First Financial Holding
Climate Transition Action Plan

I. Foreword

According to the 6th Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC), the global average temperature is rising faster than expected, and is likely to increase by more than 1.5°C over the next 10 years. If no proactive measures are taken, we will face more frequent and severe extreme climate events in the future, such as typhoons, floods, and droughts. These events not only threaten the natural environment, but also exert significant impacts on economic activity, infrastructure, and human health.

The impact of climate change is becoming increasingly severe. As a leading green finance brand in Taiwan, First Financial Holding Co., Ltd. (hereinafter referred to as the Company) is well aware of the possible impact of climate change on the global economy, society, and environment. Therefore, it actively promotes climate transition actions and is committed to implementing green finance and sustainable development.

II. Governance

1. The Board of Directors of the Company attaches great importance to climate issues and has been established as the Group's highest climate governance responsibility body. In order to effectively promote and supervise the Group's climate transition plan, the Board of Directors has established a Sustainable Development Committee, with the chairperson of the board as the chairperson of the committee. The presidents of all subsidiaries have also joined the committee as members to jointly formulate the Group's sustainable development goals and ensure the implementation of the climate transition strategy.
2. The Sustainable Development Committee is composed of a number of task forces, including the Corporate Governance Task Force, Responsible Finance Task Force, Sustainable Finance Products and Services Task Force, Employee Care Task Force, Environmental Sustainability Task Force, and Community Engagement Task Force, covering various key areas. These task forces hold regular meetings to review and evaluate the progress in their respective areas of expertise, and submit reports to the Sustainable Development Committee, including the implementation status of specific action plans.
3. The Sustainable Development Committee holds regular meetings on a quarterly basis to review the reports and recommendations of each task force and conduct in-depth discussions on their feasibility and effectiveness. The committee reports the review results and specific implementation achievements to the Board of Directors to ensure that the Group's climate governance strategy is highly effective, consistent in actions, and is continuously improved to cope with the challenges posed by climate change.
4. In order to strengthen the execution ability of climate governance, the Company has linked the incentives for senior management with climate performance. The performance bonus of the president not only considers financial performance, but also includes the achievement of ESG and climate-related goals. The Company's "Remuneration Committee" makes bonus recommendations to the

Board of Directors based on strategic indicators to ensure that senior management focuses on achieving the Company's climate and sustainable development goals.

III. Strategies and Action Plans

The Company has set clear climate transition goals, gradually implemented its net zero commitments, and effectively promoted climate transition actions.

1. Short-term goals (before 2025)

(1) Actively reduce the carbon emissions generated by the Group's own operations and minimize Scope 1 and Scope 2 carbon emissions by improving internal energy efficiency, expanding the use of green electricity, and promoting energy-saving improvement measures in offices.

(2) Fill in the "ESG Risk Factor Checklist" for credit investigations and reviews of all corporate loan cases of the Bank; follow the "Equator Principles" for project financing; control the cap on the share of credit extensions to high pollution (carbon emissions) industries to not more than 13.5%; establish a decarbonization commitment for the financing business and cease lending to "coal-only mining companies," "coal-fired power generation facilities (except for those transitioning to a low carbon economy)," and "companies that earn more than 50% of revenues from businesses in tar sands/polar circle oil and gas/ultradeep water oil and gas."

(3) Investment activities will no longer include the targets whose "coal business revenue accounts for more than 25%" and "atypical oil and gas business revenue accounts for more than 10%", and investments will no longer be made in high-carbon-emitting companies without transition plans, except for state-owned enterprises whose use of funds can be clearly identified as carbon reduction transition, or where the local government has proposed net-zero commitments and reduction targets.

(4) Promote sustainable supplier management, establish a supplier greenhouse gas inventory mechanism, set a sustainable supplier evaluation system, continue to hold supplier engagement meetings, and strengthen climate risk management.

2. Medium-term goals (before 2030)

(1) Each subsidiary of the Group has implemented carbon reduction in accordance with the regulations of the Science-Based Targets Initiative (SBTi), disclosed carbon emissions every year, and dynamically adjusted investment and financing strategies to achieve carbon reduction goals, paying attention to SBTi net-zero standards and regulations, and evaluating the Company's financial planning, resource allocation, and implementation plans to comprehensively formulate response measures.

(2) Implement the Sustainable Lending Policy and Sustainable Investment Policy, actively implement engagement to assist in obtaining the necessary funds for

carbon reduction transition for sensitive industries, such as coal and atypical oil and gas, gradually reduce investment and financing in coal-related and atypical oil and gas businesses, expand restrictions on new targets, lower the revenue threshold for restricted undertakings, and gradually reduce the amount of existing credit extensions upon expiration, with a view to achieving the goal of total elimination by 2030.

(3) Promote the third-party verification of the carbon emission data of the Company’s Scope 3 investment and financing targets.

(4) The Company's carbon emissions generated from its operations will be planned towards carbon neutrality and carbon offsetting. At the same time, the Company will assist suppliers in completing carbon emission inventories of their operations and in obtaining third-party verifications of their data to continue to carry out climate engagement with suppliers.

3. Long-term goals (before 2050)

(1) Each of the Group's subsidiaries has implemented decarbonization of its investment and financing businesses. The Bank has set SBTi net-zero goals and established corresponding resources based on the required financial planning, resource allocation, and execution plans.

(2) Actively participate in domestic and foreign cooperation projects and initiatives related to climate change, support and respond to government climate policies, participate in the policy formulation process, and provide advice and support for promoting green finance.

(3) Introduce more carbon reduction technologies and innovative financial services to achieve net-zero emissions by 2050. This goal covers all business areas and value chains of the Company.

When setting reduction targets and net-zero emission targets, the Company strictly follows the guiding principles of the SBTi and conducts annual inventory of Scope 1, 2 and 3 carbon emissions. Scope 1 and 2 carbon emissions will continue to be verified annually by a third-party verification organization. Information on Scope 3 investment and financing activities is expected to be disclosed regularly every year from 2025 to ensure that the Company's goals are in line with international best practices. The Company will disclose these verification results in its annual report and continue to track the achievement of carbon reduction goals to comply with SBTi requirements.

IV. Financial Planning

1. The impact of climate change on the financial industry is becoming increasingly significant. In order to cope with the severe challenges posed by climate change, the Company has conducted a comprehensive assessment of the financial impact of climate transition. The Company will actively invest and finance activities in line with sustainable development, including green infrastructure investment, development of green finance products, deployment of sustainable development bonds, etc.
2. The Company's financial planning is adjusted in a timely manner based on

market changes and climate risk scenarios. It regularly collects opinions from stakeholders and communicates with them, collecting feedback and adjusting its financial planning to ensure financial stability, while creating long-term value for society.

V. Risk Management

1. The Company has established a comprehensive climate risk management mechanism and divided climate risks into transition risks and physical risks. Through risk identification, data analysis, and scenario simulation, the Company has assessed the potential impact of climate risks on its operations.
2. In order to effectively manage climate risks, the Company has established the following risk management measures:
   (I) Transition risk management
      1. Pay close attention to changes in domestic and foreign climate policies, and promptly adjust investment and financing strategies to ensure compliance with the latest policy requirements.
      2. Establish an ESG risk factor review mechanism to review business performance in all aspects of environmental sustainability through a checklist, and include it as a reference for credit risk assessment. Endeavor to obtain a statement of commitment to sustainability from pollution/emission-intensive industries as a means of financial engagement that aligns with the commitment of the Coalition of Movers and Shakers on Sustainable Finance, and encourage customers to adopt plans and actions against climate change and assess the potential risks and opportunities related to climate change that they will face now and in the future.
      3. Commit to gradually phasing out coal financing, set "credit limits for pollution/emission-intensive industries," and continue to reduce carbon emissions from financing business.

   (II) Physical risk management
      1. Strengthen property insurance plans and include physical climate risk issues (such as flooding, etc.) within the scope of property insurance.
      2. Enhance the climate resilience of infrastructure, e.g., by upgrading flood protection standards of buildings. During the flood prevention period, reinforce flood control preparations, such as conducting spot checks of floodgates and switches, disaster response drills, preparing sufficient sandbags, and cleaning outdoor and roof drainage systems to ensure smooth discharge and prevent blocked drains.
      3. Regularly conduct scenario analysis and stress testing to ensure that entity risk management strategies can cope with different climate scenarios.
      4. In order to further strengthen entity risk management, the Company has adopted the ESG Sustainable Application Map Inquiry Platform (referred to as ESG Map Tool). This tool integrates public data from multiple government agencies, especially in the climate change theme chart, and

uses visualization technology to allow users to query data such as rainfall and flooding depth in specific locations under different climate change scenarios. Through this tool, the Company can more accurately assess the potential risks of future climate change to assets and operating facilities, and formulate corresponding response measures to improve the efficiency and effectiveness of climate risk management.

(III) Scenario analysis

1. The Company continually conducts scenario analysis, incorporating financial, operational, and carbon pricing information, simulating the impact of different climate scenarios (such as extreme climate scenarios or policy changes) on its investment and financing business, revenue or cost increases and decreases, and formulates corresponding measures to ensure the Company's ability to continue operating its business under extreme climate scenarios and strengthen its climate change resilience.
2. The Company has set up special chapters in its annual sustainability reports and climate-related financial disclosures report to explain the analysis results and the impact on the Company's strategy. For details, please refer to the Company's website: https://csr.firstholding.com.tw/tc/csr_report.html.

(IV) Internal control mechanism

The Company has established an internal audit mechanism for the implementation of climate risk management measures to ensure that the operating processes comply with company regulations, implement risk management, and provide improvement suggestions.

(V) Climate engagement

The Company works with customers and suppliers to identify climate risks, ensuring that the Company continues to identify and manage potential risks and demonstrates ESG responsibility. For details of the engagement strategy, please refer to the Company's "Implementation of Sustainable Finance Engagement Strategy."

VI. Policy Engagement and Climate Initiatives

1. To tackle climate change effectively, governments, businesses, and all sectors of society must work together, given its global impact. The Company actively participates in climate-related policy initiatives and public activities, contributes professional knowledge, shares implementation experience, improves the climate risk management performance of the financial industry, and promotes climate transition and sustainable development.
2. In March 2023, First Bank, a subsidiary of the Company, participated in the climate governance briefing hosted by the Bankers Association of the Republic of China and participated in the "New Basel Capital Accord Continuing Study Working Group - Stress Testing Subgroup" of the Bankers Association of the Republic Of China. During the briefing, First Bank shared its climate risk management plan and the challenges it faces, as well as its experience in

introducing climate-related risk management with its peers. In addition, at the working group meeting, First Bank provided climate change scenario analysis and stress testing of credit risks of the banking industry for a more appropriate way of estimating losses.

VII. Future Prospects

Climate transition is a dynamic and long-term process. As a leader in sustainable finance in Taiwan, the Company attaches great importance to the issue of climate change. The Climate Transition Action Plan will be revised and adjusted in accordance with the international net-zero emission trends, relevant domestic policies, and FFHC's internal decarbonization goals and roadmap.