon Footprint standard.
- Received dual carbon footprint certifications from SGS Taiwan and the Ministry of Environment, becoming the first insurance company worldwide to achieve both product certifications.

2019

- Nan Shan Life implemented the PAS 2060 Carbon Neutrality Standard for microinsurance products.

2020

- Established a climate governance structure and formed the TCFD Team.
- Obtained TCFD recommendation compliance assurance from SGS Taiwan, an independent third-party verifier, achieving the "Practitioner" level.

2021

- Received the Bronze Award in the Environmental Sustainability category at the inaugural Taiwan Sustainable Action Awards (TSAA).
- Nan Shan General adopted the ISO 14067 Carbon Footprint standard.
- Nan Shan General introduced PAS 2060 Carbon Neutrality Standard for electronic insurance policies.
- Invested in the construction of renewable energy systems.

2022

- Adopted the Partnership for Carbon Accounting Financials (PCAF) methodology to calculate the carbon emissions of investment portfolios.
- Evaluated the effectiveness of solar power generation in company-owned buildings.
- The solar photovoltaic system at the Nan Shan's Taichung Education & Training Center commenced on-site generation for self-use.

2023

- Signed the Science Based Targets initiative (SBTi) commitment to establish science-based emissions reduction targets.

2024

- Passed the Science-Based Targets (SBT) validation.
- Nan Shan Life became the first life insurance company to join the Taiwan Net Zero Emissions Association (TNZEA), pledging to achieve RE50 by 2030, RE100 by 2040, and net zero across all operations by 2050. Officially received the Green Level certification from the Taiwan Alliance for Net Zero Emissions, affirming Nan Shan's net-zero roadmap.
- The solar photovoltaic system at the Nan Shan Xinshi Park began on-site generation for self-use.

2025

- Introduced Global Real Estate Sustainability Benchmark (GRESB) evaluation to enhance market transparency and credibility, advancing Nan Shan Life's sustainable real estate development objectives.

Performance of the Year

Low-Carbon Insurance

457%

- Nan Shan General continued to launch **green insurance products related to climate and environmental protection. In 2024, premium income from green insurance products grew by 457% year-over-year.**

Note: "Green insurance products" are defined in accordance with the Taiwan Insurance Institute, and related data are reported accordingly.

102 sessions

- Nan Shan General conducted risk prevention and loss control programs for large corporate clients. **In 2024, Nan Shan General delivered a total of 102 corporate service sessions, including 25 loss prevention recommendation reports and 75 infrared safety inspections. These services helped clients identify 58 risk points requiring follow-up or immediate corrective action, effectively reducing operational risks.** Additionally, at the invitation of the Non-Life Insurance Association of the Republic of China, Nan Shan General conducted a "Fire Insurance Damage Prevention and Mitigation Seminar" to share insights on "Adjacent Risks and Proximity Risk Management (PML)" with other property and casualty insurance companies.

6.3 times

- In 2024, Nan Shan General actively **expanded its underwriting portfolio to include electronic energy storage systems, solar power plants, and offshore wind power projects. The number of insured cases grew by approximately 1.3 times, while the total insured amount increased by 6.3 times compared with the previous year.**

Talent Development

- In 2024, Nan Shan Life provided employees with an average of 19 hours of sustainability and transition-related training, with over 16,652 participants completing online sustainability courses.
- The Company is actively cultivating sustainable finance professionals by enrolling employees in domestic sustainable finance related professional courses and arranging participation in international exchange activities, including the Japan Net-Zero Sustainability Study Tour and the University of Cambridge Summer International Program in Europe.

Low-Carbon Operations

+11.07%

In 2024, Nan Shan achieved a total renewable energy usage of 5,014,334 kWh, representing an 11.07% year-on-year increase from the previous year.

-10.84%

In 2024, Nan Shan's Scope 1 and Scope 2 greenhouse gas emissions were reduced by 10.84% compared with the base year.

Low-Carbon Economy

Sustainable Finance and Investment

- Investments in green bonds, sustainability bonds, and other sustainable development bonds totaled NT$9.524 billion.
- The economic emission intensity of each asset class in the Scope 3 investment portfolio declined, with the largest reduction reaching 33.33%.
- 31.9% of the Scope 3 investment portfolio companies have validated SBTi targets, an increase of 15.58% compared with the previous year.
- Nan Shan invested in 43 companies that are members of the TWSE Corporate Governance 100 Index (CG100.TW) and the Dow Jones Sustainability Index (DJSI), accounting for 73.46% of its domestic equity investments.
- In August 2025, the Board of Directors approved the "Responsible Investment Policy," which specifies the Company's timeline for the gradual phase-out of coal and unconventional oil and gas investments.

Engagement / Shareholder Activism

- Conducted evaluations on sustainability issues in all shareholder meeting proposals and achieved 100% for both the meeting attendance rate and voting participation rate.
- Voted "For" on 53 proposals that have been identified to involve low-carbon transition plans.
- Actively engaged with carbon-intensive industries to promote process and technology improvements for low-carbon transition, and tracked the progress of those improvements to ensure the engagement objectives are achieved.

Participation in Domestic and International Events and Initiatives

- The only Taiwanese insurance company to participate in the World Climate Summit for two consecutive years.
- Nan Shan Life became the first life insurance company to join the Taiwan Net Zero Emissions Association.
- Received the Green Level certification from the Taiwan Alliance for Net Zero Emissions.
- Successfully completed and passed Science-Based Targets (SBT) validation.
- First-time participation in the Global Real Estate Sustainability Benchmark (GRESB) assessment.

1 Governance

1.1 Climate Governance Framework

1.1 Climate Governance Framework

1.1.1 Board of Directors and Functional Committees

The Board of Directors serves as the highest supervisory body for climate-related issues at Nan Shan Life. It is responsible for approving policies on climate risk management, endorsing the Company's climate risk appetite statement, and ensuring that climate-related risks and opportunities are properly integrated into operational and investment management frameworks. Under the Board, the Risk Management Committee and the Corporate Sustainability Committee are tasked with regularly overseeing the implementation of climate-related risk and opportunity management, including the execution of climate-related metrics and targets. Both committees report their findings and progress to the Board of Directors on a regular annual basis. The Risk Management Committee is chaired by an Independent Director, with the President, relevant function heads, and department managers serving as committee members. The Corporate Sustainability Committee is convened by the Chairman of the Board and includes two Independent Directors as members. To ensure that Board members possess a proper understanding of climate-related risks and opportunities, Nan Shan Life organizes annual training sessions for the Board of Directors on global trends and developments in climate management.

Climate-Related Risk Statement

To effectively manage the potential impacts of future physical and transition risks, Nan Shan Life has established a Climate Risk Appetite Statement (CRAS) aligned with Taiwan's Pathway to Net-Zero Emissions in 2050 and the Company's SBTi commitment. The Company will continue assessing the impact of these risks on both assets and liabilities to further strengthen its climate risk management capabilities.

1.1.2 Senior Management

With authority delegated by the Board of Directors, the President is responsible for overseeing climate governance and has appointed two dedicated teams: the Corporate Sustainability Executive Team, established under the Corporate Sustainability Committee, and the TCFD Team, led by the Chief Risk Officer (CRO). These two teams are respectively responsible for planning and implementing the annual management of climate-related opportunities and risks. Each year, they identify potential climate-related opportunities and risks, evaluate the impacts of climate risks across different business operations, and formulate corresponding response measures. At least once a year, the Risk Management Department consolidates and reports the implementation status of climate risk management by the TCFD Team to the President, the Risk Management Committee, and the Board of Directors. Likewise, the Sustainability Innovation and Development Department consolidates and reports the implementation status of climate opportunity management by the Corporate Sustainability Executive Team to the President, the Corporate Sustainability Committee, and the Board of Directors. Starting in 2024, Nan Shan Life has incorporated climate governance indicators into the President's individual performance evaluation. In accordance with the Company's performance management framework, these indicators are reflected in the calculation of the President's annual performance bonus, thereby reinforcing the integration of climate governance and sustainability culture into the Company's management practices.

Beginning in 2024, climate governance indicators have been incorporated into the General Manager's individual performance evaluation

Nan Shan Life's Scope 1 and Scope 2 greenhouse gas emissions were required to **decrease by 3%,** compared with 2023 levels.

The proportion of renewable energy usage was required to **increase by 3%,** compared with 2023.

1.1.3 Competency Training

To ensure the Board members and senior management maintain a sufficient understanding of climate-related risks and opportunities, Nan Shan invited external consultants to conduct climate-focused education and training programs. In 2024, the Company conducted one hour of training for the Board and three hours of training for senior executives on insurance sector governance under climate and nature related risks.

To continuously strengthen the climate risk management capabilities of the TCFD Team and departmental risk managers and enhance employee awareness of climate-related risks, Nan Shan published 12 issues of Nan Shan Sustainability E-Newsletter in 2024, of which 5 issues focused on environmental management, climate change, and green finance related topics. Additionally, the Company offered one mandatory online e-learning course on the risk management and 12 elective courses on climate-related subjects, helping employees stay informed about climate change trends, regulatory developments, and Nan Shan's coping strategies.

Nan Shan Life is actively cultivating sustainable finance talents by enrolling employees in domestic sustainable finance courses and arranging employees to attend related international forums abroad:

- Joined the Net-Zero Sustainability Study Tour in Japan, which included visits to the Tokyo Stock Exchange, financial institutions, non-profit organizations, think tanks, and carbon trading entities. Through these engagements, participants gained practical insights into Japan's strategies for the mitigation of climate change, disclosure of sustainability information, and on how financial institutions can support related sectors to deal with the net-zero transition.
- Participated in the University of Cambridge Summer International Exchange Program in Europe, which included course topics such as EU ESG regulations, the EU Carbon Border Adjustment Mechanism (CBAM), and on-site visits to the London Stock Exchange and leading UK financial institutions discussing the practical cases and challenges of promoting net-zero emissions initiatives. The Program helped participants to gain a deeper understanding of the connection and differences between the Taiwan Sustainable Taxonomy and the EU Taxonomy and to strengthen the knowledge of implementing net-zero plans.

2 Strategy

In alignment with the government's establishment of the National Climate Change Committee and the Healthy Taiwan Promotion Committee, Nan Shan Life has developed its "Sustainable Health" strategy blueprint, built upon its industry characteristics and strengths. This strategy encompasses three major sustainability pillars: Environmental Health, Personal Health, and Social Health. These major sustainability pillars guide Nan Shan Life's efforts in advancing concrete actions and initiatives across all dimensions of its operations.

Under the Environmental Health pillar, Nan Shan promotes initiatives such as energy conservation and carbon reduction, energy management, and green building development, advancing environmental sustainability through low-carbon operations and green energy transformation. At the same time, Nan Shan collaborates with its policyholders to enhance operational resilience and accelerate the transition to green energy, thereby reducing climate-related risks. Upholding the principles of responsible investment, Nan Shan leverages its financial influence to promote the low-carbon transformation of industries. The Company's investment strategy has evolved from ESG investing, which focuses on avoiding negative social and environmental impacts, toward impact investing, which actively creates positive value for society and the environment. Through this approach, Nan Shan helps stakeholders mitigate climate-related risks, identify emerging investment opportunities, and facilitate society's transition toward a low-carbon future.

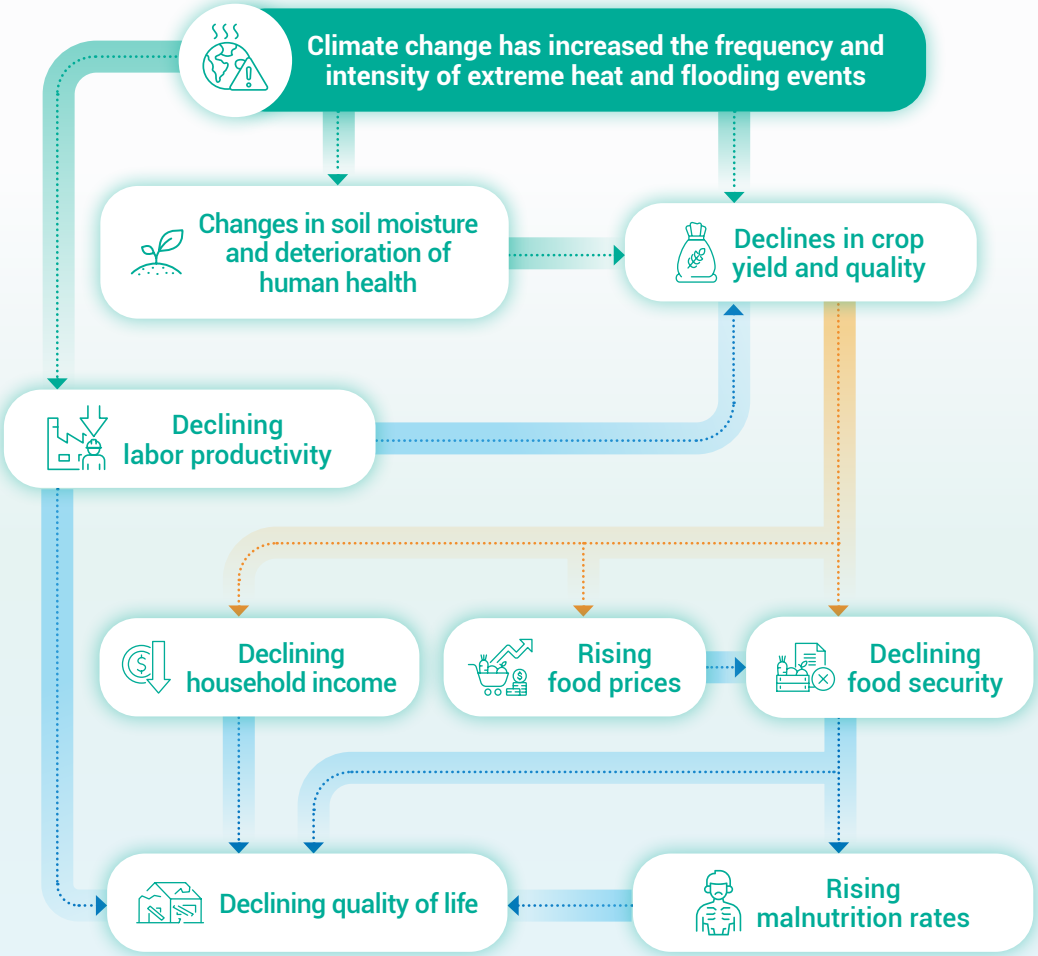
2.1 Climate-Related Risks and Opportunities

Nan Shan has assessed climate-related issues by referencing the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, climate-related financial reports published by peer institutions, and domestic and international climate change research studies. Through this process, the Company identified the types of climate-related risks and opportunities that may impact the financial industry. Nan Shan further analyzed how these climate-related factors may directly or indirectly affect its various business segments, linking them with existing traditional risk categories. From this comprehensive assessment, climate-related risks and opportunities most relevant to Nan Shan's operations were identified.

2.1.1 Transmission Pathways of Climate-Related Risks

Nan Shan examined the interconnections between climate-related risks and traditional insurance risks to better understand how climate factors may affect the Company's overall business operations. Based on the conceptual framework of how climate-related risks transmit their impacts on economic and social stability, Nan Shan has developed a climate-related risk transmission pathway to illustrate these dynamics.

Illustrative Transmission Pathway of Climate-Related Risks on Economic and Social Stability (Case Studies: Extreme Heat and Flooding)



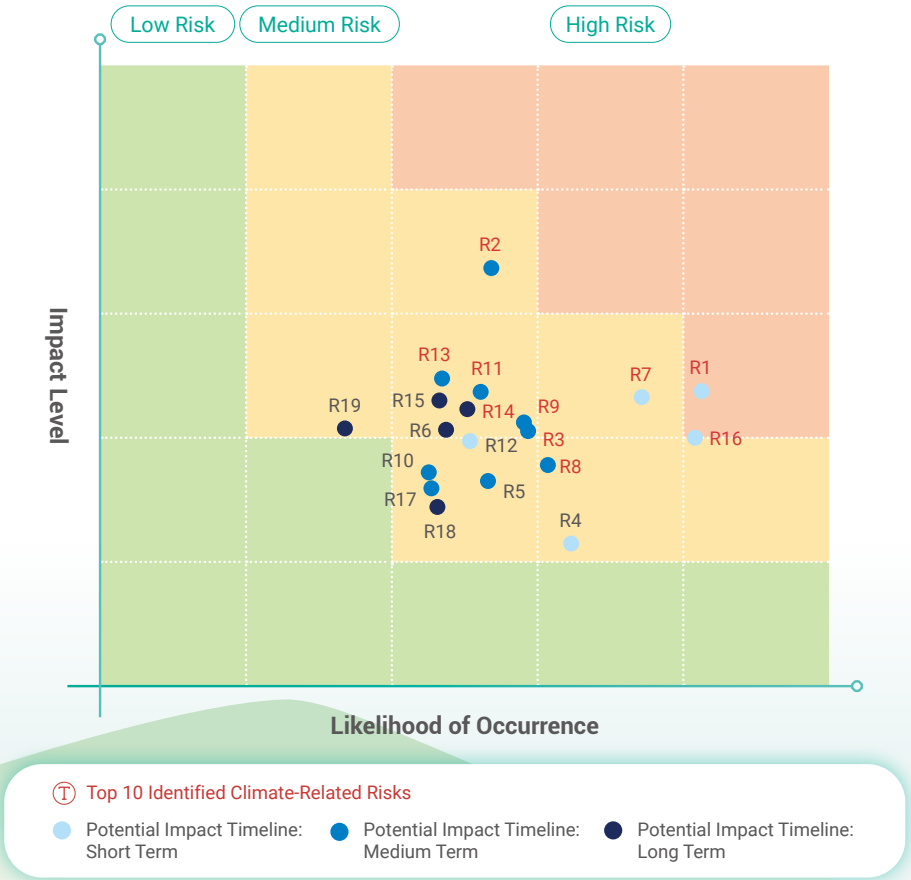
Transmission Pathways of Climate-Related Risks

Risk Item	Credit Risk	Market Risk	Insurance Risk	Operational Risk	Other Risks
Definition	A deterioration in counterparties' profitability and repayment capacity, increasing the insurer's default risk.	External risk factors that increase the market price volatility and affect the physical and financial assets, leading to the decrease in the corporate's sales revenue, cash flows, and asset values.	The risk of loss arising from unexpected changes in the insured risks for which the insurer is obligated to pay claims and related expenses.	Risks arising from physical and transition impacts that directly affect the continuity of insurance operations or cause corporate losses due to external events, including legal and regulatory compliance risks.	Other material risks that may affect the Company, including but not limited to reputation and litigation risks. Although these risks are not easily quantifiable, insurers should establish appropriate management procedures to mitigate potential losses.
Transition Risk	Certain industries may face increased operating costs or business difficulties due to emerging climate-related regulations (such as energy transition policies), which could weaken their repayment capacity and raise the probability of default.	Regulatory changes or technology advances may cause the sales revenue to drop and assets to become stranded for carbon-intensive companies invested, further affecting their shareholders' equity and increasing the market risks.	As a result of regulatory or technological shifts, some businesses may be forced to exit the market, leading to lower premium income for the Company and affecting overall profitability.	Failure to comply with emerging climate-related laws and policy requirements, or disruptions caused by immature low-carbon transition technologies (such as renewable energy systems), may result in legal risks or business interruption.	Failure to meet climate-related regulatory requirements or achieve publicly committed climate targets may damage Nan Shan's reputation, thereby increasing reputation risk.
Physical Risk	Physical risks may cause direct damage to real estate collateral (e.g., flooding, windstorms) or indirectly affect business models and asset values (e.g., drought reducing the value of pledged assets), leading to higher loss given default (LGD).	Severe climate events may cause direct damages to the invested companies, affecting their profitability performance, market and intrinsic values.	Physical risks also include long-term changes in climate patterns affecting human health, or extreme weather events causing loss of life or property among policyholders, which may result in higher insurance claims.	Severe weather events could damage operational sites, cause system failures, or create labor shortages, directly threatening business continuity.	Inadequate assessment or management of physical risks, or failure to fulfill emission reduction or decarbonization commitments, may lead to legal liabilities, including environmental lawsuits or regulatory enforcement requiring corrective action.

2.1.2 Identified Climate-Related Risks

The TCFD Team of the Company referenced domestic and international research reports and climate issues prioritized by leading industry peers to identify potential climate-related risks. Taking into account the nature of its business, the Company identified and summarized 19 potential climate-related risks—including physical and transition risks. These risks were assessed based on their likelihood of occurrence, level of impact, and potential timeframes (short, medium, or long term), followed by a materiality ranking. In 2024, the top ten most material climate-related risks were identified, comprising four physical risks and six transition risks. Corresponding mitigation measures were developed.

Climate-Related Risk Matrix



Climate-Related Risk Identification Results (Sequence based on materiality)

No.	Climate-Related Risk Topics
R1	Policy requirement to increase the share of renewable energy
R2	Policy requirement to increase the proportion of green buildings
R7	Existing products and services being replaced by low-carbon alternatives,otentially increasing Company costs
R16	Increased operational costs due to energy restructuring in response to rising average temperatures
R9	Investment losses in carbon-intensive underlyings due to market and customer uncertainties, climate changes, environmental degradation, or natural resource scarcity
R11	Increase in claims costs due to damage from climate-related disasters to insured assets or policyholders
R3	Investment undelryings in carbon-intensive industries face regulatory transition risks which in turn affect the Company's investment returns
R13	Suspension of operations due to climate disasters, leading to reduced or halted production capacity
R14	Damages to insured subjects or policyholders caused by sea level rise
R8	Changes in customer behavior
R15	Losses to operational sites or real estate investments due to sea level rise
R12	Asset losses caused by climate-related disasters
R6	Rising costs of low-carbon transition technologies may increase the operating costs and risks of carbon-intensive companies in holding, thereby affecting the Company's investment returns
R5	Uncertainty in underwriting thresholds for carbon-intensive clients
R4	Increased costs related to greenhouse gas emissions
R10	Growing concern and negative feedback from stakeholders
R17	Greater risk of heat-related illnesses among personnel due to rising temperatures
R19	Increased likelihood of litigation related to environmental issues
R18	Loss of biodiversity and environmental degradation caused by climate change

Risks Factors Considered

Physical Risks

Risks
Include acute risk and chronic risks.

Transition Risks

Risks
Arise from emerging and existing policies and regulations, technology, market dynamics, and reputation concerns.

Value Chain Scope Considerations

1. **Upstream Procurement**
   All suppliers
2. **Self-Operation**
   All operating sites and related activities
3. **Downstream Asset Portfolio**
   All investment portfolio and policyholders

Timeframe Consideration

Identifying Climate-Related Risks and Potential Impacts (The climate-related risks identified in 2024 are ranked by materiality from highest to lowest as follows)

Rank	Risk Code	Risk Type	Time of Occurrence	Risk Topic	Risk Description	Corresponding Existing Risk	Impact Scope	Potential Business or Financial Impact	Response Measures / Adaptation Actions
1	R1	Transition Risk Policy and Regulation	Short term	Policy requirement to increase the share of renewable energy	In response to regulations, client expectations, and international initiatives, the Company must increase its use of renewable energy. These changes will lead to higher operating costs.	Operational Risk	• Self-operation	• Increase in operating costs	• Continue evaluating the feasibility and benefits of installing photovoltaic systems in companyowned buildings: In 2025, six additional buildings are expected to be equipped with solar systems, with an estimated annual power generation of 930 MWh, reducing approximately 459 metric tons of carbon emissions annually.After reviewing the transfer rate in the Tainan Xinshi buildings and the benefits under the implicit carbon pricing formula, solar panel installation has been approved for 4 buildings, while 2 have been cancelled. The related construction work is currently underway. In addition, solar panels at the Neihu warehouse are scheduled for completion in 2025, with an estimated annual generation of 69 MWh and a carbon reduction of about 34 metric tons per year. • Long-term planning includes sourcing renewable energy through both self-generation and long-term green power contracts to mitigate future price volatility. As of September 2024, the Company has prioritized transitioning to externally purchased green electricity at its own sites and plans to gradually increase its renewable energy usage annually.
2	R2	Transition Risk Policy and Regulation	Medium term	Policy requirement to increase the proportion of green buildings	To comply with regulatory requirements and meet tenant expectations, the Company must increase the proportion of green buildings, which will raise operating costs.	Operational Risk	• Self-operation • Investment and financing	• Increase in operating costs • Decrease in rental income	• Continue increasing the proportion of self-owned and investment properties that meet green building standards. New development projects will incorporate green design elements: (1)The Tamsui Shalun Surface Rights Project will be developed into two zones (cultural & creative and parking) and is expected to obtain EEWH green building certification in 2026 and 2027, respectively. Both sections are planned to achieve LEED and WELL certifications by 2027. (2)The A26 and A21 Surface Rights Projects are expected to receive EEWH green building certification as well as LEED and WELL certifications in 2028 and 2029, respectively. (3)These actions are included in the GRESB. • For existing facilities, repairs and upgrades will prioritize green building materials and energy-efficient products.
3	R7	Transition Risk Technology	Short term	Existing products and services being replaced by low-carbon alternatives, potentially increasing Company costs	Demand for existing products and services may decline, gradually shifting toward low-carbon alternatives. The Company's operations are transitioning to low-carbon practices to reduce emissions, such as replacing traditional paper-based insurance policies with electronic policies. This transition may lead to increased information technology infrastructure costs, including system upgrades and expanded storage capacity.	Operational Risk	• Self-operation	• Increase in operating costs • Increased technology/system investment	• Continue developing low-carbon insurance services and promote digital and mobile insurance platforms to reduce paper usage and related material costs. • Support the digital transformation of agents and encourage adoption of paperless processes to promote sustainable, low-carbon business practices.

Rank	Risk Code	Risk Type	Time of Occurrence	Risk Topic	Risk Description	Corresponding Existing Risk	Impact Scope	Potential Business or Financial Impact	Response Measures / Adaptation Actions
4	R16	Physical Risk Chronic Risk	Short term	Increased operational costs due to energy restructuring in response to rising average temperatures	In recent years, the frequency of extreme temperatures has increased. With the ongoing rise in average temperatures, Taiwan's energy structure is undergoing a transition. Electricity prices are expected to rise progressively, and the government is promoting the shift to renewable energy. The Company will be required to purchase green electricity or renewable energy certificates to reduce its carbon emissions, resulting in increased operating costs.	Operational Risk	• Self-operation	• Increase in operating costs	• Continue evaluating and improving the energy efficiency of air conditioning systems in self-owned properties. Replace high energy-consuming equipment with energy-saving models such as low-power or inverter-based systems to reduce energy consumption. • Planned green electricity procurement and execution of long-term contracts to mitigate the risk of future price increases.
5	R9	Transition Risk Market	Medium term	Investment losses in carbon-intensive underlyings due to market and customer uncertainties, climate changes, environmental degradation, or natural resource scarcity	Given the large scale of Company's investment funds, the occurrences of climate changes, environmental degradation, natural resources scarcity, or increased awareness in environmental sustainability may adversely affect the market and intrinsic values of carbon-intensive companies invested, leading to substantial losses in Company's investments.	Market Risk Credit Risk	• Investment and financing	• The invested companies in carbon-intensive industries are subject to climate related risks, which may cause the company's sales revenue, cash flows, or asset values to drop, leading to the decrease in the company's market and intrinsic values and increase in the likelihood of company's credit ratings being downgraded. • These risks may also lead to the decrease in the intrinsic value of real estate properties invested.	• Regularly assess the impact of the Company's investments in carbon-intensive industries on the overall capital deployment, and implement investment management mechanisms for climate-related risks. • Take climate related risk factors into consideration when acquiring real estate properties or conducting the building design for new real estate investment projects. • Regularly review the adequacy of adaptation measures for real estate properties with high physical risks.

Rank	Risk Code	Risk Type	Time of Occurrence	Risk Topic	Risk Description	Corresponding Existing Risk	Impact Scope	Potential Business or Financial Impact	Response Measures / Adaptation Actions
6	R11	Physical Risk Acute Risk	Medium term	Increase in claims costs due to damage from climate-related disasters to insured assets or policyholders	If the Company's insured subjects or assets are located in areas with high physical risk, they may suffer damage from climate-related disasters (e.g., typhoons, heavy rain), which could result in higher claim incidence and increased claims costs.	Operational Risk Insurance Risk	• Insurance Products • Self-operation	• Increase in claims costs • An increase in claims frequency may lead to higher premium rates for group and property insurance, potentially reducing market competitiveness and resulting in a decline in premium income.	• Nan Shan General incorporates climate-related risk factors into the underwriting and pricing processes for property insurance: (1)To avoid short-term losses from underwriting targets located in high physical risk areas, the underwriting team conducts risk assessments of the insured subject during case reviews and seeks to minimize the underwriting of such high-risk assets. (2)Claims cost increases are taken into account during product pricing. For claims related to climate disasters, the Company is exploring ways to streamline the claims application process and accelerate claims settlement. • Customer claims data are regularly reviewed to evaluate the overall impact on group insurance claims, thereby reinforcing the group insurance risk management mechanism. • As the impact of climate disasters, such as typhoons, floods, and landslides, on life insurance claims remains inconclusive, the Company will continue to monitor and collect available data on natural disasters resulting from climate change.
7	R3	Transition Risk Policy and Regulation	Medium term	Investment underlyings in carbon-intensive industries face regulatory transition risks which in turn affect the Company's investment returns	As the domestic and global policies on net-zero carbon emissions turns more stringent, the environmental performance indicators of carbon-intensive companies invested deteriorate, leading to the decrease in their intrinsic values, losses in the Company's investments, and potential adverse impact on the Company's financial health.	Market Risk Credit Risk	• Investment and financing	• The invested companies in carbon-intensive industries are subject to transition risks. The deterioration in their environmental performance indicators may cause their market and intrinsic values to drop and credit ratings to being downgraded.	• Regularly assess the impact of the Company's investments in carbon-intensive industries on the overall capital deployment, and implement investment management mechanisms for climate-related risks.

Rank	Risk Code	Risk Type	Time of Occurrence	Risk Topic	Risk Description	Corresponding Existing Risk	Impact Scope	Potential Business or Financial Impact	Response Measures / Adaptation Actions
8	R13	Physical Risk Acute Risk	Medium term	Suspension of operations due to climate disasters, leading to reduced or halted production capacity	Under the impact of climate change, the increasing frequency and severity of losses caused by typhoons and torrential rain may expose operational sites located in high or medium-high physical risk areas to natural disasters. This could result in damage to property such as facilities, IT equipment, and transportation assets, leading to increased maintenance costs, reduced or disrupted production capacity, and even operational shutdowns or casualties.	Operational Risk	• Self-operation	• Increase in operating costs • May result in early retirement of existing assets.	• Based on external physical risk databases, if the climate Value at Risk (VaR) of the region where the Company's real estate is located exceeds 1%, the Company will formulate physical risk adaptation and mitigation measures related to climate and include them in a watchlist for ongoing tracking and implementation. • In accordance with the Company's business continuity management and disaster recovery mechanisms, appropriate emergency response measures will be executed to reduce the likelihood and severity of operational disruptions.
9	R14	Physical Risk Chronic Risk	Long term	Damages to insured subjects or policyholders caused by sea level rise	If the Company's insured parties or assets are located in areas of high physical risk (e.g., coastal or low-lying regions), the likelihood of incidents or damage may increase due to rising sea levels, thereby leading to higher claims expenditures.	Insurance Risk	• Self-operation • Insurance Products	• Increase in claims costs • An increase in claims frequency may lead to higher premium rates for group and property insurance, potentially reducing market competitiveness and resulting in a decline in premium income.	• Nan Shan General incorporates climate-related risk factors into the underwriting and pricing processes for property insurance: (1)To avoid long-term losses from underwriting assets located in low-lying or flood-prone areas, the Company adopts facultative reinsurance for such cases. If reinsurance cannot be successfully arranged, the Company will decline coverage or reduce the underwriting share to minimize retained claims risk as much as possible. (2)Claims cost increases are taken into account during product pricing. For claims related to climate disasters, the Company is exploring ways to streamline the claims application process and accelerate claims settlement. • Customer claims data are regularly reviewed to evaluate the overall impact on group insurance claims, thereby reinforcing the group insurance risk management mechanism.
10	R8	Transition Risk Market	Medium term	Changes in customer behavior	Amid the global net-zero transition and growing public awareness of sustainability issues, if the Company fails to proactively promote low-carbon initiatives and offer insurance products and services that support climate change mitigation, it may fall behind in the climate-related opportunity market. This could lead to a loss of business and customers, resulting in a decline in revenue.	Operational Risk Reputational Risk	• Insurance Products • Self-operation	• Decline in operating revenue • Loss of market share	• The Company continues to collaborate with partners in the healthcare industry to promote the "Health Protection Circle" initiative, proactively investing resources to raise public awareness of health risks. • Nan Shan is developing proactive, preventive insurance products (e.g., spillover policies) to encourage policyholders to adopt more proactive approaches to managing their health, enhancing risk awareness, and reducing the incidence of climate-related illnesses and insurance claims. • The Company remains focused on sustainability issues and continues to promote low-carbon practices and offer climate-resilient insurance products and services. • Nan Shan General provides risk prevention services to corporate policyholders. Through customized assessments conducted by inspection engineers, tailored risk mitigation recommendations are offered. With the use of infrared thermal imaging technology, insured parties are empowered to conduct predictive maintenance and proactively prevent potential incidents, thereby supporting business continuity and creating a win-win outcome. • Nan Shan General also continues to develop insurance products related to carbon reduction and green behavior (e.g., green energy riders and electric vehicle policies), encouraging customers to adopt energy-efficient and environmentally friendly lifestyles in housing and transportation. This drives the Company's proactive and diversified transition toward sustainable product offerings.

2.1.3 Identified Climate-Related Opportunities

After the relevant departments filled out questionnaires and engaged in discussions, Nan Shan identified nine climate opportunities, and the opportunities were subsequently reported to and approved by the Corporate Sustainability Committee. We then focused on eight material opportunities as the direction for the Company to take measures in response to the opportunities. We actively take climate change actions, keep abreast of market trends, and connect business opportunities.

Type of Opportunity	Time of Occurrence	Opportunity Topic	Opportunity Description	Potential Financial Impact	Actions Taken
Products and Services	Short term	Development and innovation of new products and services	In line with government policies and market trends, the Company offers underwriting services related to electric vehicles and renewable energy projects; provides loss prevention services to corporate clients along with disaster prevention training, thereby reducing claim ratios.	Increase in revenue due to **rising demand for products and services**	• In response to the electric vehicle market trend, Nan Shan General has successively launched Comprehensive Charging Pile Insurance and Exclusive EV Insurance. The Company also continues to participate in renewable energy project underwriting (e.g., offshore wind farms, energy storage equipment, solar PV systems) and implements loss prevention services for large corporate clients.
	Short term	Increasing insurance products that support low carbon and climate change mitigation	As market demand grows for products that support low carbon and climate change response, the Company integrates concepts such as environmental protection, energy saving, support for renewable energy development, low-carbon transformation in transportation, and the promotion of environmentally friendly materials into its offerings (e.g., underwriting for renewable energy projects, UBI insurance for electric scooter owners, Exclusive EV Insurance, Residential Green Energy Upgrade Rider). In addition, the Company offers proactive prevention products (e.g., spillover policies) and insurance products that enhance protection against the impacts of climate change. These products leverage the risk management mechanisms and extended functions of insurance to support environmental protection or improve policyholders' health, thereby reducing the likelihood of illness and claims associated with climate change. The development and sale of low-carbon and climate change adaptation insurance products can also lead to increased premium income in line with market demand.	Increase in revenue due to **rising demand for products and services**	• Develop proactive prevention products (e.g., spillover policies) to encourage policyholders to pay closer attention to their health and adopt more proactive health management habits, thereby preventing or mitigating illness and raising risk awareness. • Through the "Health Protection Circle," Nan Shan Life partners with major health industry players to deliver value-added health promotion and medical care services across the full spectrum of wellness, from health promotion to medical care, supporting customers in improving and maintaining their overall well-being. • Nan Shan General has launched a series of green insurance products, including Exclusive EV Insurance, Comprehensive Charging Pile Insurance, Mini Electric Two-Wheeler Third-Party Liability Insurance, Pay-As-You-Go E-Scooter Insurance, Residential Green Energy Upgrade Rider, and excess typhoon and flood riders to strengthen adaptation to extreme weather. Premium income continues to grow as a result.

Type of Opportunity	Time of Occurrence	Opportunity Topic	Opportunity Description	Potential Financial Impact	Actions Taken
Products and Services	Short term	Digital Services	With the advent of the digital age, policyholders use mobile/digital low-carbon insurance services to reduce in-person visits and paper-based processes, improving service efficiency. Optimized interfaces for purchasing and selecting policies also increase policy counts and revenue while reducing the carbon footprint of products/services.	**Reduction** in indirect (operational) costs	• Nan Shan General has responded to the FSC's policy promoting electronic insurance policies, achieving an overall adoption rate of 65%. Over 70% of individual insurance policies have adopted electronic formats, and electronic policies have also been introduced for corporate insurance products. In 2022, Nan Shan General conducted a carbon footprint assessment for electronic insurance policies, becoming the first non-life insurance company in Taiwan to pass carbon footprint verification for electronic policies. • In 2022, Nan Shan Life passed ISO 14067 certification, defining the scope of carbon footprint for "life insurance services" to establish a scientific and complete calculation process. After obtaining permission to use the EPA carbon label, the Company implemented low-carbon operations by significantly reducing paper output and adopting manpower reallocation, achieving a carbon footprint reduction of more than 3% within five years and qualifying to use the carbon reduction label.
Resource Efficiency	Short term	Improving energy and resource efficiency	The Company is replacing low energy-efficiency equipment at its operational sites to enhance energy use efficiency, reduce internal water and electricity consumption, and lower operational costs.	**Reduction** in indirect (operational) costs	• Through equipment replacement and enhanced energy efficiency, the Company has reduced operational costs. • ISO 14046 Water Footprint Certification obtained. • In line with its SBT target commitment, the Company aims to reduce Scope 1 and Scope 2 emissions by 42% cumulatively by 2030 (compared to the 2022 baseline year). • For self-owned and self-used buildings, Scope 1 and Scope 2 emissions are reduced by 1% annually compared to the 2020 baseline year.
	Medium term	Green buildings	Newly constructed buildings (including both investment and self-use properties), or branch construction projects, use green building materials and assess the installation of solar photovoltaic systems or procurement of new energy-saving equipment at operational sites to enhance energy use efficiency, promote environmental performance, and achieve energy-saving and carbon reduction goals.	**Increase** in fixed asset value	• Building equipment is updated to meet energy efficiency labeling standards, and interior renovations use green building materials. • By developing solar energy for self-use and purchasing green electricity, carbon emissions are reduced. • New buildings meet green building standards and acquire relevant green building certifications.

Type of Opportunity	Time of Occurrence	Opportunity Topic	Opportunity Description	Potential Financial Impact	Actions Taken
 Market	Short term	Green finance and thematic sustainable investments	• Continue to evaluate investments with themes that involve the promotion of human health and well-being, green energy, low carbon, green energy technologies, new agriculture, and circular economy. • Focus on the resilience of the Company's overall investment portfolio to climate change risks with the assessment of the impact of the Company's investments in carbon-intensive underlyings on its overall capital deployment.	**Diversification** of financial assets	• Increase thematic investments: evaluate/invest in green/sustainability related projects. • Increase the SBTi coverage ratio.
 Operational resilience	Short term	Green Procurement	Priority is given to procuring low environmental impact products, such as energy-saving, power-saving, and water-saving equipment with eco-label certifications, to reduce energy waste at operational sites and lower operational costs.	**Reduction** in indirect (operational) costs	• Supplier conferences are held to communicate sustainability issues with vendors. • Procurement prioritizes products with eco-labels as defined by the Ministry of Environment. The green procurement amount for 2024 reached NT$ 135,648,315. • Nan Shan has begun studying internal carbon pricing mechanisms to raise carbon cost awareness in equipment procurement and improve resource allocation efficiency.
 Energy source	Medium term	Renewable energy and green leasing	• Increase the use of renewable energy each year and combine it with various energy-saving measures to achieve tangible emission reduction results. • Support the Ministry of Economic Affairs' "Green Leasing 2.0" initiative by assisting tenants in commercial buildings or similar complexes in obtaining green electricity and renewable energy certificates through power transfer models, thereby enhancing property value and attracting tenants.	**Reduction** in indirect (operational) costs	• Benefit evaluations for solar installations are conducted, and plans are in place to install solar systems at self-owned buildings. • Green electricity procurement is planned in line with SBTi emission reduction targets to increase the share of renewable energy. • In support of "Green Leasing 2.0," Nan Shan Plaza in Taipei has introduced renewable energy and advocates for tenants to use green electricity.

2.2 Climate Strategies and Actions

As a sustainability leader in Taiwan's financial and insurance industry, Nan Shan actively responds to global climate change challenges by advancing the "Environmental Health" pillar under its Sustainable Health Strategy Blueprint. The Company focuses on three major areas — Low-Carbon Insurance and Services, Low-Carbon Operations, and Low-Carbon Economy — and has developed corresponding climate action plans for each. Through these initiatives, Nan Shan aims to strengthen its climate resilience while creating a positive impact in supporting the low-carbon transition.

Low-Carbon Insurance and Services

- Low-Carbon Insurance
- Product Carbon Footprint Management
- Encouraging Low-Carbon Consumption Behaviors
- Helping Customers Address Climate-Related Risks and Enhance Disaster Adaptation Capacity
- Green Investment Property Management

Low-Carbon Operations

- Renewable Energy Usage
- Energy Conservation and Carbon Reduction Measures
- Water Consumption and Waste Management
- Green Procurement
- Internal Carbon Pricing

For detailed information on "Low-Carbon Operations," please refer to

- 4.3 Low-Carbon Operations
- 4.4 Internal Carbon Pricing

Low-Carbon Economy

- Sustainable Finance and Investment
- Commitment to Shareholder Activism

2.2.1 Low-Carbon Insurance and Services

Low-Carbon Insurance

In alignment with the Principles for Sustainable Insurance (PSI) promoted by the United Nations, Nan Shan continues to launch insurance products with indirect environmental benefits, offering a wide range of coverage for individuals and businesses. In support of the global 2050 net-zero emissions goal, Nan Shan promotes the adoption of electric vehicles, including electric cars and scooters, through its products and services. As part of the energy transition pathway, Nan Shan General participates in the underwriting of large-scale offshore wind power projects, helping transfer the development and operational risks of renewable energy operators and jointly supporting the nation's energy transition goals. Nan Shan General views enhancing clients' risk resilience as a core responsibility of insurers. It offers customized risk management services and monitors the performance of related products through its Corporate Sustainability Committee, with annual targets reported to the Corporate Sustainability Committee of Nan Shan Life Insurance. By providing products and services with environmental benefits, Nan Shan aims to strengthen clients' sustainability resilience and collaborate with stakeholders to promote the nation's sustainable transformation.

Performance of Green Property and Casualty Insurance[Note1]

Product Category	Number of New Policies Underwritten (Annual)			Premium Income (NT$)		
Year	2022	2023	2024	2022	2023	2024
Exclusive EV Insurance [Note 2]	-	-	18,558	-	-	42,561,041
Comprehensive Charging Pile Insurance [Note 3]	-	28	146	-	25,216	126,882
Mini Electric Two-Wheeler Third-Party Liab ility Insurance [Note 4]	-	699	2,739	-	1,130,964	4,095,244
Pay-As-You-Go E-Scooter Insurance	1,318	1,320	877	1,472,392	1,475,063	1,068,609
Residential Green Energy Upgrade Rider	1,009	1,080	6,040	200,814	216,037	1,217,913
Total	2,327	3,127	28,360	1,673,206	2,847,280	49,069,689

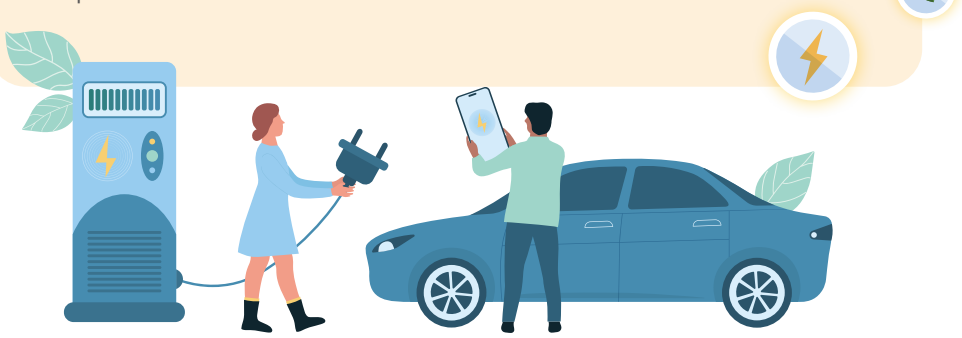
Note 1: All of the above are green insurance products certified by the Taiwan Insurance Institute.
Note 2: Exclusive EV Insurance was launched in July 2024.
Note 3: Comprehensive Charging Pile Insurance was launched in June 2023.
Note 4: Mini Electric Two-Wheeler Third-Party Liability Insurance was launched in March 2023.

Exclusive EV Insurance

In response to global carbon reduction and energy transition goals, the energy source for transportation is gradually shifting from gasoline and diesel to electricity, with electric vehicles (EVs) becoming one of the primary modes of modern transportation. Given that EVs differ from traditional vehicles in terms of structure, power systems, and maintenance technologies, their risk profiles also vary accordingly. Nan Shan General, in accordance with the Financial Supervisory Commission's approved "Exclusive EV Insurance Reference Clauses" and related riders, **became one of the first insurers in Taiwan to launch Exclusive EV Insurance in 2024**. In addition to conventional coverages such as vehicle damage insurance, third-party liability insurance, theft loss insurance, and personal accident insurance, the policy also includes three riders specifically designed for EVs: a rider for third-party liability insurance during charging periods, a rider for vehicle damage insurance during charging periods, and a rider for vehicle damage insurance covering battery self-ignition. These riders provide compensation for third-party injury, death, or property damage resulting from charging-related incidents, as well as for damage or loss to the insured vehicle itself during the charging process. This enhanced coverage offers EV owners greater protection and peace of mind.

Comprehensive Charging Pile Insurance

With the rapid growth of the electric vehicle (EV) market, demand for insurance coverage for related equipment has also increased. However, this development brings with it new risks—such as damage to charging piles caused by external impacts, fires, lightning strikes, explosions, thrown or falling objects, or **accidents during use that may result in bodily injury or property loss to third parties**. To address these risks, Nan Shan General launched its Comprehensive Charging Pile Insurance, offering EV owners vital protection for this key source of energy replenishment.



Mini Electric Two-Wheeler Third-Party Liability Insurance

In line with government policies requiring registration and compulsory insurance for mini electric two-wheelers, Nan Shan General offers **coverage including third-party liability insurance** and **an excess liability rider**. These products provide compensation in cases where the policyholder, due to ownership, use, or management of a mini electric two-wheeler, causes bodily injury or property damage to a third party. Additional coverages include a **Condolence Expense Insurance**, which compensates policyholders for expenses incurred when visiting or expressing sympathy to a third party who is hospitalized due to an accident, and **a Criminal Defense Legal Expense Rider**, which covers legal fees should the accident result in criminal liability.

Pay-As-You-Go E-Scooter Insurance

Driven by the evolution of financial technology, Nan Shan General, in collaboration with Gogoro, launched Taiwan's first telematics-based Usage-Based Insurance (UBI) product: Pay-As-You-Go E-Scooter Insurance. This innovative offering calculates premiums not solely based on static factors like age, gender, or driving history, but dynamically adjusts rates based on actual riding behavior, aligning more closely with user habits and needs. To support government efforts in promoting green finance and fintech innovation, policyholders can easily purchase this insurance through the partner company's mobile application, enhancing convenience and enabling a **fully paperless process**.

Residential Green Energy Upgrade Rider

With global warming and climate change becoming increasingly severe, the government has prioritized energy conservation and carbon reduction as key policy objectives. To encourage customers to adopt green building materials and energy-efficient equipment, Nan Shan General introduced the Residential Green Energy Upgrade Rider. In the event of damage to insured property caused by a covered incident, policyholders may choose to repair or rebuild using green materials or opt for a cash payout, without deductions for depreciation. By offering incentives through enhanced coverage limits, this rider **encourages environmentally responsible actions** and **supports customers in fostering a sustainable, low-carbon lifestyle**.

Renewable Energy Underwriting Business

In support of Taiwan's low-carbon energy transition and the government's 2050 net-zero emissions goal, Nan Shan General has actively participated in co-insurance projects for large-scale renewable energy engineering in 2024, including offshore wind power, energy storage systems, and solar photovoltaic installations. **A total of 134 policies were underwritten**, with accumulated premiums exceeding **NT$130 million** and total insured amounts surpassing **NT$19 billion**.

Excess Typhoon and Flood Insurance Rider

With global warming intensifying typhoon frequency and rising sea levels, the existing typhoon and flood coverage in standard residential fire insurance policies may no longer be sufficient. Nan Shan General offers **additional natural disaster risk protection** through riders to its residential fire insurance policies, allowing policyholders to transfer risks and mitigate property losses in the event of covered incidents.

Product Carbon Footprint Management

Compared to other industries, financial and insurance products typically have minimal direct negative environmental impact. Nonetheless, Nan Shan positions itself as a pioneer in low-carbon insurance by proactively reducing the carbon footprint of its operations and services. The Company also strives to develop insurance products that generate positive environmental spillover benefits, providing policyholders with eco-friendly solutions and driving the low-carbon transition across business operations, customer services, and product design.

Status of Progress on Product Carbon Footprint Initiatives

2023

Nan Shan Life significantly reduced the use of printed marketing materials, promoted the adoption of electronic documents and e-policies, and implemented a workforce streamlining model. These efforts enabled the Company to meet the Ministry of Environment's criteria for a **carbon footprint reduction of more than 3%** within five years and obtain approval to use the Carbon Reduction Label.

2022

Nan Shan Life's **"life insurance services"** obtained ISO 14067 certification and the Carbon Label issued by the Ministry of Environment. By defining a reasonable carbon footprint boundary for its life insurance services, the Company established a comprehensive and scientific calculation process, further promoting a low-carbon operational transformation.

Nan Shan General completed the carbon footprint inventory for electronic insurance policies and obtained the Carbon Footprint Label, becoming the first property insurance company in Taiwan to receive official verification for the carbon footprint of e-policies. It also became the first financial and insurance institution in Taiwan to obtain both the **"Property Insurance Service Carbon Label"** and the **"Electronic Policy Carbon Label."**

2021

Nan Shan General adopted ISO 14067 and completed the carbon footprint calculation for property insurance services, receiving validation from SGS and a Carbon Footprint Label from the Environmental Protection Administration (EPA) [Note1].

2019

Nan Shan Life became the first insurer globally to receive dual carbon footprint certifications from SGS Taiwan and the EPA[Note1], obtaining the Carbon Footprint Label for its life insurance services.

2018

Nan Shan Life adopted the ISO 14067 carbon footprint standard and conducted the Life Insurance Service carbon footprint analysis.

Note1: Current Ministry of Environment.

In addition, Nan Shan General supported the Financial Supervisory Commission's policy promoting electronic insurance policies by launching services such as digital compulsory insurance certificates and policy delivery via SMS. The Company actively encouraged policyholders to adopt e-policies, which not only reduced paper consumption but also improved accessibility and ease of storage. Thanks to coordinated efforts from customer service and sales teams, by the end of 2024, the e-policy adoption rate for Nan Shan General's personal insurance products had surpassed 70%, with corporate insurance products also newly adopting e-policies.

According to the latest carbon footprint inventory, the carbon footprint of Nan Shan Life's "life insurance services" has decreased by more than 64.8% compared with the results of the first assessment in 2019 (8.05 $kgCO_{2e}$ per policy). Detailed results of Nan Shan's insurance product and service carbon footprint inventory are provided below:

2024

Nan Shan Life
new individual policies using e-policies
approximately 38%

Nan Shan General's
overall e-policy usage rate
exceeded 65%

Carbon Footprint and Carbon Reduction Labels for Nan Shan Life's "Life Insurance Services"

Carbon Footprint Label	Carbon Reduction Label
3.4 kg CO2 Carbon Footprint Taiwan EPA 碳標字第2216510001號 每一件人身保險服務	Since 2023 CO2 Carbon Footprint Taiwan EPA 減碳標字第 R2316510001號

Latest Carbon Footprint per Policy (Unit: $kgCO_{2e}$ per life insurance service)	
2019	8.05
2021	3.4
2022	3.16[Note 1]
2023	2.83[Note 2]

Note 1: In 2022, carbon emissions decreased by 5% compared to 2021, qualifying for the Carbon Reduction Label, valid until February 15, 2028.
Note 2: The 2023 data is based on internal inventory; the 2024 assessment was suspended due to regulatory amendments.

Carbon Footprint Labels for Nan Shan General's "Property Insurance Services" and "Electronic Policies"

Carbon Footprint Label

碳標字第21165200001號
每一件財產保險服務
www.epa.gov.tw

碳標字第2316520001號
每一件財產保險服務(電子保單)
http://www.epa.gov.tw

Latest Carbon Footprint per Policy (Unit: $kgCO_{2e}$ per property insurance service)	
Property Insurance	Electronic Policy
2021	2023
1.3	0.95[Note1]

Note1: Inventory covers electronic policy scope only.

Carbon Reduction Results of Nan Shan's Insurance Products

Category		Number of Policies [Note 1]	Estimated Paper Saved (A4 sheets) [Note 2]
Electronic Policy	Personal Insurance	188 thousand	10.34 million
	Travel Insurance	192 thousand	1.92 million
	Property and Casualty	1.659 million	13.27 million
Administrative Documents	Life Insurance	1.959 million	41.15 million
Total		66.67 million	

Note 1: Rounded to the nearest thousand.
Note 2: Estimated based on the number of cases multiplied by the average paper saved per policy/service.

Estimated Paper Savings in 2024: Approximately 66.67 million A4 sheets saved, equivalent to a reduction of approximately 480 tCO_{2e}. [Note1]

1

Policy Data Assumptions

The calculations are based on the use of A4-sized printed paper. Each personal insurance policy is estimated to consume an average of 55 sheets; travel insurance policies use approximately 10 sheets; and property insurance policies use around 8 sheets per policy.

2

Administrative Documents

For each personal insurance policy, administrative documents are sent seven times per year. Each mailing is estimated to contain three A4 sheets, including the envelope.

Note1: According to the "Product Carbon Footprint Information Platform" of the Ministry of Environment (as of February 12, 2025), and based on the emission factors published in the IPCC Fifth Assessment Report, a pack of 500 sheets of virgin pulp A4 copy paper generates approximately 3.6 $kgCO_{2e}$ in carbon emissions.

Through concrete action, Nan Shan is committed to implementing low-carbon operations. We strive to lead by example in reshaping environmental sustainability awareness, promoting a greener, lower-carbon lifestyle, and doing our part for the planet—to leave behind a better world for the next generation.

Encouraging Low-Carbon Consumption Behaviors

Double Indemnity for Public Transportation Accidents

Nan Shan Life aims not only to provide protection for its policyholders but also to contribute to environmental sustainability. For certain interest-sensitive life or accident insurance products [Note 1], it offers special benefits such as "double indemnity" in the event of accidental death while using public transportation. As of the end of 2024, **3.86 million** policyholders were covered by this benefit. The initiative encourages policyholders to make greater use of public transportation, helping to reduce carbon emissions, alleviate air pollution, and promote physical and mental well-being, thereby contributing to Taiwan's 2050 net zero goal.

活力洋溢 Biological Age Model

BAM Vitality App

In Taiwan, cars and motorcycles are the primary modes of transportation for most people. According to statistics from the Institute of Transportation, Ministry of Transportation and Communications, these two modes together account for over 60% of total highway transport carbon emissions—making everyday commuting habits an unintentional source of pollution. To address this, Nan Shan Life launched the BAM Vitality App [Note 2], designed to encourage healthy exercise habits and promote self-directed health management among policyholders. The app motivates users to walk regularly, which not only improves personal health but also contributes to carbon reduction and air pollution mitigation. Referencing the Ministry of Health and Welfare's press release "Move Your Life —Turn Your Home into a Gym!" , walking 10,000 steps (approximately 6 kilometers) instead of using motor vehicles can reduce carbon emissions by about 1.42 kilograms per trip. This means one person walking daily can cut approximately 1 kilogram of carbon emissions per day, equivalent to the annual CO_2 absorption of 62 Daan Forest Parks. As of the end of 2024, the BAM App had **130,000 registered users**, who collectively accumulated **187.2 billion** steps, resulting in **an estimated reduction of approximately 26.58 tCO_{2e}** .

Note 1: The "interest-sensitive life insurance" has non-guaranteed declared interest rate in addition to the assumed interest rate. Based on the difference between these two interest rates, the feedback mechanism makes the change of beneficial interest, such as the insured amount and non-forfeiture value, as it shares the insurance company's investment performance.
Note 2: The BAM Vitality App is developed and owned by ReMark, a subsidiary of SCOR. Nan Shan Life collaborates with ReMark to promote public health management and encourage healthy lifestyle habits.

Helping Customers Address Climate-Related Risks and Enhance Disaster Adaptation Capacity

Types of Natural Disasters: Typhoons, Floods, Inundations, and Earthquakes

Scope and Approach	During on-site risk assessments, Nan Shan evaluates the level of exposure for areas and industries particularly vulnerable to typhoons and flooding. Based on identified weaknesses, the Company provides targeted disaster prevention recommendations, such as optimizing asset placement, installing flood barriers, and enhancing drainage capacity. These measures help enterprises adapt to climate risks, improve response readiness, strengthen resilience, and achieve their transition goals.
Examples	In 2024, no specific climate change–related loss prevention projects were conducted. In 2025, one special project, "Flood Potential Analysis Report for a Factory Site," was carried out as a climate change–related loss prevention initiative.

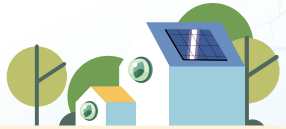
Note:Natural disasters have long been included as part of Nan Shan's loss prevention efforts. However, as each client's situation differs, not all risk prevention recommendations include measures for every type of natural disaster.

Green Investment Property Management

Green Building Certification

Nan Shan Life continues to incorporate green building standards into its property development projects. Real estate projects under development are evaluated under the Global Real Estate Sustainability Benchmark (GRESB) to enhance market transparency and trust, thereby supporting the Company's sustainable real estate development goals. Investment properties currently under development, including the A26 and A21 land rights projects, are expected to obtain certifications upon completion and commissioning, such as Seismic Resilience Certification, EEWH Green Building, Smart Building, Building Energy Efficiency Rating System (BERS), as well as LEED and WELL certifications. For self-use properties, the Tamsui Shalun Surface Rights Project—comprising a Cultural and Creative Industry Zone and a parking facility—is also expected to obtain EEWH Green Building, Smart Building, Building Energy Efficiency, LEED, and WELL certifications upon completion. The parking facility is additionally expected to obtain Seismic Resilience Certification. Moreover, Nan Shan Life continues to enhance the sustainability and energy efficiency of its existing buildings by pursuing LEED and WELL dual certifications for Taipei Nan Shan Plaza and LEED certification for the Taipei Minsheng Building.

Green Leasing 2.0



Nan Shan Life actively promotes the adoption of renewable electricity in its investment office buildings. The Company conducts assessments and integrates tenants' annual green power demand to enable flexible allocation and maximize the utilization of renewable energy within the premises. Through this collective approach, Nan Shan Life strengthens its bargaining position in green power procurement, thereby supporting tenants in obtaining renewable electricity at more competitive prices and through more convenient and flexible service arrangements.

2.2.2 Low-Carbon Economy

Engagement Activities

Engagement Progress

To effectively track engagement progress with investee companies, Nan Shan Life has defined four engagement phases, each with specific milestones, aligned with its stewardship principles:

Phase 4
The investee company implements tangible measures and achieves the engagement objective.

Phase 3
The investee company provides a response and outlines planned measures.

Phase 2
The investee company acknowledges the identified engagement issues.

Phase 1
The Company raises engagement issues with the investee company.

Engagement Outcomes

In 2024, Nan Shan Life engaged with 15 companies through phone interviews and email communications. A summary of the types of engagement is outlined below. For unresolved 2023 engagement cases, the Company reviewed progress in 2024 to determine whether to close the cases or continue follow-up, while launching new engagements on emerging ESG issues as appropriate.

Engagement Theme	Environment & Social	Governance
Engagement Topics	Implementation of environmental and social responsibility practices	Enhancing corporate governance practices
Topic Distribution	50%	50%
Reason for Engagement	Encouraged investee companies to reduce carbon emissions, tighten pollution control, and improve workplace safety management, with the aim of fostering a mutually beneficial, sustainable environment that upholds altruism and collective well-being.	Urged investee companies to protect shareholder interests while balancing the needs of other stakeholders. Provided actionable recommendations to enhance corporate governance. Examples include: reviewing joint action practices, establishing safeguards against dominant shareholder interference, and increasing the proportion of independent directors.
Engagement Outcomes	All investee companies provided positive responses or took concrete actions.	All investee companies provided positive responses or took concrete actions.

Engagement Cases

Engagement Type	Environmental Protection
Asset Class	Equity
Reason(s) for Engagement	With the European Union's Carbon Border Adjustment Mechanism (CBAM) set to be officially implemented in 2026, the case company will bear the risk of carbon-intensive tariffs. The Company recommended the case company to adopt the low-carbon steel production processes—such as the incorporation of the direct reduced iron (DRI) in blast furnaces and injection of hydrogen-rich gas, to reduce its carbon emissions and enhance competitiveness among peers.
Content of Engagement	The case company responded due to Taiwan's heavy reliance on the import of primary energy and the lack of economies of scale on the liquid hydrogen transport, it is difficult to secure a stable, large-scale, and cost-effective supply of green hydrogen. As a long-term carbon reduction strategy, the case company plans to adopt the hydrogen metallurgy (DRI + EAF) technology and expects to implement it from 2030 to 2050.
Follow-up Action(s)	The case company aims to **reduce 25% of carbon emissions** by 2030 as compared to 2018, which is consistent with the Company's engagement expectation for the case company, through initiatives such as adding the direct reduced iron (DRI) to blast furnaces, injecting hydrogen to replace coal in blast furnaces, adopting the steel-chemical co-production, and increasing the use of scrap steel. For the follow-up actions, the Company will continue to monitor whether the case company can implement the hydrogen metallurgy (DRI + EAF) technology before the EU's Carbon Border Adjustment Mechanism (CBAM) takes effect in 2026 and pay close attention to the case company's sustainability report, hoping the case company will be able to improves its production processes and support the environmental sustainability.

Commitment to Shareholder Activism

Proposal Assessment

- The Company assesses the proposals presented by the investee company and exercise its voting rights as the shareholder. According to the internal guidelines on voting, the Company is required to analyze all proposals, case by case, to identify if they present significant negative ESG implications. Proposals suspected of violating the corporate governance issues or adversely impacting the environment or society are taken into consideration when making the voting decision. The proposals are also assessed for their potential impact on the interests of shareholders.

Communication and Engagement

- The Company maintains communication with the investee company from time to time on the various topics of sustainable development, either through the telephone interviews or direct dialogues.

Implementation Results of Exercising Shareholder Activism

- Each shareholder meeting proposal was assessed for sustainability issue(s) it involved. **Both attendance and voting rates achieved 100%.**
- A total of **53 proposals** involved **low-carbon transition plans received 100% support** from the Company.
- Actively engaged with carbon-intensive industries to promote process and technology improvements in low-carbon transition and continued to track the improvement progress to ensure the effective implementation of transition goals.

Leveraging the Influence of Green Finance

Nan Shan Life actively expands its investments in sustainable themes through concrete actions and strategies. Among the "12 Key Strategies" industries, the Company has invested in four: wind and solar power, power systems and energy storage, energy conservation, and the electrification and decarbonization of transportation. These investments span both equity and bond asset classes. As of 2024, Nan Shan Life held a total of NT$9.524 billion in sustainable development bonds—including green bonds and sustainability bonds—recognized by the Taipei Exchange (TPEx).The proportion of these investments qualifying under the Reference Guidelines for the Recognition of Sustainable Economic Activities issued by the Financial Supervisory Commission (FSC) stood at 2.017%. For portfolio companies in which Nan Shan Life holds a significant stake but which do not yet comply with the aforementioned guidelines, the Company conducts targeted advocacy.These efforts aim to encourage such companies to assess their major economic activities or projects against the criteria of the guidelines, gradually align their operations with the defined guidelines for sustainable economic activities, and disclose the extent to which they are "applicable to" or "compliant with" the guidelines, thereby contributing to the shared goals of sustainable development and a low-carbon transition. Furthermore, Nan Shan Life continues to strengthen its responsible investment practices through the ongoing development of ESG-related databases, enhancement of internal ESG talent training, and reinforced engagement and dialogue with investee companies. By systematically integrating ESG factors into its investment strategy, Nan Shan Life aims to maximize the positive impact of its investments.

2.3 Climate Scenario Analysis

Scenario analysis is a neutral simulation and estimation tool used to explore different climate scenarios, with the results applied to various management objectives. Nan Shan uses climate scenarios to understand the impacts of climate-related risks and opportunities. For physical risks, we considered the two scenarios of RCP 2.6 and RCP 8.5 simulated in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. As for transition risks, the two scenarios of NDCs and Net Zero 2050 in the Central Banks and Supervisors Network for Greening the Financial System (NGFS) were used to measure the impact on the investment position and built a forward-looking scenario analysis model to measure the financial impact and strategic resilience of climate change.

Scenario Details

Climate Scenario				Scenario Assumptions	Scope of Analysis	Temperature Rise	Technological Change	Carbon Dioxide Removal	Regional Policy Changes	Scenario Parameters	Expected Timeframe
Transition Risk	NGFS Scenarios	Nationally Determined Contributions	NDCs (Hot house world)	Includes nationally pledged policies aimed at limiting global warming through GHG reduction targets.	Bond and equity investments in carbon-intensive industries	2.6˚C	Moderate	Low to medium	Medium	Carbon pricing and emission parameters	2024 - 2050
		2050 Net Zero	Net Zero 2050 (Orderly)	Assumes aggressive GHG reduction goals, implemented through stringent climate policies and technological innovation.		1.4˚C	Rapid	Medium to high	Medium		2024 - 2050
Physical Risk	IPCC Representative Concentration Pathways (RCPs)	RCP 2.6		Greenhouse gas emissions are projected to continuously decline before 2100, keeping the global temperature increase below 2° C.	All operational sites and investment properties across Taiwan	< 2° C	n／a			Value at Risk (VaR), Failure Probability (FP)	2024 - 2100
		RCP 8.5		Greenhouse gas emissions are projected to continue rising through 2100, resulting in a temperature increase exceeding 4° C.		> 4° C					

Note: Carbon Dioxide Removal (CDR) refers to the process of removing CO_2 from the atmosphere. Since "removal" is the opposite of "emission," such methods or technologies are often described as achieving "negative emissions" (IPCC).

2.3.1 Transition Risk Analysis

In response to the impacts of climate change, governments worldwide are implementing policies combining carbon emission regulation and carbon pricing mechanisms. These measures may expose investee companies to financial risks associated with the global transition toward net zero, potentially affecting investment returns. Accordingly, climate risk factors must be incorporated into quantitative models to evaluate the resilience of investment strategies.

▪ Scenario Analysis

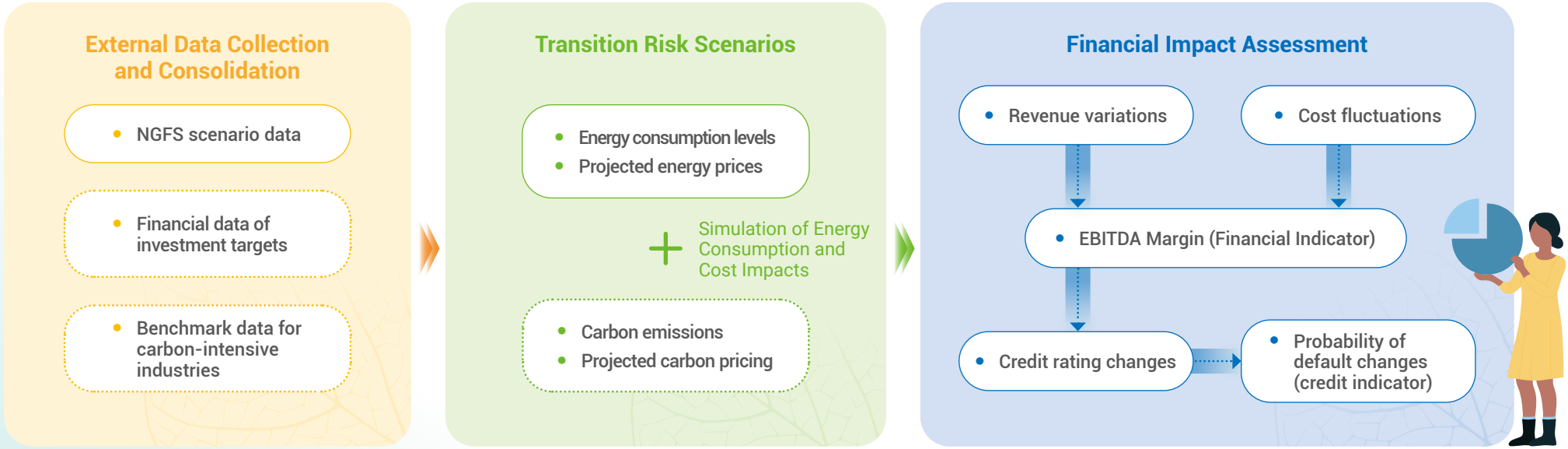
In alignment with the European Insurance and Occupational Pensions Authority (EIOPA) guidance on incorporating climate change risks into the Own Risk and Solvency Assessment (ORSA), companies are advised to conduct analysis using at least two long-term climate scenarios:

Scenario 1 Under the long-term climate change scenario, global temperature rise remains **below 2° C**.

Scenario 2 Under the long-term climate change scenario, global temperature rise **equals or exceeds 2° C**.

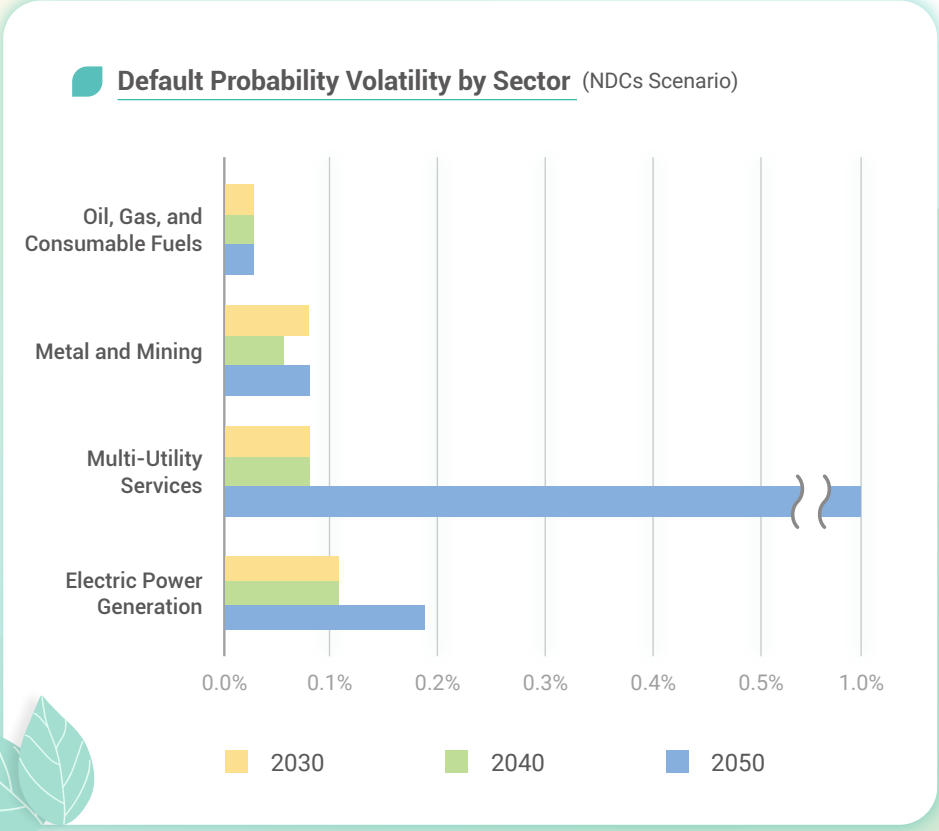
The following outlines Nan Shan's scenario analysis conducted using the NGFS Phase III GCAM 5.3 model under the NDCs and Net Zero 2050 scenarios. The analysis incorporates parameters such as carbon pricing and CO_2 emissions to apply stress to investment positions, building quantitative models to assess changes in investee ratings and financial impact. The scenario analysis results are then applied to credit risk and market risk calculations for stress testing purposes.

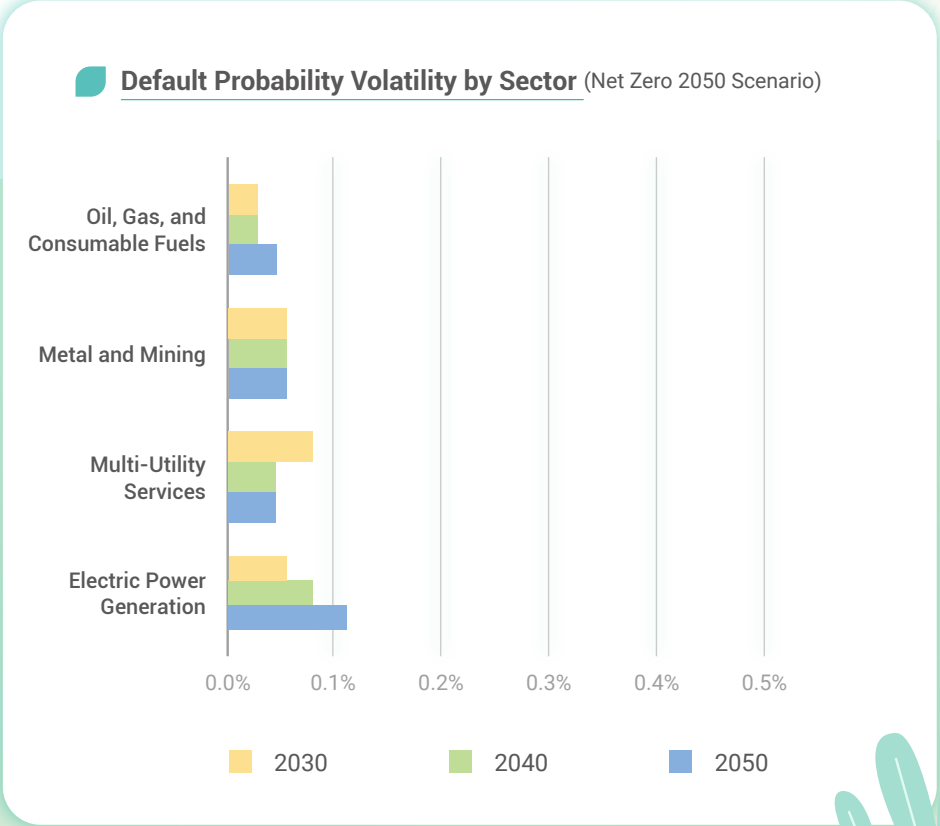
Transition Risk Analysis Process



Analysis Outcome

After identifying bond and equity investments in carbon-intensive industries, Nan Shan incorporated transition risk drivers and benchmarked the financial statements of selected leading companies to calculate the transmission pathways of climate-related risks. This enabled the Company to produce forward-looking analyses of investment sector impacts under transition risk scenarios for 2030, 2040, and 2050. Among the analyzed sectors, oil, gas and consumable fuels, metal and mining, multi-utility services, and electric power generation were of particular focus. The findings indicated that under the NDCs scenario, the multi-utility services sector exhibited higher default probability volatility and a greater level of transition risk by 2050. Under the Net Zero 2050 scenario, the electric power generation sector showed greater default probability fluctuations and elevated transition risk by 2050.





2.3.2 Physical Risk Analysis

Applying IPCC RCP 2.6 and RCP 8.5 as scenario parameters, Nan Shan adopts the XDI Climate Risk Model Database to analyze climate Value-at-Risk (VaR) and operational Failure Probability (FP) associated with physical risks faced by the Company's self-owned operational sites and investment properties from 2024 to 2100.

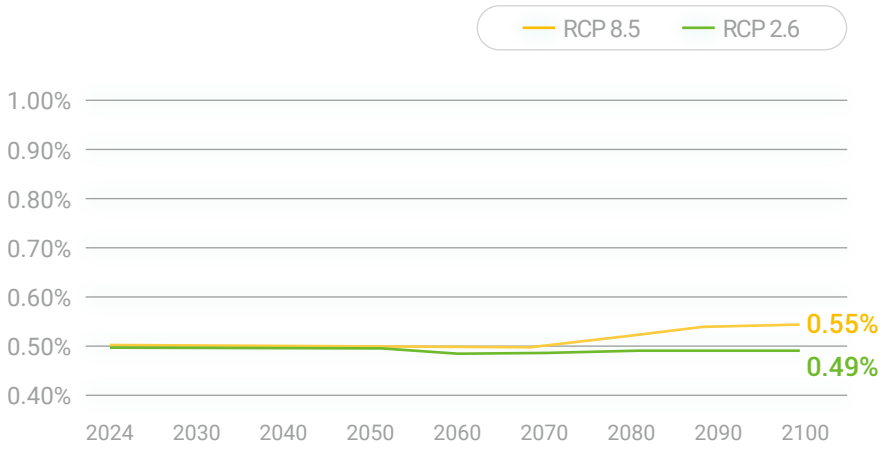
▪ Climate Value-at-Risk (VaR) of XDI

The impacts of physical risks are estimated through various quantified VaRs obtained from surface water flooding, soil subsidence, riverine flooding, coastal inundation, forest fire, and extreme wind. At the same time, the potential financial impact of the physical risks on the Company's buildings and business locations are also evaluated with these quantified VaRs. Nan Shan adopts the XDI Climate Risk Model Database to conduct physical risk assessment and analysis on its own business locations and investment properties. Based on the data at the end of 2024, the average VaR of climate risks in 2100 is 0.49% under the RCP2.6 scenario and 0.55% under the RCP8.5 scenario.

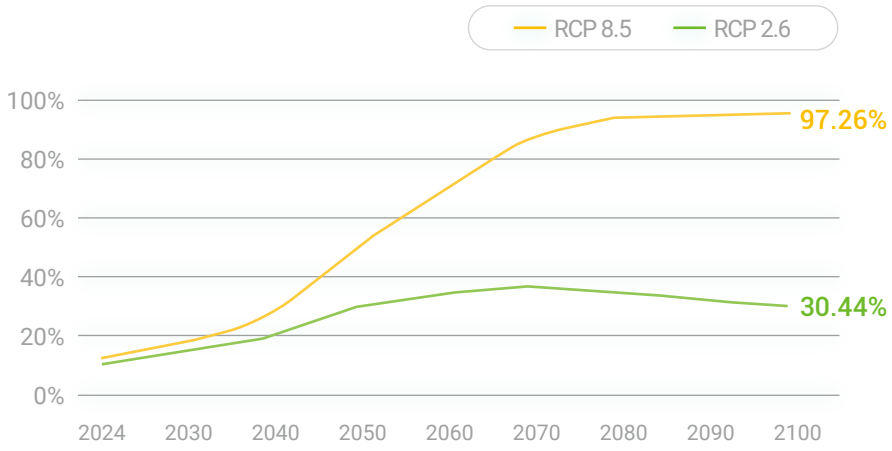
▪ Operational Failure Probability (FP)

Failure Probability of business operation refers to the likelihood of buildings experiencing interrupted operations due to climate disasters in specific areas during the year. For example, the building may be flooded, the air conditioning may stop working when the temperature exceeds 45°C and other climatic disaster factors which force the building to suspend operation. The analysis results reveal that "extreme high-temperature" is the greatest contributing factor to failure of business operation under both RCP2.6 and RCP8.5 scenarios. Based on the data at the end of 2024, the average Failure Probability of business operations in 2100 is 30.44% under the RCP2.6 scenario and 97.26% under the RCP8.5 scenario.

Climate Value-at-Risk (VaR)



Operational Failure Probability (FP)



Note 1: Source: Climate Value-at-Risk (VaR) and Operational Failure Probability (FP) data are provided by XDI Pty Ltd.
Note 2: Climate VaR: Represents the proportion of repair costs to total asset reconstruction costs for a property in a single year following damage caused by climate-related disasters.
Note 3: Operational FP: Indicates the likelihood that a building will experience operational downtime in a given year due to climate-related disasters. These figures represent probability concepts only and do not reflect the scale, frequency, or intensity of potential events.

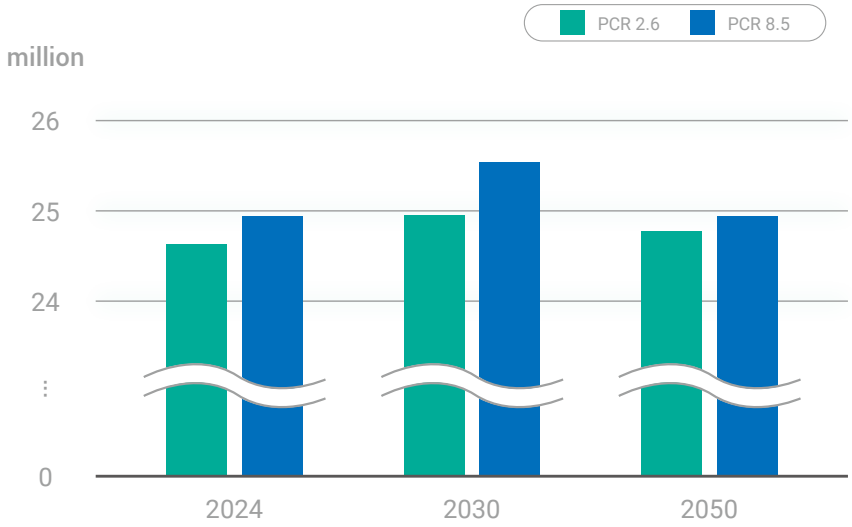
Self-Owned Operational Sites

To assess the impact of various climate disasters on its self-owned operational sites and the possible financial losses such as asset repair and equipment replacement, Nan Shan adopted the XDI Climate Risk Model Database to conduct physical risk assessment and analysis. Nan Shan assessed the potential loss of its self-owned operational sites in 2024, 2030 and 2050 under the IPCC's RCP 2.6 and RCP 8.5 scenarios, and classified climate sensitivity into five levels: low, medium-low, medium, medium-high and high. The climate risk level analysis revealed that under both the RCP 2.6 and RCP 8.5 scenarios, no self-owned operational sites were located in high-risk areas. However, one site in northern Taiwan fell within the medium-high risk area, primarily due to riverine flooding and soil movement caused by drought conditions. Results further indicated that the total potential loss value for self-owned operational sites in 2024, 2030, and 2050 was higher under the RCP 8.5 scenario than under RCP 2.6.

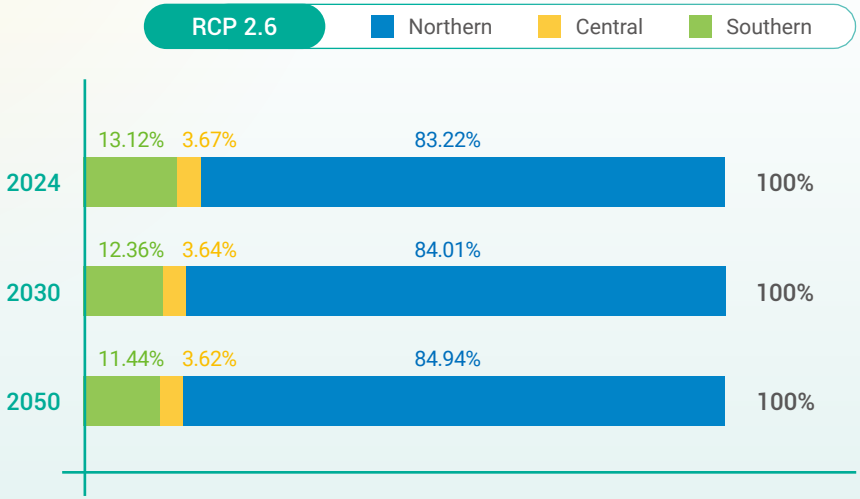
Under both the RCP 2.6 and RCP 8.5 scenarios, the amount of overall potential losses of Nan Shan's self-owned operational sites is projected to increase in 2030 compared to 2024, but decrease in 2050 compared to 2030. The northern region consistently accounts for the largest proportion of potential losses, primarily due to its greater number of operational sites and higher average replacement costs. In both scenarios, the northern region's share of total potential losses continues to rise over time, mainly as a result of the increasing risk of drought-induced soil movement in northern Taiwan. Nan Shan will continue to monitor the risks of drought-induced soil movement and riverine flooding affecting its self-owned operational sites in northern Taiwan.

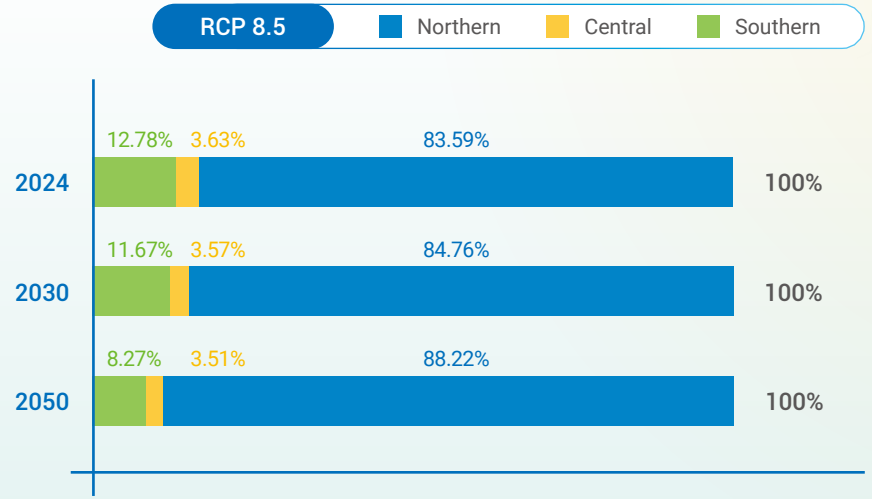
Note: Among these sites, only those located in Yilan are exposed to riverine flooding risks.

Total Potential Losses of Self-Owned Operational Sites



Proportion of Potential Losses by Region (Self-Owned Operational Sites)



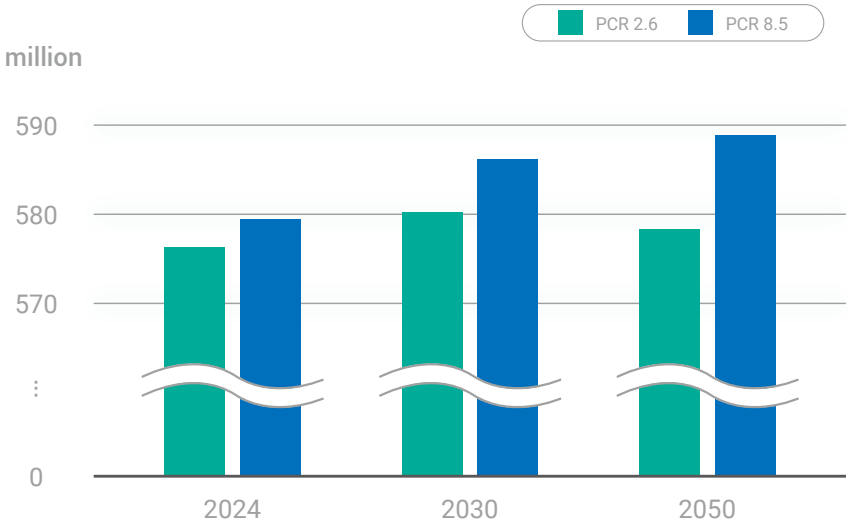


Investment Properties

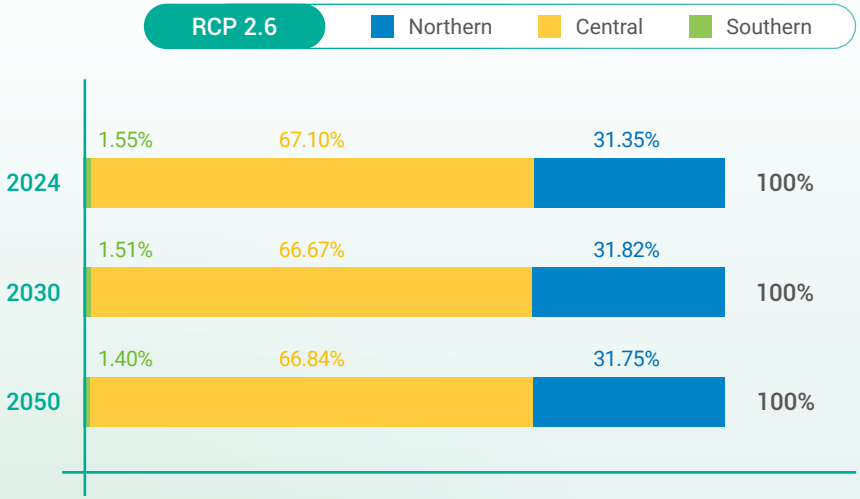
Nan Shan conducted physical risk assessment analysis for its investment properties through the XDI Climate Risk Model Database. The Company assessed the potential losses in its investment properties in 2024, 2030 and 2050 under the IPCC's RCP 2.6 and RCP 8.5 scenarios, and classified climate sensitivity into 5 levels: low, medium-low, medium, medium-high and high. A total of three investment properties were identified in high climate risk areas, respectively located in the northern, central, and southern regions, primarily due to surface flooding risk factor. No investment properties were found in medium-high risk areas. Overall, the total potential loss for investment properties under the RCP 8.5 scenario is higher than under RCP 2.6, with 2050 under RCP 8.5 representing the most severe condition.

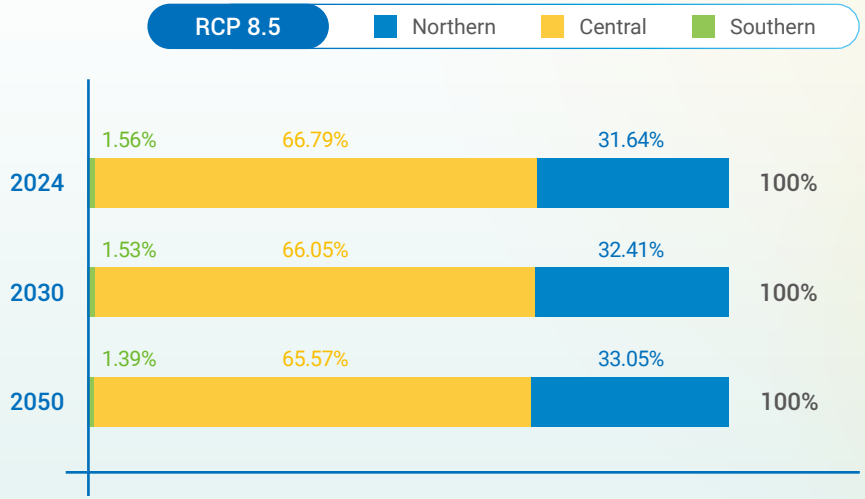
The analysis indicates that, under the RCP 8.5 scenario, the total potential loss of investment properties shows a steadily increasing trend over time. Under the RCP 2.6 scenario, the total potential losses increase in 2030 compared to 2024, but decrease in 2050 compared to 2030. In both scenarios, the central region accounts for the highest proportion of potential losses, primarily due to its higher climate VaR and average replacement costs in high-risk areas. Among all risk factors, surface flooding presents the greatest threat to investment properties. Nan Shan will continue to monitor investment properties located in high climate-risk areas to reduce potential financial risks and operational disruption risks arising from physical climate risks.

Total Potential Losses of Investment Properties



Proportion of Potential Losses by Region (Investment Properties)

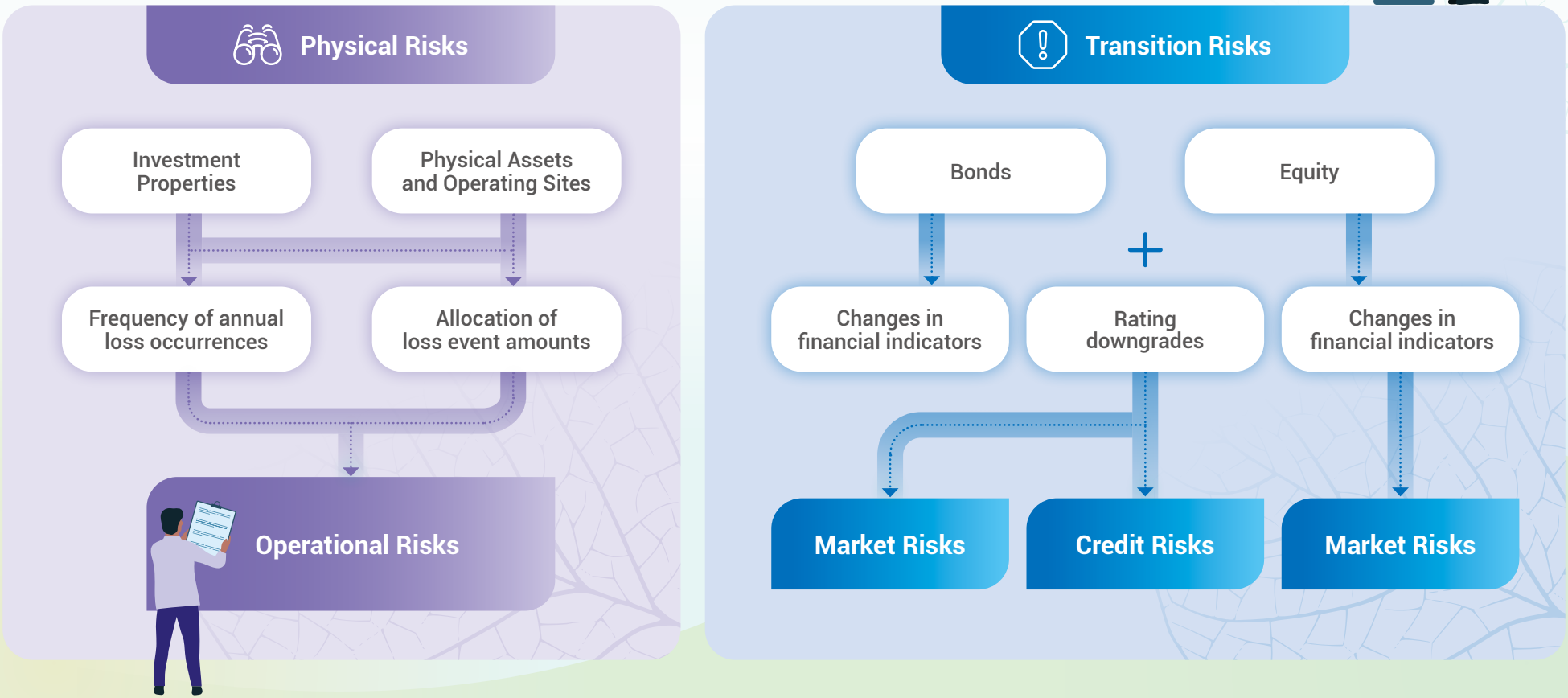




2.4 Climate Resilience: Stress Tests for Climate-Related Risks

Building upon the preceding scenario analysis, Nan Shan conducted a comprehensive climate resilience assessment to further understand and validate the Company's ability to withstand climate-related shocks. Existing portfolios were reviewed and categorized under credit, market, and operational risks, followed by a stress test to evaluate how different climate scenarios would affect expected credit losses, market risk limits, and expected operational losses. For credit risk, the analysis estimated changes in credit ratings and probability of default (PD) for bond issuers in carbon-intensive industries to calculate the expected credit losses under the NDCs and Net Zero 2050 scenarios. For market risk, Nan Shan assessed the impact of climate-related factors on the valuation of bond and equity holdings, taking into account credit rating shifts and financial performance data of issuers under the same two transition scenarios. For operational risk, the Company evaluated potential loss events triggered by extreme climate patterns or weather events, applying the RCP 2.6 and RCP 8.5 stress scenarios to estimate possible operational losses.

Schematic Image of Stress Tests for Climate-Related Risks



Stress Test Applications for Climate Risk Models

Credit Risks

The purpose of this test was to assess the extent to which expected credit losses (ECL) may increase under transition risk stress scenarios defined by the NGFS, as a result of issuer credit rating changes. The analysis compared the ECL values under stress conditions with those under baseline (non-stress) conditions to evaluate the incremental financial impact.

Scenario Assumptions and Models → Financial Impact Analysis → Default Rate Assumptions

Default rate changes

Market Risks

Within Nan Shan's existing market risk management framework, risk exposures are managed through defined market risk limits. The purpose of the market risk stress test was to assess how much potential market losses would increase under specific climate stress scenarios.

Scenario Assumptions and Models → Financial Impact Analysis → Default Rate Assumptions

ΔPD applied to bond rating adjustments; financial impact analysis applied to estimate **stressed equity prices**

Operational Risks

The operational risk stress test aimed to evaluate the magnitude of potential operational losses under specific climate stress scenarios (RCP 8.5 and RCP 2.6).

Loss Model

Expected Losses and OP VaR

Summary of Climate Stress Testing

Through stress testing, Nan Shan assessed the magnitude of impacts from physical and transition risk scenarios on expected credit losses under credit risk, expected impairments under market risk, and expected losses under operational risk. The Company further evaluated appropriate risk mitigation measures to alleviate the level of impact, such as adjusting the screening criteria for new investments or moderately rebalancing existing portfolios. The financial impacts resulting from the climate-related scenario stress tests are summarized as follows.

Based on the climate risk stress testing conducted on Nan Shan Life and its subsidiaries as of the end of 2024, the results showed that under the NDCs scenario, the expected credit loss impact from transition risk by 2050 reached a high level, while under the Net Zero 2050 scenario, the 2050 expected credit loss impact was at a moderate level. This was mainly due to the greater downgrade volatility projected for the multi-utility sector by 2050. All other impacts were at low or below levels, while the impacts under physical risk scenarios were assessed as very low.

Climate Stress Test Impact Summary

Asset Class	Climate Risk Category	Corresponding Existing Risk	Scenario	Financial Indicator	Timepoint	Impact Level Note			
						Very Low	Low	Moderate	High
Physical Risks	Physical assets and real estate holdings	Operational Risks	RCP 2.6	Proportion of the expected losses to the total value of physical assets	2025	●			
			RCP 8.5		2025	●			
Transition Risks	Bond investments in carbon-intensive industries	Credit Risks	NDCs	Increase percentage in the expected credit losses	2030		●		
					2040		●		
					2050				●
			Net Zero 2050	Increase percentage in the expected credit losses	2030		●		
					2040		●		
					2050			●	
		Market Risks	NDCs	Proportion of the financial expected losses to the total bond investments	2025	●			
			Net Zero 2050		2025	●			
	Stock investments in carbon-intensive industries	Market Risks	NDCs	Proportion of the financial expected losses to the total stock investments	2025	●			
			Net Zero 2050		2025		●		

Note 1: Impact levels below 1% are classified as very low; 1%–5% as low; 5%–10% as moderate; and above 10% as high.
Note 2: Compared with the 2024 stress test results, under the NDCs scenario, the expected credit loss impact by 2050 increased from low to high; under the Net Zero 2050 scenario, the expected equity impairment impact under market risk in 2025 increased from very low to low, while other impacts remained unchanged.

Climate Resilience Verification Results

Verification Object	Verification Item	Verification Method	Benchmark for Verification Results	Verification Result
Future Expected Financial Impact	Credit Risk – Increase percentage in the expected credit losses	Transition Scenario Analysis and Stress Testing	To assess the controllability or acceptability of expected future operational or financial impacts based on consideration factors such as operations, financial status and climate risk management	The risk of future financial impact is manageable
	Market Risk – Proportion of the financial expected losses to the total investment	Transition Scenario Analysis and Stress Testing		
	Operational Risk – Proportion of the expected losses to the total value of physical assets	Physical Scenario Analysis and Stress Testing		

2.5 Nature and Biodiversity-Related Analysis

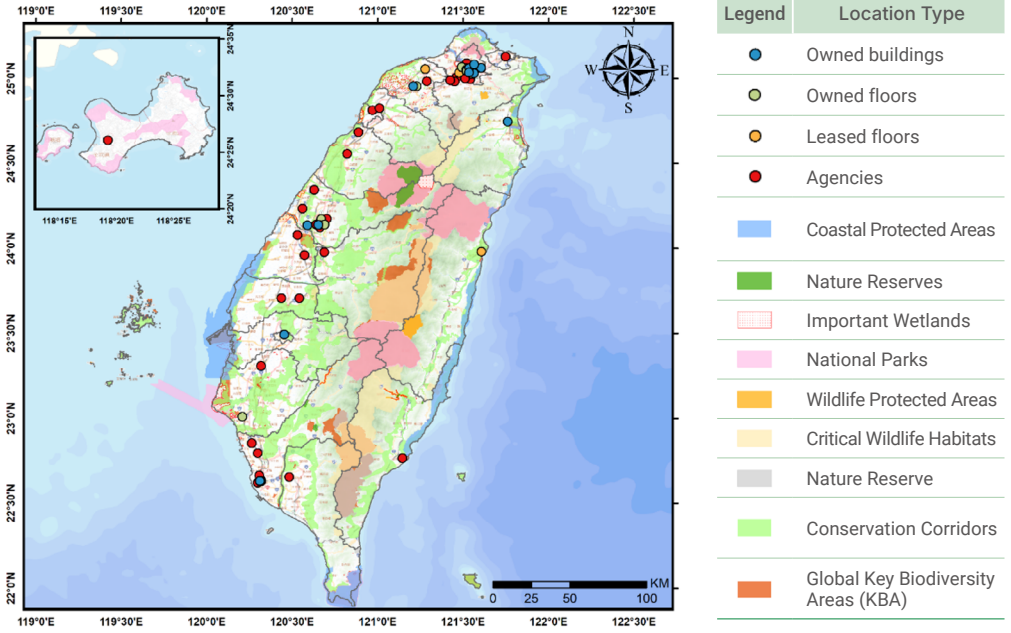
At the 2020 UN Biodiversity Conference, the Kunming-Montreal Global Biodiversity Framework was adopted, emphasizing the critical role of capital markets in biodiversity conservation and sustainable development. To understand the impact of its value chain on nature and biodiversity, Nan Shan Life adopted the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) and conducted biodiversity impact assessments across 82 global operational sites. These were further analyzed as Taiwan-based and global sites. This analysis defined a buffer zone around each operational site to represent its potential impact area, which was then overlaid with local protected area mapping to further identify and summarize the potential impacts of site operations on biodiversity.

Biodiversity Impact Analysis

Nan Shan Life reviewed the distribution of its global operational sites and conducted an impact assessment based on relevant ecological conservation regulations in Taiwan, protected area boundaries designated by non-governmental organizations, and global protected area data compiled by the International Union for Conservation of Nature (IUCN). The analysis considered the purpose and conservation targets of each protected area.

The results of the biodiversity impact assessment revealed that **15 operational sites** intersect with areas regulated by law or included in the IUCN's global protected area database. In addition, **23 sites** intersect with conservation corridors not covered by formal regulations. The operational sites in Shanghai and Vietnam were not located within any protected area boundaries. Please refer to the map on the right for the overlay analysis of domestic site distribution and protected areas:

Nan Shan Life Insurance – Taiwan Locations



To further evaluate the impact of global operations on endangered species, Nan Shan Life referred to the IUCN Red List of Threatened Species (also known as the Red List), first published in 1964, to assess the global conservation status of affected species. According to the analysis, **3 operational sites**—each with more than 100 threatened species indicators—are located in Taiwan. When evaluating the proportion of critically endangered species among those affected at each location, the top three biodiversity hotspots were found in Vietnam, Chiayi, and Kaohsiung.

Cultural and Natural Conservation Area Analysis

Cultural and natural conservation areas embody both ecological and cultural value, playing a crucial role in biodiversity preservation, cultural heritage protection, and the harmonious coexistence of humanity and nature. Ecologically, such areas provide essential habitats that sustain ecosystem stability and mitigate climate change. Culturally, they preserve historical traditions and serve as powerful tools for education and inspiration. Nan Shan Life conducted an assessment of its global operations in relation to Key Biodiversity Areas (KBAs), Ramsar Wetlands, UNESCO World Cultural Heritage Sites, and the Man and the Biosphere Programme to evaluate the distribution of its business activities. The analysis found that **7 sites** in Taiwan fall within KBAs, while one overseas location lies within a designated World Cultural Heritage Site.

Nature Dependency and Impact Analysis

Nan Shan Life employed a self-assessment questionnaire to evaluate the degree of dependency and impact its operating locations have on natural capital. This approach identified the level of exposure and risk associated with each ecosystem, where exposure refers to the degree of vulnerability to a given issue, and risk indicates the potential impact on the Company. These assessments enable the Company to identify nature-related risks more effectively and inform the development of environmental sustainability strategies.

Nan Shan Life continues to monitor and assess the ecological impact of its operational sites using a structured information analysis process, and progressively expands the scope of investigation and disclosure. By collecting environmental spatial data, implementing active monitoring systems, and analyzing data trends, the Company aims to anticipate environmental changes and formulate effective adaptation and mitigation measures. Through long-term strategic planning and the implementation of sustainability initiatives, Nan Shan Life seeks to ensure the balanced development of business operations and the natural environment. This reflects its commitment to the **LEAP framework (Locate, Evaluate, Assess, Prepare)**, strengthening its capacity to manage natural capital and integrating ecological conservation into its long-term business strategy.

3 Risk Management

Nan Shan has established a Risk Management Policy, approved by the Board of Directors, to define the Company's risk management structure and mechanisms. In addition to managing traditional financial risks such as market risk, credit risk, operational risk, and insurance risk, Nan Shan also incorporates climate-related risks into its comprehensive risk management framework. The Company identifies and assesses such risks based on their characteristics, impact, and the nature, scale, and complexity of its operations, and formulates appropriate management mechanisms to respond to the increasing challenges posed by climate change. Nan Shan upholds the principle that while pursuing business performance and growth, robust risk control must also be implemented. When business units engage in matters related to ESG issues, they must assess relevant risks and ensure that no practices could result in potential greenwashing.

3.1 Climate-Related Risk Management Structure

Following the recommendations of TCFD and "Guidelines for Financial Disclosure of Climate-Related Risks of Insurance Enterprise" in Taiwan, Nan Shan has established management mechanisms for climate-related risks and opportunities. The Company conducts regular identification and assessment of climate-related risks and opportunities, evaluates their potential impact on business and financial performance, and formulates corresponding response measures. Climate-related risks are integrated into Nan Shan's existing enterprise risk management framework and governed through the three lines of defense, ensuring that these risks are properly monitored and managed.

First Line of Defense

Business Units

Business units are responsible for identifying and assessing climate-related risks within their operational scope, implementing preliminary controls, and executing relevant mitigation measures.

Second Line of Defense

Compliance, Risk Management, and Information Security Units

The second line operates independently from the first. It establishes climate-related risk management regulations and supervises the implementation and compliance of such measures by the first line. The Risk Management Department conducts climate scenario analysis and stress testing, and periodically reports the Company's overall climate risk management performance to the Risk Management Committee and the Board of Directors.

Third Line of Defense

Internal Audit Unit

As the third line of defense, the Internal Audit Unit reviews the Company's implementation of climate-related risk management in accordance with applicable laws and regulations.

STEP 1

Risk Assessment and Identification

Nan Shan collects and analyzes domestic and international research and benchmarking reports to identify potential climate-related risk issues the Company may face in the future. Taking into account the characteristics of its business, Nan Shan evaluates the likelihood, magnitude of impact, and possible timeframes (short, medium, and long term) of each identified risk, and then prioritizes them based on materiality.

STEP 2

Scenario Analysis

For physical risks, simulations were conducted using IPCC's RCP 2.6 and RCP 8.5 scenarios. For transition risk, Nan Shan used the NGFS Phase III GCAM 5.3 model under the NDCs and Net Zero 2050 scenarios to assess potential impacts on its investment position. A forward-looking scenario analysis model was constructed to quantify the financial impacts of climate-related risks and evaluate strategic resilience.

STEP 3

Stress Tests

Quantitative models were developed using NGFS scenario parameters to derive changes in investee credit ratings and assess financial impact. The results were incorporated into the calculation of credit and market risk to conduct stress tests. Additionally, operational risk loss estimates under stress scenarios were evaluated using the climate scenario assumptions of RCP 2.6 and RCP 8.5.

STEP 4

Adaptation and Response Plans

The TCFD Team, in collaboration with relevant business units, developed mitigation or adaptation plans in response to identified climate risks. These plans were reported to the President, Risk Management Committee, and the Board of Directors.

3.1.1 Management Policies for Climate-Related Risks

Nan Shan Life's "Climate-Related Risk Management Policy", as approved by the Board, has defined the responsibilities of the Board and senior management, established the supervision and management mechanisms for climate-related risks and opportunities, and stipulated the climate-related risk appetite statement. To supplement the "Climate-Related Risk Management Policy", the Company has also defined the climate-related responsibilities and relevant reporting processes for the responsible units under the governance structure. In the meantime, Nan Shan Life has also revised its investment and real estate-related risk management processes to incorporate climate risks considerations to improve the overall climate-related risk management.

For the physical risk analysis of self-owned and self-used operational sites, Nan Shan Life has mainly established a business continuity plan. For investment type real estates, the Company has established operational procedures for domestic real estate investments and takes appropriate actions or adjustments when the site is assessed to be geologically sensitive or near coastal areas.

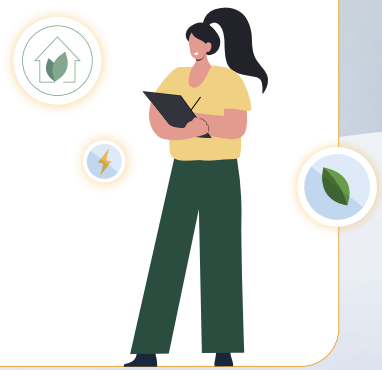
3.1.2 Investment Management Mechanisms for Climate-Related Risks

In 2023, Nan Shan Life incorporated climate-related risk management mechanisms into its "Investment Policy Guidelines" to support net-zero emissions through concrete actions:

- When evaluating new investment targets, Nan Shan Life evaluates whether the targets fall under the carbon-intensive industry list. For such targets, a carbon reduction plan must be in place; otherwise, the investment will not proceed.
- Each year, existing holdings are reviewed to assess whether they fall under the carbon-intensive industry list (e.g., oil and gas, chemical engineering/chemical materials/construction materials, metal/steel, industrial machinery, air transportation, transportation manufacturing, electricity supply, etc.). If the investee companies lack a carbon reduction plan, no new investments will be made. If a domestic listed and OTC stock falls under the carbon-intensive industry list and has not proposed a carbon reduction plan, Nan Shan Life initiates engagement with the company and advocates for the implementation of emission reduction measures.
- Prior to attending shareholders' meetings, Nan Shan Life assesses whether any proposals involve material climate-related risks. If a proposal pertains to a lowcarbon transition plan, Nan Shan Life expresses support.

To further enhance the investment management mechanism for climate-related risks, Nan Shan Life formulated a plan in 2024 to strengthen its screening and control mechanisms. The "Investment Policy Guidelines" were revised in the first quarter of 2025 to reinforce the management of investments with higher climate transition risks:

- When evaluating new investment targets, if a target is assessed to have significant climate transition risks, Nan Shan Life verifies whether it has committed to net zero or carbon neutrality. If such a commitment is absent, the investment will not proceed. This requirement does not apply to targets acquired through passive allocation.
- Annually, Nan Shan Life reviews existing investment holdings with significant climate transition risks to evaluate whether they have committed to net zero or carbon neutrality. Targets lacking such commitments are added to a high climate transition risk list and becomes subject to advocacy efforts. In addition, Nan Shan Life periodically evaluates changes in climate-related risks associated with its investment targets.



In order to implement the financial transition, actively achieve the SBTi reduction targets, and mitigate the impacts of climate change, Nan Shan's Board of Directors approved the "Responsible Investment Policy" in 2025, which specifies the Company's timeline for reducing investments in coal and unconventional oil and gas. The Company shall no longer initiate new direct investments in industries such as oil and gas drilling, coal and consumable fuels, and gas utilities.

2030

Starting from 2030, the Company shall no longer initiate new investments in the following:

Coal-related companies that generate more than 10% of their revenues from coal mining, coal-fired power generation, coal transportation, and other related infrastructure activities, and have not actively executed their transition plans.

Unconventional oil and gas-related companies that generate more than 10% of their revenues from the oil sands, shale oil and gas, Arctic oil and gas drilling, and activities derived from non-traditional extraction methods, and have not actively executed their transition plans.

2040

Starting from 2040, the Company shall no longer initiate new investments in any of the above mentioned coal and unconventional oil and gas-related companies that have not actively executed their transition plans.

The Company shall conduct an annual review of its investment holdings to assess whether they fall within the scope of the above mentioned reduction guidelines. In the event of a breach caused by involuntary circumstances, the Company shall propose appropriate disposal plans, **obtain approval from the Investment Committee, and subsequently report to the Board of Directors for acknowledgement**.

2024 Results of Climate-Related Risk Management

1. All new investment targets in 2024 that fell under the carbon-intensive industry list were confirmed to have proposed carbon reduction plans. Compared to 2023, the number of existing investment targets classified as carbon-intensive industries decreased, and all such targets have submitted carbon reduction plans. Nan Shan continues to align with the SBTi carbon reduction pathway and undertakes advocacy actions in a timely manner to support the goal of net-zero emissions.
2. In 2024, no shareholders' meeting proposals involved material adverse climate-related risks. A total of 53 proposals related to low-carbon transition plans were evaluated and supported, covering topics such as carbon reduction strategies and measures, energy transition investments, participation in advocacy and international standards, and the setting of emission reduction targets. Nan Shan Life expressed 100% support for all proposals involving low-carbon transition plans.

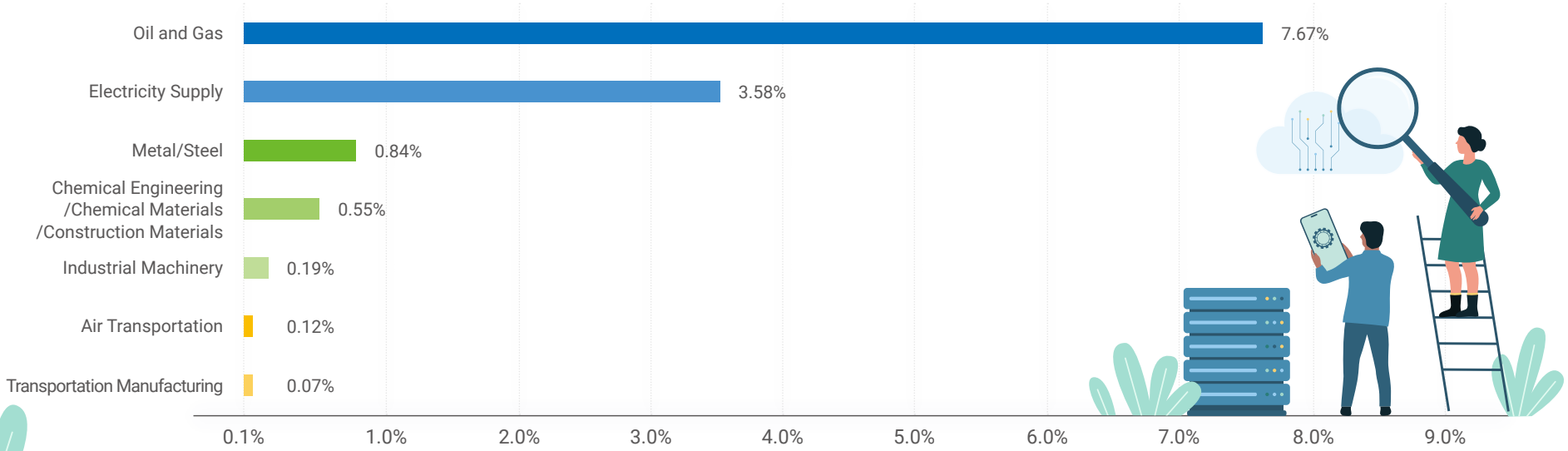
3.2 Climate Risk Monitoring

3.2.1 Management of Climate-Related Risk Mitigation

Climate risk mitigation management focuses on reducing greenhouse gas emissions through active human intervention to minimize the impacts of climate-related risks. Starting from its self-operation, Nan Shan Life is committed to low-carbon operations and continues to increase its use of renewable energy by expanding the installed capacity of solar photovoltaic power systems. Nan Shan General also supports the parent company's initiatives and government policies promoting renewable energy by actively underwriting projects related to electronic energy storage systems, solar power plants, and offshore wind farms.

From the investment perspective, under the global trend toward net-zero emissions, the carbon-intensive industries face the greatest impact from transition related policies and regulations and more severe challenges in the capital utilization and market competition. To mitigate potential adverse impacts on investment values from transition risks, such as the poor environmental performance causing declines in corporate revenue, cash flow, or asset value, Nan Shan Life has established the Carbon-Intensive Industries List to monitor and conduct the periodic assessment on the impact of investments in carbon-intensive industries to the Company's overall capital utilization. As of 2024, the four main carbon-intensive industries identified in Nan Shan's investment portfolio are oil and gas, electricity supply, metal/steel, and chemical engineering/chemical materials/construction materials.

Proportion of Investment in Carbon-Intensive Industries in 2024



3.2.2 Management of Climate-Related Risk Adaptation

Climate-related risk adaptation refers to the implementation of appropriate adjustment measures and strategies in response to existing or anticipated climate impacts, in order to reduce potential harm and strengthen the ability to cope with climate change risks. Nan Shan has undertaken the following specific actions for climate-related risk adaptation:

Real Estate Physical Risk Management

For its real estate holdings, Nan Shan Life has established relevant operational procedures to implement necessary response measures or adjustments for properties assessed as being exposed to high climate risks. In addition, for long-term risks such as those associated with rising sea levels, Nan Shan General continues to review its product loss ratios and reinsurance status, making adjustments when necessary to enhance risk management effectiveness.

Facing increasingly severe climate-related disasters and risks, Nan Shan has implemented various physical risk prevention measures to strengthen the climate resilience of its operating sites. To mitigate potential asset losses caused by typhoons or torrential rain, Nan Shan has developed pre-disaster preparedness plans, including installing flood barriers, clearing drainage holes, and deploying sandbags, while assigning personnel for regular inspections and monitoring to prevent and address potential damages in a timely manner. To reduce financial impacts on self-owned properties from typhoons and floods, Nan Shan also maintains relevant insurance coverage to mitigate potential risks.

Furthermore, Nan Shan continuously monitors the effects of extreme weather on its existing buildings, inspecting and adjusting waterproofing and seismic protection systems as needed to reduce the impact and losses caused by such events. To further assess potential losses of self-owned operating sites and investment properties exposed to physical risks, Nan Shan has adopted external databases and climate disaster models to analyze and determine the likelihood of climate risk events affecting its real estate assets.

Other adaptation actions include:

- At the early stages of new construction projects, architects assess and incorporate risk factors such as soil liquefaction and seismic intensity, as well as applicable regulations, into design planning.
- New buildings are designed based on the 200-year flood line standard.
- Physical risk factors, such as rainfall, continue to be incorporated into the evaluation of newly acquired and constructed properties.
- If business operations at a site are temporarily disrupted due to climate impacts, a remote backup office mechanism will be activated to ensure operational continuity. In the event of long-term disruptions, relocation and staff resettlement plans will be considered.
- In coordination with Nan Shan's Business Continuity Management (BCM) mechanism, relevant contingency measures are developed and regularly tested.
- In the event of damage to major building facilities, designated personnel report immediately so that the Company can swiftly allocate equipment and materials for repairs.
- A data center disaster recovery mechanism has been established to enable prompt activation of IT system backups during major disasters.

Underwriting Services

To prevent underwriting targets from being adversely affected by climate risks leading to increased claim costs, Nan Shan General provides loss prevention services for large corporate clients to enhance their ability to respond to various risks. The services include on-site risk inspection and identification, safety training, and electrical equipment testing using infrared thermal imaging devices. Risk engineers offer customized improvement recommendations to help insured clients conduct predictive maintenance, thereby preventing potential incidents and supporting business continuity.

3.2.3 Business Continuity Plans

As a leading financial insurance institution in Taiwan, Nan Shan always shoulders the responsibility of maintaining domestic financial stability. To address potential situations that may impair solvency, such as abnormal policy cancellations, massive capital outflows, or severe liquidity shortages, Nan Shan Life has established the “Regulations Governing Contingency Measures for Handling Operational Crises” to ensure business sustainability. The Company has also adopted the international management standard ISO 22301 Business Continuity Management System (BCMS) and formulated the "Business Continuity Management Policy" to develop continuity strategies, solutions, and plans. These ensure the protection of personnel safety, the maintenance of operational capacity and information system availability, and the prevention of deliberate or accidental internal and external threats that may jeopardize customer interests and critical business functions, thereby reducing the likelihood and impact of operational disruptions. The Company conducts annual drills, including fire evacuation, offsite backup operations, and IT disaster recovery exercises, to ensure that core functions can be restored to the minimum acceptable service level within the recovery time objective (RTO) during a disruption. Through the implementation of the Plan-Do-Check-Act (PDCA) cycle, the Company continuously improves its business continuity framework, thereby enhancing operational resilience. Nan Shan Life obtained certification from the British Standards Institution (BSI) in 2022 for compliance with the international standard ISO 22301:2019 Business Continuity Management System (BCMS) and successfully completed recertification in 2024, ensuring the continuity of customer services.

4 Metrics and Targets

Facing increasingly severe climate-related risks, Nan Shan demonstrates leadership within its core business by encouraging all employees to integrate climate-related risk considerations into daily operations and jointly respond to the challenges posed by climate-related risks. Nan Shan has incorporated climate management indicators into operational management, covering climate-related risk mitigation and adaptation measures. These include energy management, greenhouse gas emissions control, renewable energy utilization, water and waste management, and green procurement. These measures respond to climate-related risks and opportunities, such as potential losses to company assets from climate-related disasters, pressures from policy-driven low-carbon economic transitions, operational or business losses resulting from climate risks, and changes in customer preferences. Through these efforts, Nan Shan reaffirms its proactive management and commitment to the low-carbon transition.

4.1 Management of Financed Emissions from Investment Portfolio

To contribute to global efforts in addressing climate change and to demonstrate its commitment to sustainable development as an investor, Nan Shan has aligned with the spirit of the Partnership for Carbon Accounting Financials (PCAF). The Company calculates financed emissions based on the PCAF methodology, leveraging it as a tool for managing and assessing climate-related risks in its investment portfolio. Nan Shan currently applies GHG inventory data and data quality scores provided by the ESG IR Platform of the Taiwan Depository & Clearing Corporation (TDCC) in its financed emissions calculations.

In 2024, Nan Shan's financed emissions from its investment portfolio, excluding land use, land-use change and forestry (LULUCF) for sovereign bonds, totaled 13,129.61 $ktCO_{2e}$, with the coverage rate of inventoried assets representing approximately 75.25% of total invested and financed assets. Notably, the total financed emissions from equities and sovereign bonds (excluding LULUCF) have decreased compared to the previous year.

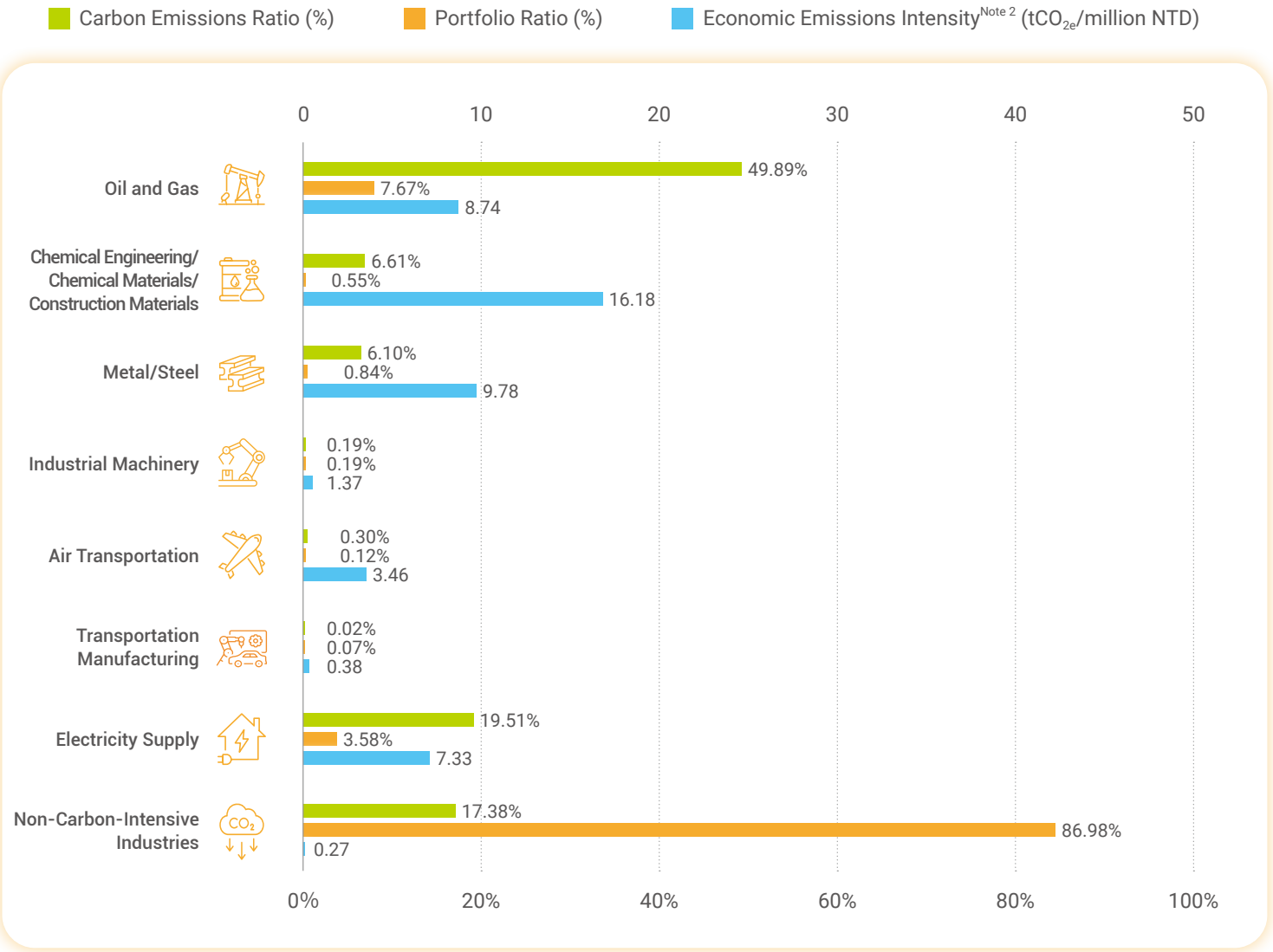
Within the investment portfolio, the emission share from the oil & gas and electricity supply sectors increased compared to 2023, while the share from the metals/steel sector decreased. The data quality of equities has improved compared to 2023, whereas data quality of bonds has slightly declined.

2024 Scope 3 – Nan Shan's Financed Emissions from Investment Portfolios

Scope 3 – Investment Asset Class	Carbon Emissions ($ktCO_{2e}$) Note 1			Economic Emissions Intensity Note 5			Data Quality Note 6		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Equities	589.60	664.69	483.18	2.16	2.19	1.46	1.45	1.24	1.12
Bonds	3,106.84	3,245.90	3,327.27	1.30	1.35	1.33	1.63	1.53	1.73
Sovereign Bonds excluding LULUCF Note 2	-	10,478.32	9,310.27	-	9.14	8.46	-	2.00	2.00
Sovereign Bonds including LULUCF Note 3	-	-	9,536.89	-	-	8.66	-	-	3.73
Commercial Real Estate Investments Note 4	90.69	6.27	6.33	0.08	0.06	0.06	4.00	4.00	4.00
Mortgage Loans	-	-	2.55	-	-	0.27	-	-	4.00
Subtotal 1 (Equities + Bonds + Commercial Real Estate Investments)	3,787.13	3,916.86	3,816.78	-	-	-	-	-	-
Subtotal 2 (Equities + Bonds + Commercial Real Estate Investments + Sovereign Bonds excluding LULUCF)	-	14,395.19	13,127.05	-	-	-	-	-	-
Subtotal 3 (Equities + Bonds + Commercial Real Estate Investments + Sovereign Bonds including LULUCF)	-	-	13,353.67	-	-	-	-	-	-
Subtotal 4 (Equities + Bonds + Commercial Real Estate Investments + Sovereign Bonds excluding LULUCF + Mortgage Loans)	-	-	13,129.61	-	-	-	-	-	-
Subtotal 5 (Equities + Bonds + Commercial Real Estate Investments + Sovereign Bonds including LULUCF + Mortgage Loans)	-	-	13,356.22	-	-	-	-	-	-

Note 1: The scope of the investment portfolio reviewed by Nan Shan Life and its subsidiaries for Scope 3 includes equities, bonds (including corporate and financial bonds), sovereign bonds (excluding LULUCF), and commercial real estate investments. In 2024, mortgage loans and sovereign bonds including LULUCF were added to the assessment.
Note 2: The data sources for sovereign bond calculations include national carbon emissions and GDP based on purchasing power parity from the European Commission, International Monetary Fund (IMF), Taiwan's Climate Change Administration under the Ministry of Environment (MOENV), and the Global Carbon Project. Due to data update lags, carbon emission figures for sovereign bonds are based on 2022 data.
Note 3: For international sovereign bonds, emissions data related to LULUCF is unavailable for 19 countries and is therefore treated as null.
Note 4: As outlined in the second edition of the PCAF methodology released in 2023, only commercial real estate investments without operational control are included in the scope.
Note 5: Economic emissions intensity: For investment portfolios, expressed in tCO_{2e} per NT$ million invested; for commercial real estate investments, expressed in tCO_{2e} per square meter of floor area; for mortgage loans, expressed in tCO_{2e} per NT$ million outstanding balance.
Note 6: Data quality is rated on a scale from 1 (highest quality) to 5 (lowest quality).
Note 7: Some assets are excluded due to unavailable underlying asset data or the absence of an applicable PCAF methodology.

Industry Distribution of Carbon Emissions in Investment Portfolios [Note 1]



Note 1: Industry sector distribution covers equities and bonds (including corporate and financial bonds).
Note 2: Economic Emissions Intensity = tCO_{2e} / NT$ million invested.

2024 Country Distribution of Carbon Emissions in Investment Portfolios [Note 1]

Americas

Excluding LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity [Note 2]
47.78%	3.03

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
48.04%	3.10

Europe

Excluding LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
6.87%	1.31

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
5.48%	1.07

Asia-Pacific

Excluding LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
26.21%	5.34

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
28.06%	5.82

Others

Excluding LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
1.02%	7.57

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
0.98%	7.41

Africa

Excluding LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
4.17%	18.22

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
4.21%	18.74

Taiwan

Excluding LULUCF

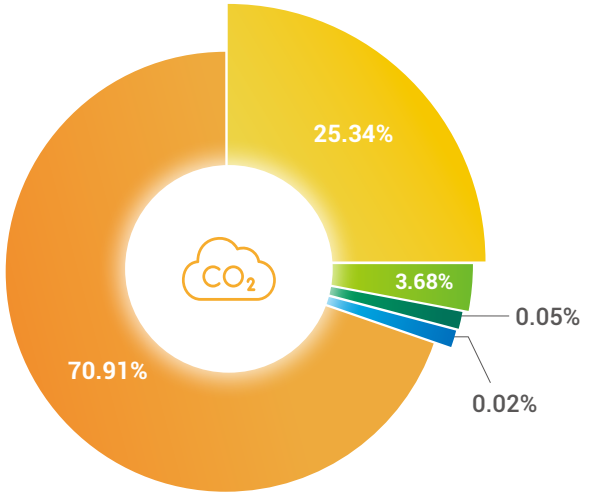
Carbon Emissions Ratio	Economic Emissions Intensity
13.96%	3.76

Including LULUCF

Carbon Emissions Ratio	Economic Emissions Intensity
13.23%	3.62

Note 1: Country distribution covers equities, bonds (including corporate and financial bonds), and sovereign bonds.
Note 2: Economic Emissions Intensity = tCO_{2e} / NT$ million invested.

2024 Distribution of Scope 3 Financed Emissions from Investment Portfolio



4.2 Climate Metrics and Targets

To monitor the effectiveness of climate-related risk management, Nan Shan actively promotes the implementation of ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory, and ISO 50001 Energy Management System across its owner-occupied buildings, thereby establishing a comprehensive environmental sustainability framework. Through comprehensive inventories, the Company effectively tracks its operational carbon emissions and energy efficiency. In addition to setting science-based targets (SBTs), Nan Shan has also established metrics and targets for green procurement and renewable energy usage, with annual tracking of progress toward these goals. Nan Shan's climate management metrics and targets are as follows:

Category	Low-Carbon Operations		Low-Carbon Economy
Indicator	**Green Procurement**	**Greenhouse Gas Emissions**	**Portfolio Coverage with SBT Targets**
Indicator description	Ratio of green procurement spending on office and business equipment to total procurement amount	Reduction in Scope 1 and 2 greenhouse gas emissions from company operating sites	Proportion of Scope 3 investment portfolios (including listed equities, bonds, ETFs, mutual funds, and REITs) with approved SBT targets [Note]
Unit	%	tCO_{2e}	%
Baseline year	2023	2022	2022
Baseline value	3 %	21,679 tCO_{2e}	25.3 %
Target	Achieve 5% by 2030	In line with committed SBT targets	
		42% reduction of Scope 1 and 2 emissions by 2030 compared to the base year	The proportion of Scope 3 investment portfolios with approved SBT targets must reach 50.2% by 2028
2024 Results	**3.26%**	**10.84% reduction**	**31.9%**
Actions or Plans	Continue promoting internal awareness of prioritizing green products and tracking progress annually, with rolling adjustments as needed	Please refer to ▸4.2.1 Metrics and Targets for Low-Carbon Operations	Please refer to ▸4.2.2 Metrics and Targets for Low-Carbon Economy

Note : According to SBTi methodology, Nan Shan adopts the Portfolio Coverage (PC) approach for setting Scope 3 targets across its investment portfolios.

4.2.1 Metrics and Targets for Low-Carbon Operations

Since 2016, Nan Shan Life and Nan Shan General have successively adopted the ISO 14064-1 Greenhouse Gas Inventory Standard to regularly review the annual greenhouse gas (GHG) emissions generated from operations. To more effectively identify major emission sources and patterns, Nan Shan established a Carbon Management Team in 2024 to develop corresponding reduction strategies and actively advance toward the goal of low-carbon operations.

The Company's operational GHG emissions primarily arise from purchased electricity. In 2023, the inventory coverage rate reached 100%, and in 2024, the verification coverage rate also achieved 100%. Although Nan Shan's operations do not have a direct or significant environmental impact, the Company actively promotes low-carbon operations and green procurement, striving to reduce climate-related risks while strengthening water resource and waste management. Furthermore, Nan Shan continuously enhances environmental awareness among employees and encourages behavioral change to amplify the Company's overall sustainability impact.

	Direct GHG Emissions (Scope 1)	Energy Indirect GHG Emissions (Scope 2, Market-based)	Total Emissions (Scope 1 + 2)	Inventory Coverage Rate	GHG Emission Intensity (Intensity)	
Unit	tCO_{2e}			%	tCO_{2e} / ping	tCO_{2e} per NT$ million revenue
2022	**1,797.22**	**19,882.08**	**21,679.30**	**100**	**0.26**	**0.05**
Nan Shan Life	1,766.86	18,757.86	20,524.72	100	0.26	0.04
Nan Shan General	30.36	1,124.22	1,154.58	100	0.24	0.23
2023	**2,231.43**	**19,857.68**	**22,089.11**	**100**	**0.27**	**0.05**
Nan Shan Life	2,196.53	18,740.41	20,936.94	100	0.27	0.05
Nan Shan General	34.90	1,117.27	1,152.17	100	0.25	0.19
2024	**2,338.35**	**16,990.43**	**19,328.79**	**100**	**0.22**	**0.04**
Nan Shan Life	2,296.81	15,888.34	18,185.15	100	0.22	0.04
Nan Shan General	41.55	1,102.09	1,143.64	100	0.26	0.14

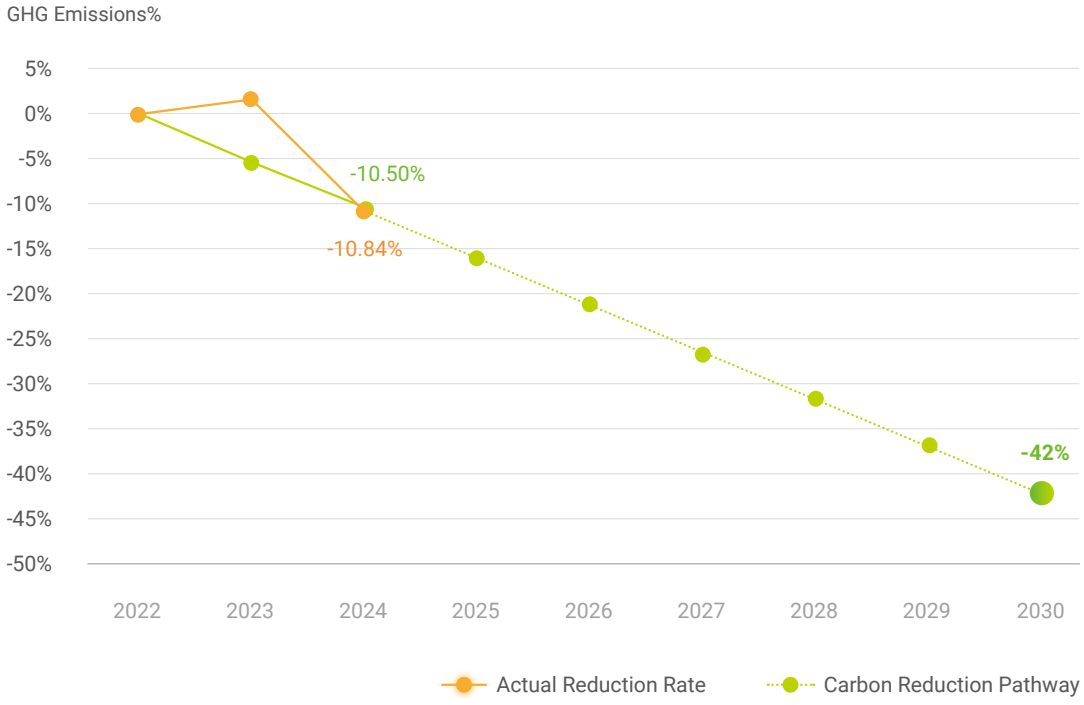
Note 1: The Company adopts ISO 14064: 2018 for GHG inventory and disclosure. Scope 1 corresponds to direct emissions, Scope 2 to indirect emissions from energy use, and Scope 3–6 to other indirect emissions.
Note 2: The inventory scope covers all Nan Shan Life-owned buildings, owned or leased floors, and all branch offices—87 locations in total; Nan Shan General's inventory covers 29 locations.
Note 3: The greenhouse gases inventoried include seven types: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). Nan Shan Life conducts its greenhouse gas inventory in accordance with the operational control approach defined by ISO 14064-1.
Note 4: Scope 2 greenhouse gas emissions are derived from electricity consumption, with an emission factor of 0.494 $kgCO_{2e}$ per kilowatt-hour (2023).
Note 5: Global Warming Potential (GWP) values are based on the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC, 2021).
Note 6: In 2024, Nan Shan Life reported an operating revenue exceeding NT$483.59 billion with a floor area of approximately 83,000 ping; Nan Shan General recorded an operating revenue exceeding NT$7.97 billion with a floor area of approximately 4,400 ping. The combined operating revenue in 2024 reached nearly NT$491.39 billion with a total floor area exceeding 87,000 ping.

In 2024, Nan Shan's total greenhouse gas (GHG) emissions from Scope 1 and Scope 2 decreased compared to 2023. Among them, Scope 1 emissions increased in 2024, primarily due to higher fuel consumption from official vehicles, an increase in the number of employees, and the relocation to larger office spaces. In contrast, Scope 2 emissions decreased as a result of increased use of purchased green electricity and self-generated renewable energy, as well as continued implementation of energy-saving measures such as replacing lighting with energy-efficient fixtures, turning off lights during lunch breaks, and reducing lighting usage in common areas during off-peak hours, demonstrating Nan Shan's commitment to low-carbon operations.

Nan Shan has translated its carbon reduction goals into concrete action. The Company signed the Science Based Targets initiative (SBTi) commitment in 2023 and obtained SBT target approval in 2024. Using 2022 as the base year, Nan Shan aims to reduce Scope 1 and Scope 2 emissions by 42% by 2030, equivalent to an average annual reduction of 5.25%. To achieve the SBT reduction target, Nan Shan continues to install solar power systems on existing and new company-owned buildings, procure green electricity, and implement energy conservation measures. Through this dual-track approach, the Company increases its renewable energy utilization rate, enhances emission reduction efficiency, and advances its corporate energy transition.

In 2024, Nan Shan's total Scope 1 and 2 emissions amounted to 19,328.79 tCO_{2e}, representing a **10.84% reduction** compared to the base year, achieving its annual carbon reduction goal.

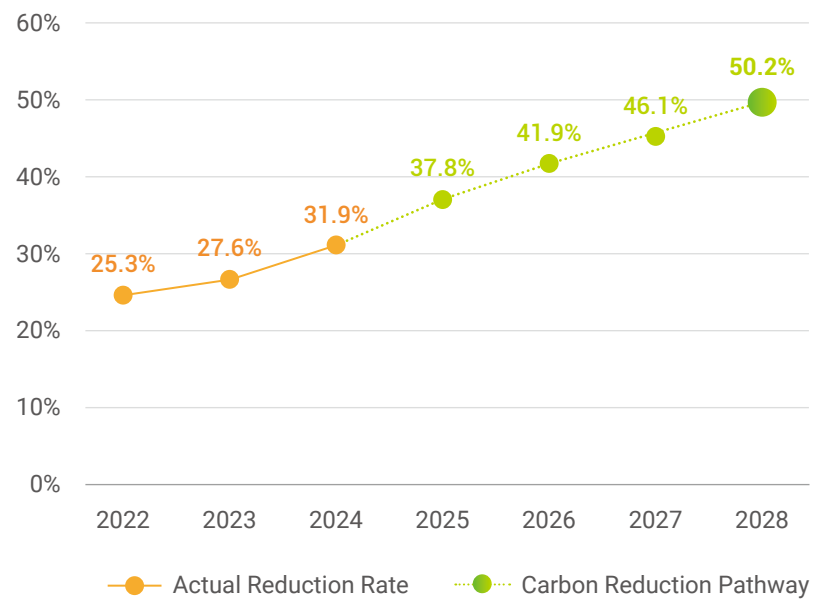
Scope 1 & 2 GHG Emissions SBT Target Achievement



4.2.2 Metrics and Targets for Low-Carbon Economy

Nan Shan Life + Nan Shan General (Scope 3 – Category 15)	SBT Portfolio Coverage (the SBT-validated proportion of the investment portfolio)
2022 (Baseline Year)	25.3%
2023	27.6%
2024 Implementation Results	31.9%
2028 (Target Year)	50.2%

Scope 3 Investment Portfolio SBT Achievement



Nan Shan's investment function, following the Principles for Responsible Investment (PRI), continues to expand sustainable-themed investments and develop related action plans in alignment with the sustainability vision set by the Responsible Investment Team under the Corporate Sustainability Committee.

In 2023, Nan Shan Life incorporated climate-related investment risk management mechanisms into its "Investment Policy Guidelines", taking concrete actions to support net zero emissions. This policy sets out specific regulations governing investments in carbon-intensive industries and strengthens shareholder engagement mechanisms.In 2024, Nan Shan enhanced its screening and control mechanisms to strengthen the management of investments with significant climate transition risks. For investment targets identified under the carbon-intensive industry list, Nan Shan conducts rigorous pre-investment assessments and post-investment monitoring. At the same time, the Company closely monitors potential investment opportunities arising from the low-carbon economic transition, continuing to exert a positive financial influence.

4.3 Low-Carbon Operations

4.3.1 Environmental and Energy Management

Nan Shan Life has long been dedicated to environmental sustainability and energy conservation initiatives, adhering strictly to environmental and energy management laws and obligations. The Company has fully implemented three major environmental sustainability management systems: ISO 14064-1, ISO 14001, and ISO 50001. In addition, to enhance energy efficiency and reduce energy consumption in its operations, Nan Shan Life has introduced Energy Management Systems (EMS) across eight office buildings. The Company encourages all employees to take concrete actions toward comprehensive energy conservation, thereby achieving sustainable development goals from both environmental and economic perspectives.

Given the characteristics of the insurance industry, Nan Shan Life's business activities have no material direct environmental impact or pollution. For property development sites, the Company strengthens the management of air pollution, wastewater, and waste, and handles all disposal in accordance with local regulations to minimize environmental and ecological impacts on neighboring areas. Nan Shan has set a fossil fuel reduction target using 2024 as the base year, with annual fuel consumption increases not exceeding 1% of the base-year level.

4.3.2 Renewable Energy Usage

As global awareness of environmental protection continues to grow, Nan Shan Life has made green energy an integral part of its power supply. In 2024, the Company purchased and transferred 4.34 million kWh of green electricity. Furthermore, in order to enhance energy self-sufficiency, Nan Shan installed solar power systems at the Taichung Training Center, Nan Shan Xinshi Park, and Neihu warehouse, with an estimated annual generation of 1.749 million kWh, accounting for approximately 4.7% of the Company's total electricity consumption.

From the completion of its first solar power system in 2022 to the end of 2024, Nan Shan Life's total renewable energy generation **reached 2.041 million kWh**, equivalent to the annual electricity consumption of approximately 567 households [Note]

Note: The average monthly household electricity consumption in Taiwan in 2024 was 300 kWh, according to p.13 of the 2023 Household Electricity Information Encyclopedia published by ITRI in July 2024.

4.3.3 Carbon Reduction Actions in Operations

To achieve its Science Based Targets (SBTs) and actively reduce the environmental impact of its operations, Nan Shan has established short-, medium-, and long-term goals for various environmental sustainability initiatives. These include office energy conservation, development of renewable energy systems, employee energy-saving initiatives, and paperless insurance policies and services, aiming to reduce direct greenhouse gas emissions from operations and demonstrate Nan Shan's commitment to environmental protection through tangible actions.

Equipment-Based Carbon Reduction Measures

In 2024, Nan Shan invested more than **NT$20.81 million** in energy-saving and carbon-reduction initiatives for operational equipment, resulting in an estimated reduction of **over 313.7 tCO_{2e}**.

Equipment Energy-Saving Projects and Results

Implementing Entity	Energy-Saving Project	Investment (NT$)	Electricity Saved Note 1 (kWh)	Carbon Reduction Note 2 (tCO_{2e})	Annual Energy Cost Savings Note 3 (NT$)	Payback Period (Years)
Nan Shan Life	Replacement of all office lighting with LED at Nan Shan Financial Center	2,373,885	231,552	114.39	806,426	2.94
	Office lighting fixture upgrade at Dunnan Building	327,000	42,260	22.4	147,179	2.22
	A/C system upgrades at RICH19 Building	9,100,000	98,700	48.86	343,742	26.48
	Replacement of chillers and related equipment at Minsheng Building	7,290,000	217,066	107.48	755,976	9.64
Nan Shan General	LED lighting upgrade at 2024 Head Office	1,720,000	41,640	20.57	145,020	11.86
Total		20,810,885	631,218	313.70	2,198,343	-

Note 1: Electricity savings = Power difference between new and old equipment (in watts) × 250 working days in 2024 × 8 hours/day ÷ 1,000.
Note 2: Carbon reduction = Electricity saved × 2023 Taipower emission factor (0.494 $kgCO_{2e}$/kWh).
Note 3: Based on Taipower's 2024 average rate of NT$3.4827/kWh × electricity saved.

Data Center Energy Efficiency Project

As part of its internal carbon reduction efforts, Nan Shan Life actively promotes data center energy efficiency through the following measures:

Continual optimization of cold aisle airflow management by cleaning and adjusting outlet direction to prevent leakage.

In 2024, 59 servers and storage devices (including test equipment) were added, and 28 units were decommissioned. By procuring energy-efficient systems and improving cooling performance, the overall Power Usage Effectiveness (PUE) remained at an average value of 1.85, consistent with 2023.

Promotion of Video Conferencing

Nan Shan Life has expanded the deployment of its video conferencing system, significantly reducing travel time and fuel consumption associated with in-person meetings. This initiative also enhances operational resilience in response to disruptions such as pandemics.

In 2024, the Company hosted a total of 15,937 video conferencing sessions, of which approximately 2,026 sessions lasted more than ten minutes and had 30 or more participants. These online meetings contributed to an estimated reduction of 35.58 tCO_{2e} Note in carbon emissions from avoided travel.

Note: Estimated reductions in transportation-related emissions were calculated based on participant counts for large-scale online meetings in 2024 (e.g., training sessions, online courses, and briefings).

Paperless Meetings

Nan Shan Life has promoted a paperless meeting system, encouraging employees to upload presentation materials and documents to a cloud platform, accessible via tablets and multimedia equipment in meeting rooms. This initiative not only conserves energy and reduces paper usage but also enhances the control of confidential documents through identity authentication and permission settings, thereby reducing the risk of data leakage.

In 2024, approximately 577 meetings Note 1 were held using the paperless system, resulting in a reduction of more than 1,797,600 sheets of paper, equivalent to a carbon emissions reduction of approximately 12.94 tCO_{2e} Note 2.

Note 1: An increase of 75 meetings compared to 2023, indicating positive promotion outcomes.
Note 2: Based on the carbon footprint of virgin pulp copy paper at 3.6 $kgCO_{2e}$ per pack (500 sheets), as published by the Industrial Technology Research Institute (ITRI) Product Carbon Footprint Database.

Paperless Insurance Policies and Services

Nan Shan Life has developed a mobile insurance platform, enabling policyholders to complete applications by signing on a tablet, thus reducing paper consumption. In addition, the Company actively promotes electronic documents and e-policies, replacing traditional hard copy mailings. Multiple types of forms, notices, and insurance policies are now sent digitally, demonstrating the Company's commitment to sustainability.
(For details on the implementation performance of paperless policies and services, please refer to Section 2.2.1 Low-Carbon Insurance and Services Product Carbon Footprint in this report.)

One Hour Lights-Off for a Greener Earth

Nan Shan Life has long been concerned about global warming caused by climate change. Since 2018, Nan Shan has participated in the "Earth Hour" lights-off campaign initiated by the World Wide Fund for Nature (WWF). In 2024, the initiative extended to 27 Nan Shan-owned buildings, including Taipei Nan Shan Plaza, where exterior lighting was turned off for one hour. This symbolic action aimed to reduce greenhouse gas emissions and promote energy conservation awareness, encouraging employees and sales partners to recognize the collective impact of joint carbon reduction efforts. During the campaign, Nan Shan-owned buildings collectively turned off lights for 1 hour, saving approximately 4,485 kWh of electricity, equivalent to a reduction of about 2.216 tCO_{2e} [Note].

Note: Scope 2 greenhouse gas emissions are based on electricity usage, with an emission factor of 0.494 $kgCO_{2e}$/kWh (2023).

Internal Energy-Saving Initiatives for Work and Daily Life

Beyond routine office energy-saving measures, Nan Shan also encourages internal staff to incorporate environmentally friendly practices into their daily work and commute routines.

Take the Stairs & Stay Healthy

Promote walking up and down to three floors instead of taking the elevator for short distances—benefiting both energy conservation and employee health.

Elevator Optimization by Off-Peak Scheduling

Adjust the number of elevators in operation based on peak and off-peak hours during workdays and holidays to reduce electricity usage.

Lights Off When Not in Use

Departments are assigned designated contacts to ensure lights are turned off during lunch breaks. Employees are also reminded to switch off lights when leaving their workstations.

Power Down After Work

Employees are encouraged to shut down computers, office equipment, and air purifiers at the end of the workday.

Adjusting Lighting Modes in Common Areas

At the Company's headquarters, LED lighting in elevator lobbies on each floor has been adjusted to operate in workday start/end modes. Sensor-activated LED lights were installed in pantry areas to reduce electricity consumption.

Reducing Paper Towel Usage

In common areas, paper towels were replaced with environmentally friendly recycled paper, and pull-type dispensers were installed. The replenishment schedule was adjusted to a fixed frequency of twice daily (morning and afternoon) to reduce overall consumption.

4.3.4 Water Resource and Waste Management

Nan Shan Life continues to promote various waste reduction and water conservation initiatives, encouraging office employees to practice environmentally responsible behavior in the workplace. The Company upholds the 3R principles—Reduce, Reuse and Recycle—in its office waste sorting and recycling efforts, aiming to minimize its operational environmental footprint. In 2024, water consumption in Nan Shan-owned buildings totaled 90,932 cubic meters, representing a 4.7% decrease compared with 2023. The total weight of general business waste amounted to 644,700 kilograms, a reduction of 11.8% compared with the previous year. To further enhance water resource management, Nan Shan Life obtained ISO 46001 Water Efficiency Management Systems certification in December 2023, covering 57% of its operational footprint. The 2024 target was to reduce the per capita water consumption in self-owned buildings by 1% compared to 2023; however, a slight 0.5% increase was observed. The Company remains committed to its long-term goal of achieving a 5% reduction in per capita water usage in self-owned buildings by 2030, using 2024 as the baseline year.

Measures adopted for managing office and domestic waste include:

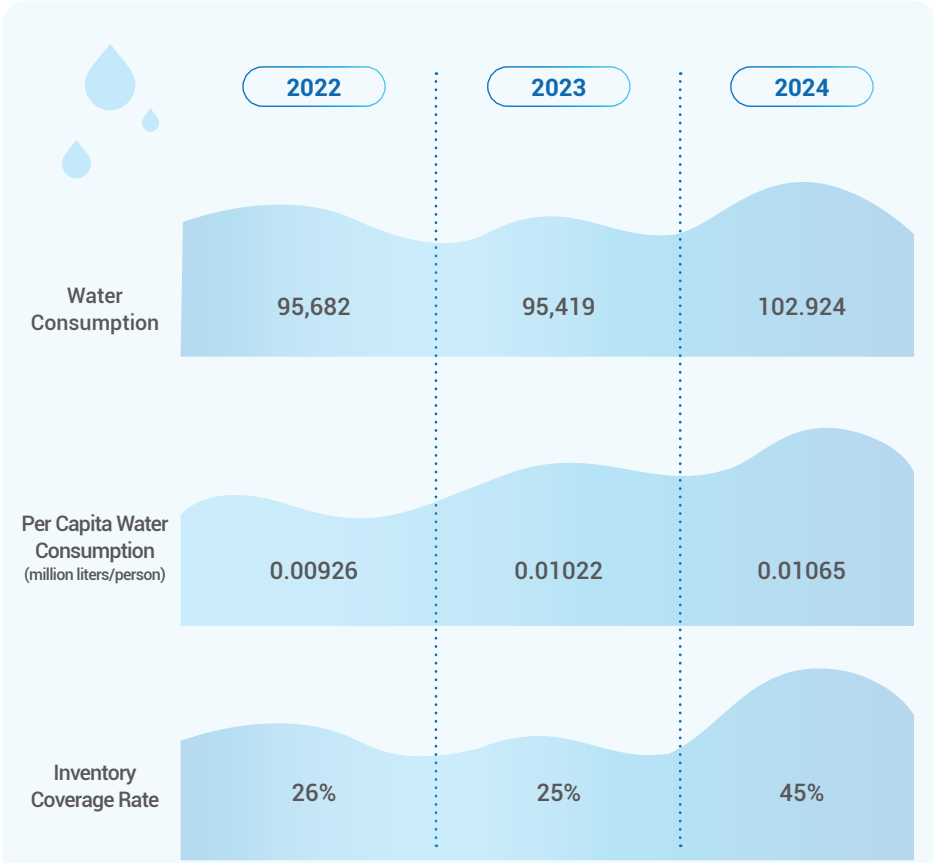
Printing and Fax Paper

Nan Shan Life promotes the use of digital documents, email communication, and shared servers to minimize paper consumption. The Company also encourages paperless presentations, double-sided printing, and has established paper reuse collection areas for non-confidential documents. Daily use of color printing is regulated, with black-and-white and double-sided settings as the default. Overall, employees are encouraged to reduce paper use and maximize reuse to minimize both energy consumption and paper waste.

Recycling of Aluminum Cans, PET bottles, Plastics, Used Batteries and Waste Paper

To reduce waste generation, Nan Shan Life recycled a total of 299.9 metric tons of waste paper and 70.9 metric tons of aluminum cans, PET bottles, plastics, and used batteries in 2024. The Company has set a long-term goal to achieve a 5% reduction in per capita waste generation from company-owned buildings by 2030, using 2024 as the baseline year.

Water Resource Consumption Statistics



Note: The 2022 and 2023 water resource consumption calculations include 13 Nan Shan Life-owned buildings and 17 Nan Shan Life-owned floors. If the inspected buildings contained Nan Shan General business sites, they were also included. The 2024 calculation covers 13 Nan Shan Life-owned buildings and 17 Nan Shan Life-owned floors, as well as 2 Nan Shan General buildings.

4.3.5 Green Procurement

Nan Shan regards ethical corporate management, environmental protection, and sustainable development as key factors in supply chain management. The Company strives to exert its influence by collaborating with suppliers to jointly fulfill corporate social responsibility, building a highly resilient supply chain and moving toward a sustainable and mutually beneficial future.

Nan Shan Life's Sustainable Procurement Declaration

Nan Shan Life is dedicated to being a model enterprise by implementing ESG and sustainable management strategies. In response to climate change and environmental protection challenges, the Company is committed to enhancing the implementation of sustainable procurement. By prioritizing energy-saving, carbon-reducing, waste-reducing, and recyclable procurement products, we aim to minimize environmental impact and contribute meaningfully to environmental protection.

The Company adopted the ISO 20400 Sustainable Procurement Guidance in 2023 to review and integrate the key sustainability factors in procurement practices and implement sustainable procurement to fulfill corporate responsibility for a sustainable supply chain. Through sustainable procurement, we can not only enhance the Company's competitiveness in the market but also have a greater impact on society. This is a collective journey, and we invite all stakeholders to join us in creating a more sustainable and responsible future.

Nan Shan Life adopts the ISO 20400 Sustainable Procurement Guidance, develops risk control methods through assessment of supplier sustainability risks and analysis of material sustainability issue, and revises sustainable procurement policies through education and training and revision of related documents to reduce the risks of the procurement process and implement the concept of sustainable procurement and supplier engagement, including the requirement of suppliers to sign the sustainability commitment. Supplier management is implemented through strict review and management procedures. These include the following particulars:

Before transactions with suppliers, we will investigate their backgrounds, financial position, and operating status and inspect their stakeholders, conduct counter-terrorism financing and sanctions list checks to ensure compliance with Nan Shan Life's legal compliance regulations and avoid business transaction risks.

In accordance with the supplier evaluation rules set out in Nan Shan's Purchase Requisition Guidelines, the Company has established a comprehensive review system. All supplier evaluations are conducted under a fair, impartial, and transparent review process, ensuring that only the most qualified suppliers are selected.

Before adding qualified suppliers, we will review their implementation status of sustainable development.

Suppliers and contractors are required to sign related Sustainable Supply Chain Commitment Letters, pledging adherence to principles of ethical business practices, labor and human rights, and environmental sustainability as part of their corporate social responsibility obligations. In 2024, approximately 42% of suppliers engaged in transactions signed the Supplier Commitment.

Before leasing any property, Nan Shan evaluates whether the premises are equipped with energy-saving facilities or equipment, and assesses whether any existing installations are outdated. Properties featuring energy-efficient systems, or those where the lessor is willing to upgrade old equipment to new, energy-saving models, are given priority consideration for tenancy.

Nan Shan actively promotes green procurement, prioritizing environmentally friendly products. Nan Shan believes that by sourcing low-carbon, energy-saving, recyclable, or environmentally certified products, it can not only reduce resource waste and environmental impact but also enhance the sustainability and competitiveness of its supply chain.

Green Procurement and Local Procurement Performance

Service/ Product Source	Percentage of Suppliers Based in Taiwan (%)		Green Procurement Amount (NT$ ten thousands)	
	Nan Shan Life	Nan Shan General	Nan Shan Life	Nan Shan General
	94.52	98.53	13,564.8	851.1

Note 1: Determination of local suppliers in Taiwan is based on whether the vendor's registered business address is located within Taiwan.
Note 2: The scope of green procurement is calculated in accordance with the"2025 Program for Promoting Green Procurement by Private Enterprises and Organizations" announced by the Ministry of Environment.

Green Procurement for ICT Equipment

Information and communication technology (ICT) equipment constitutes one of the major categories of operational assets in the financial and insurance industry. To effectively manage the lifecycle carbon footprint of such equipment, Nan Shan has established three key principles for green procurement priority:

1. Equipment certified under the EPEAT (Electronic Product Environmental Assessment Tool) standard
2. Equipment must feature energy-saving functions
3. Suppliers are evaluated based on the strength of their ESG practices

In 2024, the total amount of procurement meeting the "Green Procurement for ICT Equipment" criteria reached approximately **NT$6.59 million.**

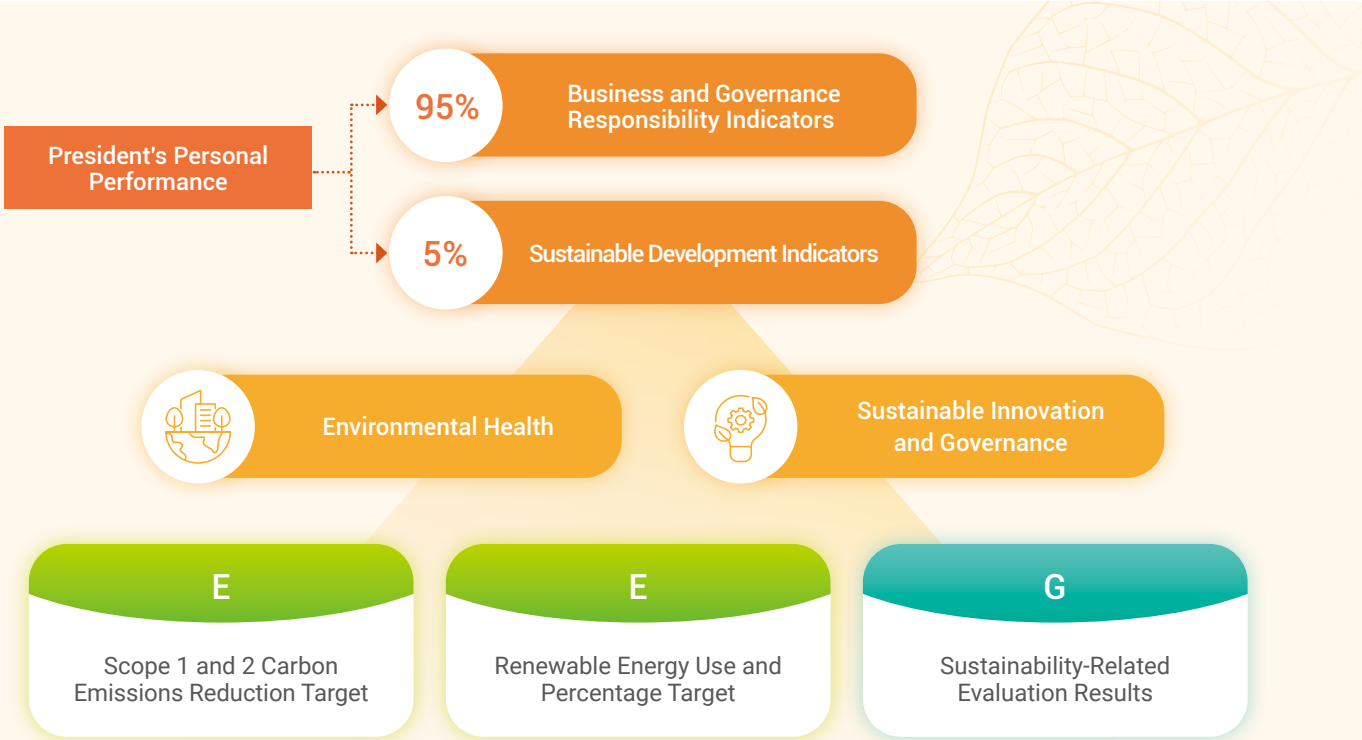
4.4 Internal Carbon Pricing

In response to the advent of the carbon-pricing era, Nan Shan Life will pilot an internal carbon pricing mechanism starting in 2025. This mechanism applies implicit pricing when evaluating the cost-effectiveness of emission reductions from capital expenditure on energy-saving equipment or self-built renewable energy systems. This initiative not only aligns with international trends but also strengthens the Company's capability to identify, assess, and manage carbon-related risks. Moreover, it helps foster a corporate culture of decarbonization and provides a basis for evaluating the financial and business impacts of climate change. The average internal carbon price is determined using the cost-effectiveness of renewable energy procurement as a benchmark, and is calculated based on the officially announced emission factors at the time, equating to NT$5,061 per tCO_{2e}.

4.5 Linking Sustainability Performance to Remuneration

Nan Shan Life links the President's performance to sustainability indicators with the aim of embedding ESG core values into corporate governance and decision-making. This approach guides the Company in pursuing financial growth while ensuring the achievement of sustainability objectives. It reinforces senior management's commitment to environmental responsibility, social impact, and sound governance, encourages proactive engagement with critical issues such as climate change, resource management, and inclusive growth, and enhances internal risk management and operational resilience. Through a performance evaluation mechanism, senior management is guided to systematically integrate sustainability strategies into daily operations, fostering long-term stability and creating shared value for stakeholders.

In 2024, Nan Shan Life aligned the President's performance with sustainability metrics including "Scope 1 and 2 carbon emissions reduction targets," "renewable energy usage ratio targets," and "results of sustainability-related assessments." This linkage strengthens environmental management and corporate governance, enhancing corporate resilience and long-term competitiveness. Nan Shan Life also plans to broaden the scope of executives whose remuneration is linked to sustainability performance, implementing this strategy through concrete actions to strengthen Taiwan's health capital.



5 Future Outlook

To address the challenges and opportunities brought by climate change, Nan Shan continues to advance a wide range of climate strategy initiatives. Through a systematic management framework, the Company sets short, medium, and long-term goals for its environmental sustainability programs, taking concrete actions to mitigate and adapt to climate impacts while upholding its commitment to environmental protection. In August 2024, Nan Shan officially obtained verification of its Science-Based Targets (SBTs). Furthermore, in August 2025, the Board of Directors approved a phased plan to withdraw from coal and unconventional oil and gas investments, demonstrating the Company's firm determination and capability to move toward a low-carbon future.

Looking ahead, Nan Shan will continue to enhance carbon management across its operations, strengthen the monitoring of exposure to carbon-intensive industries and investment-related emissions, and uphold the principles of responsible investment. The Company is committed to expanding sustainability-themed investments to help enterprises improve their climate transition competitiveness and to support the growth of a global low-carbon economy.

In response to increasingly complex climate and nature-related risks, Nan Shan will also continue to assess potential impacts of climate change on its insurance business, while refining its risk identification, analysis, and management mechanisms to enhance overall climate resilience. In the future, Nan Shan will integrate its investment and financing strategies with insurance product design, guiding capital flows toward environmentally friendly and low-carbon transition projects. By doing so, the Company aims to exert positive financial influence and join hands with customers and society to build a resilient, sustainable, and prosperous future.

Appendix

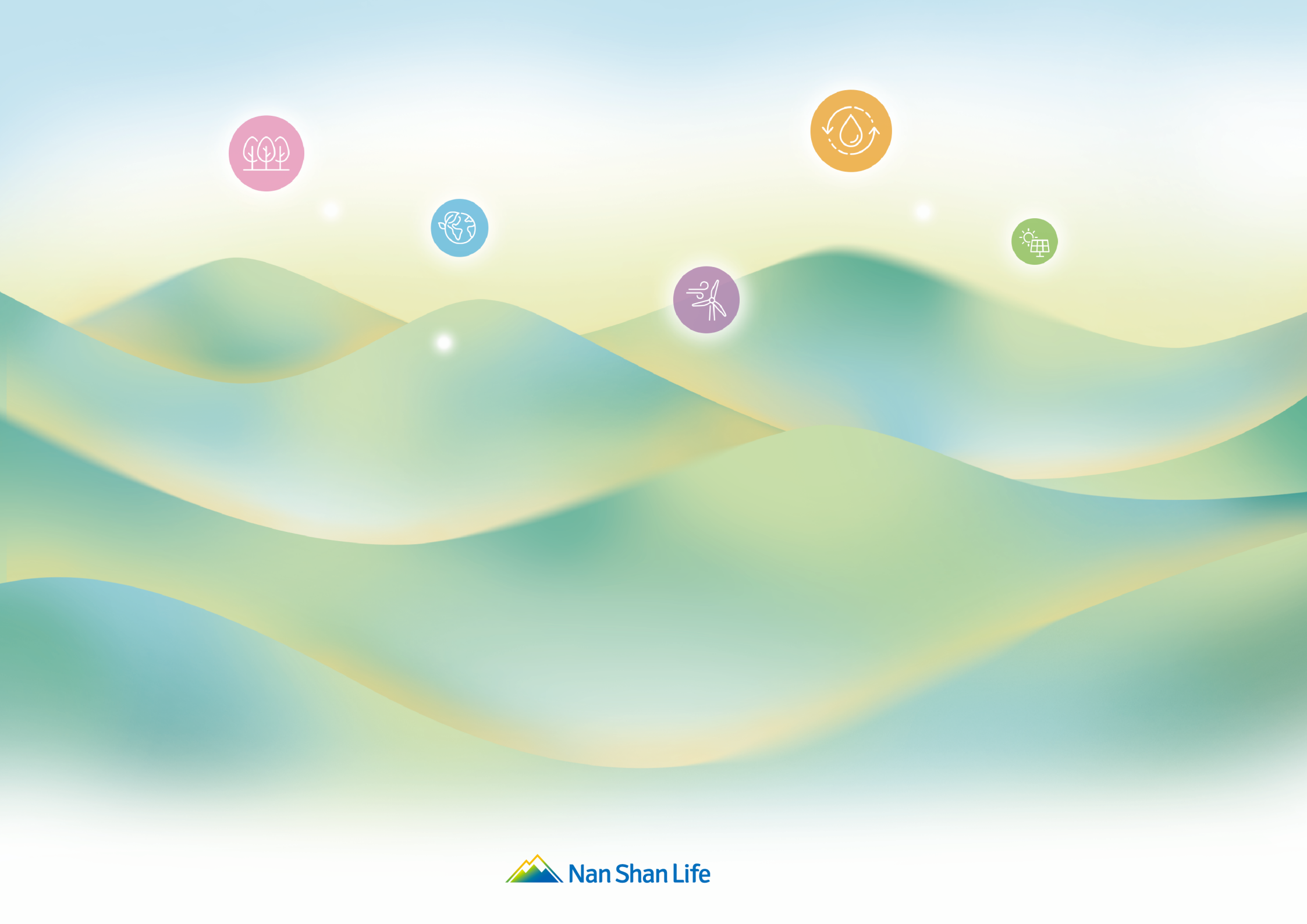
Appendix

In accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) in 2017, the following table outlines how Nan Shan's public disclosures correspond to the four core pillars of the TCFD framework:

Dimension	General Industry Guidance	Corresponding Chapter
Governance	Describe the Board's oversight of climate-related risks and opportunities.	1.1 Climate Governance Framework
	Describe management's role in assessing and managing climate-related risks and opportunities.	1.1 Climate Governance Framework
Strategy	Describe the climate-related risks and opportunities identified by the organization over the short, medium, and long term.	2.1 Climate-Related Risks and Opportunities
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.1 Climate-Related Risks and Opportunities 2.2 Climate Strategies and Actions
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	2.3 Climate Scenario Analysis 2.4 Climate Resilience: Stress Tests for Climate-Related Risks
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	2.1 Climate-Related Risks and Opportunities
	Describe the organization's processes for managing climate-related risks.	3.1 Climate-Related Risk Management Structure 3.2 Climate Risk Monitoring
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management framework.	
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.1 Management of Financed Emissions from Investment Portfolio 4.2 Climate Metrics and Targets 4.3 Low-Carbon Operations 4.4 Internal Carbon Pricing 4.5 Linking Sustainability Performance to Remuneration
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against these targets.	

Dimension	Additional Guidance for the Insurance Industry	Corresponding Chapter
Governance	The Board of Directors and senior management shall ensure that identified climate-related risks are considered in risk appetite, strategy, and business planning, and continue to oversee the management and disclosure of climate-related risks.	1.1 Climate Governance Framework
	A committee under the Board of Directors may be established, and the responsibilities between the Board or its committees and senior management shall be clearly defined.	
	Board of Directors or Board Committees: 1. The Board of Directors holds ultimate responsibility for the management of climate-related risks. 2. Approves and oversees the climate-related risk management framework and policies. 3. Ensures that climate-related risks are incorporated into the qualitative or quantitative indicators of the Company's risk appetite. 4. Ensures that Directors possess adequate understanding of climate-related risks and opportunities, regularly reviews the implementation status by senior management, and ensures that senior management receives sufficient training.	1.1 Climate Governance Framework
	Senior Management: 1. Formulates the management framework and policies for climate-related risks. 2. Ensures the effectiveness of the implementation of the climate-related risk management framework and policies. 3. Establishes internal processes for managing climate-related risks. 4. Takes necessary actions in response to identified climate-related risks. 5. Assigns appropriate personnel for the management of climate-related risks and provides necessary training. 6. Regularly reports to the Board of Directors or its committees on the management status of climate-related risks.	1.1 Climate Governance Framework
Strategy	Identify the financial impacts of climate-related risks and opportunities on financial performance, business operations, products, and investments.	2.1 Climate-Related Risks and Opportunities
	Prioritize climate-related risks based on materiality standards.	2.1 Climate-Related Risks and Opportunities
	Incorporate the impacts of climate-related risks and opportunities into the formulation of annual business targets, product, investment, and business strategies.	2.2 Climate Strategies and Actions
	Review and adjust climate-related risk management policies based on scenario analysis and stress test results.	2.3 Climate Scenario Analysis 2.4 Climate Resilience: Stress Tests for Climate-Related Risks 3.1 Climate-Related Risk Management Structure
Risk Management	Risk Management and Monitoring: 1. Establish assessment methodologies to identify departments, counterparties, and clients exposed to climate-related risks (including existing and potential ones) and evaluate their impacts. 2. Develop mechanisms for the management and continuous monitoring of climate-related risks. For departments, counterparties, and clients exposed to significant climate-related risks, establish relevant mechanisms to manage the identified risks and encourage counterparties and clients to take appropriate measures to mitigate them. 3. Manage identified climate risks in accordance with the "Insurance Industry Code of Practice for the Three Lines of Internal Control Defense."	3.1 Climate-Related Risk Management Structure 3.2 Climate Risk Monitoring

Dimension	Additional Guidance for the Insurance Industry	Corresponding Chapter
Risk Management	Scenario Analysis and Stress Testing: 1. Develop qualitative and/or quantitative scenario analysis and stress testing capabilities to assess the potential impacts of climate-related risks. 2. Establish both general and severe qualitative or quantitative risk indicators, and set short-term or long-term scenarios for strategic planning and risk management purposes.	2.3 Climate Scenario Analysis 2.4 Climate Resilience: Stress Tests for Climate-Related Risks
	Investment Management: 1. Establish appropriate procedures to assess and manage climate-related risks associated with investment targets. Implement enhanced review mechanisms for investments involving higher climate-related risks. 2. Regularly assess changes in the climate-related risk profile of investment targets to serve as a basis for adjusting investment portfolios.	3.1 Climate-Related Risk Management Structure 3.2 Climate Risk Monitoring 4.1 Management of Financed Emissions from Investment Portfolio
Metrics and Targets	Set metrics for assessing and managing climate-related risks.	4.1 Management of Financed Emissions from Investment Portfolio 4.2 Climate Metrics and Targets 4.3 Low-Carbon Operations 4.4 Internal Carbon Pricing 4.5 Linking Sustainability Performance to Remuneration
	Set targets for managing climate-related risks.	
	Establish criteria for prioritizing climate-related risks based on materiality.	
	Consider incorporating the management of climate-related risks into performance evaluation indicators.	



Nan Shan Life