standard chartered

Task Force on Climate-related Financial Disclosures (TCFD) Report 2023

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Contents

Preface

Standard Chartered Bank (Taiwan) Limited[1] is committed to supporting sustainable social, environmental, and economic development through our business, operations and communities. Rooted in our purpose to drive commerce and prosperity through our unique diversity and our brand promise, here for good, sustainability is a core component of our strategy and one of our four strategic priorities.

We recognise the importance of disclosing climate-related risks we face, our approach, and opportunities. This report is prepared in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD"), TCFD published guidance, and the Financial Supervisory Commission's ("FSC") Guidelines on Climate-Related Financial Disclosure by Domestic Banks. This report demonstrates our commitment to mitigating the impact of climate change and building trust with our stakeholders.

Beyond offering green products and addressing environmental concerns, we fulfil our social obligations through various initiatives and actions. In 2023, we ranked in the top 25% of financial institutions in the Financial Service Enterprises Treating Customers Fairly Principles Assessment Programme and was recognised as the "Best Progress Bank" to ensure equitable, reasonable, and fair treatment of customers at all stages of their transactions.

Information security, fraud prevention advocacy, employee well-being and the establishment of a diverse and inclusive culture is also of great importance to us. Serving our community is also a focus and we do this through our Futuremakers by Standard Chartered programme ("Futuremakers") and employee volunteering efforts in partnership with various non-government organisations. In 2023, we held vocational training programmes for underprivileged youth, a charity marathon that raised approximately TWD3.4 million and achieved an employment volunteering participation rate of 67%.

In this report, you will discover our sustainability performance and achievements in 2023, gaining a deeper understanding of our approach towards achieving our various sustainability commitments.

Standard Chartered Taiwan's commitment to climate change

We believe that climate change is one of the greatest challenges facing the world today. Sustainable finance is significant towards supporting a sustainable future. With a long-standing presence in parts of the world where sustainable finance can have a significant impact, globally, Standard Chartered facilitates the movement of capital to where it is needed most. We apply our knowledge across our market footprint and the innovative mindset of our teams to create financial solutions that help to address challenges and support sustainable growth. In April 2023, our Group reinforced its commitment to support the transition to a net zero economy by providing an update on our progress towards net zero. This update included setting absolute emission targets and trajectory for the oil and gas sector, as well as disclosing the targets and science-based methodologies for the financed emissions in 11 of the 12 high-emitting sectors identified as decarbonisation priorities by the Net Zero Banking Alliance ("NZBA"), demonstrating our commitment for transition of the real-world economy.

Aligned with our Group's commitment and Stand to Accelerate Zero under the Paris Agreement set out in Oct 2021, Standard Chartered Taiwan is committed to reaching net zero across our Bank's operations by 2025 and financed emissions by 2050.

[1] Standard Chartered Bank (Taiwan) Limited is referred to as 'Standard Chartered Taiwan', 'the Bank', 'we', 'our', or 'ourselves' in this report (unless specifically defined in the report), while 'Standard Chartered', 'Group', 'the Group' or 'our Group' refers to the Standard Chartered's Group in general and 'Standard Chartered Taipei Branch' refers to the branch of Standard Chartered PLC.

Our Group's Net Zero Roadmap to 2050

2021

- Launched our roadmap to net zero by 2050, including interim targets and a supporting methodology
- Announced plans to mobilise $300 billion in Sustainable Finance by 2030
- Published our inaugural Transition Finance Framework

2022

- Developed financed emissions baselines and interim 2030 targets for the Aviation, Shipping and Automotive Manufacturers sectors
- Joined Partnership for Carbon Accounting Financials (PCAF)

2023

- Announced our enhanced Oil and Gas absolute financed emissions target
- Updated our Power and Steel sector baselines and targets moving from a revenue-based intensity metric to a production-based intensity metric
- Developed financed emissions baselines and set interim 2030 targets for four additional sectors: Cement, Aluminium, Residential Mortgages, Commercial Real Estate, bringing the total number of science-based targets set for high-emitting sectors to eleven
- Financed emissions baselines and sectoral progress against targets, where indicated, assured for the first time by Ernst & Young
- Calculated the Group's facilitated emissions baseline from debt capital markets following the final PCAF guidance (published in December 2023) under both the 33 per cent and 100 per cent weighting factors
- Updated the Group's net zero methodological white paper, first published in 2021

2024

- We will develop an interim 2030 financed emissions target for the Agriculture sector, planned to be communicated in our 2024 Annual Report, which will be published in Q1 2025
- Aim to set targets for facilitated emissions

2025

- Aim to be net zero in our own operations

2030

- We will have substantially reduced our exposure to the Thermal Coal Mining sector in line with our Position Statements
- Aim to meet the Group's financed emissions interim targets set for high-emitting sectors

2032

- Targeted end date for legacy direct Thermal Coal Mining financing globally

2050

Aim to become net zero in our financed emissions

Our journey to manage the impacts of climate change

Standard Chartered continuously devotes efforts to formulating the long-term target aligned with global initiatives. Important milestones include, but not limited to, signing Equator Principles in 2003, signing the TCFD in 2017, and joining PCAF in 2022. Additionally, throughout 2023, our Group actively engages in the leadership of various collaborative initiatives related to achieving net zero, including, but not limited to, those listed in the Figure 2 below.

Figure 2 – Involvement in Global Initiatives Leadership

GISD

Group Chairman co-chairs the United Nations' GISD Alliance, which has set ambitious objectives to scale up long-term finance and investment in sustainable development.

GFANZ

Group CEO co-chairs the GFANZ working group on Capital Mobilisation to Emerging Markets and Developing Economies.

net-zero banking alliance

Group Head of Conduct, Financial Crime and Compliance chairs the NZBA – the industry-led, UN-convened and sector-specific alliance for banks under GFANZ.

Alliance of CEO Climate Leaders

Group CEO and CSO are part of the World Economic Forum's Alliance of CEO Climate Leaders, which raises bold climate ambition and accelerates the net zero transition by setting science-based targets, disclosing emissions and catalysing decarbonisation and partnerships across global value chains.

UN environment programme | finance initiative

Head of Sustainable Finance Solutions co-chairs the PRB Adaptation Finance working group, which developed a comprehensive framework and practical guidance for banks to set credible adaptation finance targets.

We diligently align with the initiatives our Group participates in and internal policies. We commit to facilitating a just transition to net zero, which includes incorporating biodiversity and climate change as necessary items into the financing assessment, as well as utilising the Carbon Disclosure Project ("CDP") climate change survey to evaluate clients' physical and transition risks.

Given our Group's participation in the NZBA and PCAF, we will follow our Group's methodology towards the calculation and assessment of financed emission.

Furthermore, Table 1 listed the important initiatives our Group has participated in and our achievements in recent years.

Table 1 – Sustainability Journey of Climate Action and Involvement in Global Initiatives

2003	• Signed the Equator Principles.
2007	• Signed the Climate Change Declaration initiated by the United Nations Environment Programme Finance Initiative.
2017	• Signed the Task Force on Climate-related Financial Disclosures (TCFD).
2018	• Became one of the first members recognising Principles for Responsible Banking.
2019	• Approved Climate Risk Appetite Statement ("RAS") and review it annually. • Published Emissions White Paper, declaring the cessation of financing coal-fired plants and other environmentally damaging industries. • Responded to CDP's questionnaire for the first time.
2020	• Recognised Climate Risk in Standard Chartered Enterprise Risk Management Framework ("ERMF") as an integrated risk type. • Published Self-Assessment Report in accordance with UN Principles for Responsible Banking. • Published first Sustainable Report in accordance with Global Reporting Initiative and Sustainability Accounting Standards Board standard. (Standard Chartered Taiwan) • First bank to launch Green Mortgage in Taiwan. (Standard Chartered Taiwan)
2021	• Launched Standard Chartered's pathway to reach net zero by 2025 within own operations (as Figure 1). • Participated in COP26. • Became a signatory to the Poseidon Principles. • Completed the signing of first Sustainability-Linked Loan ("SLL") with ASE Technology Holding, totalling USD505 million. (Standard Chartered Taiwan) • Completed the signing of a total USD2 billion SLL with TSMC, the largest SLL among the Group as of date. (Standard Chartered Taipei Branch)
2022	• Participated in COP27. • Joined PCAF. • Joined RE100. • Achieved an A- level rating for CDP's questionnaire. • Defined eight high-emitting and carbon intensive sectors for measurement and decarbonisation priority. • Issued first ESG Bond. (Standard Chartered Taiwan) • Stopped using single-use plastic in Zhongzheng branch. (Standard Chartered Taiwan)
2023	• Participated in COP28. • Joined Center for Climate Aligned Finance. • Expanded the scope of high-emitting and carbon intensive sectors to 11 industries. • Established Sustainability Committee. (Standard Chartered Taiwan) • Won Taiwan Corporate Sustainability Award for seven consecutive years. (Standard Chartered Taiwan) • Published first TCFD Report and completed Joint Credit Information Center's ("JCIC") scenario analysis. (Standard Chartered Taiwan)

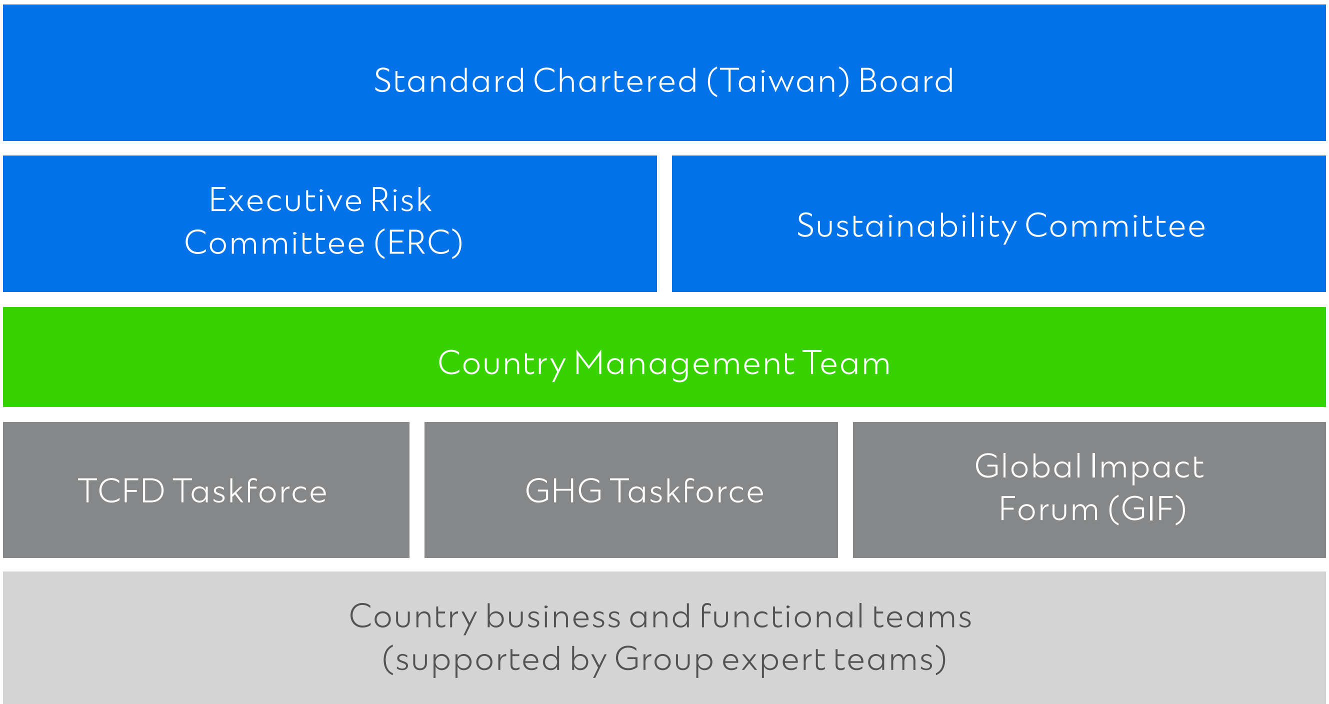
Governance

Climate change and its associated risks, opportunities and organisational implications are overseen by Standard Chartered Taiwan's Board ("the Board") and Country Management Team with the support of committees and taskforces.

Structural overview of Standard Chartered Taiwan's climate-related governance

The Board

Figure 3 – Structural overview of Standard Chartered Taiwan's climate and sustainability-related governance



The Board is responsible for oversighting the Bank's approach to managing and reporting climate-related risks, opportunities and the incorporation of such in our strategy.

Management approach of the Board

To maintain a sound system of internal control and risk management, the Board has appointed the Executive Risk Committee ("ERC") to ensure effective risk management throughout the Bank in support of Standard Chartered's and Standard Chartered Taiwan's strategies. The ERC, through its authority received from the Board, oversees the effective implementation of the ERMF and Risk Type Frameworks, including reputational and sustainability risk and climate risk.

Authorised by the Board in 2023, the Sustainability Committee was established to govern the local sustainability strategies, oversee the implementation progresses, and allocate adequate resources to support the Bank's sustainability agenda (including climate risk).

[2] 'GHG Taskforce' refers to Green House Gas Taskforce.

Governance committees and taskforces

Taskforces were established to support the Bank's Management Team to monitor climate change and associated impact.

Table 2 - Standard Chartered Taiwan's governance committees and steering groups with responsibilities for climate-related issues

Governance Body	Chair	Climate-related Agenda Frequency and Inputs	Key Purpose and Responsibilities related to Climate	Climate-related Actions taken in 2023
Board	Chair	Semi-annually	Oversees the Bank's overall net zero approach and is responsible for the overall climate risk management of the Bank.	• Established the Sustainability Committee and approved its Terms of Reference. • Noted the meeting minutes of the Sustainability Committee and the ERC for monitoring purpose.
ERC	Chief Risk Officer ("CRO") (alternate CEO)	Semi-annually	• Provides oversight of the Bank's key risks on behalf of the Board and is the primary Risk Committee overseeing climate risk delegated by the Board. • Considers the Bank's Risk Appetite and makes recommendations to the Board on the RAS. • Assesses risk types (including climate risk) in Risk Map and the effectiveness of risk management frameworks and policies through ERMF self-assessment. • Provides oversight and challenge of the design and execution of climate-related tasks.	• Approved climate and sustainability related framework and policies on behalf of the Board, including Reputational and Sustainability Risk Type Framework and Climate Risk Policy. • Reviewed, discussed, and challenged the Reputational and Sustainability Risk Type Framework, Sustainability Policy, Climate Risk Policy and regulatory climate risk scenario analysis. • Reviewed and monitored climate metrics in Risk Mandate and the Group's quarterly climate risk information report, which covers key metrics based on the concentration of transition and physical risks in the Bank's portfolio. • Assessed and discussed climate risk in a forward-looking view and oversaw the progress in follow-up actions to address potential issues.
Sustainability Committee	CEO	Quarterly	Approves the local sustainability strategy and oversees the Bank's climate-related business plan implementation and climate risk management (e.g., monitors high-carbon industries in the Corporate & Investment Banking ("CIB") portfolio, reviews TCFD disclosure and Greenhouse Gas ("GHG") inventory reports, ensures the training plan for pan bank employees to be in compliance with the regulatory requirements, monitors regulatory changes related to climate risks, and other climate risk control metrics).	• Approved 2022 TCFD report. • Monitored the progress of key agendas including: 1. GHG emissions and progress to net zero; 2. High-emitting sectors exposure in the CIB; 3. Sustainability upskill curriculum; 4. Business strategy and implementation result.

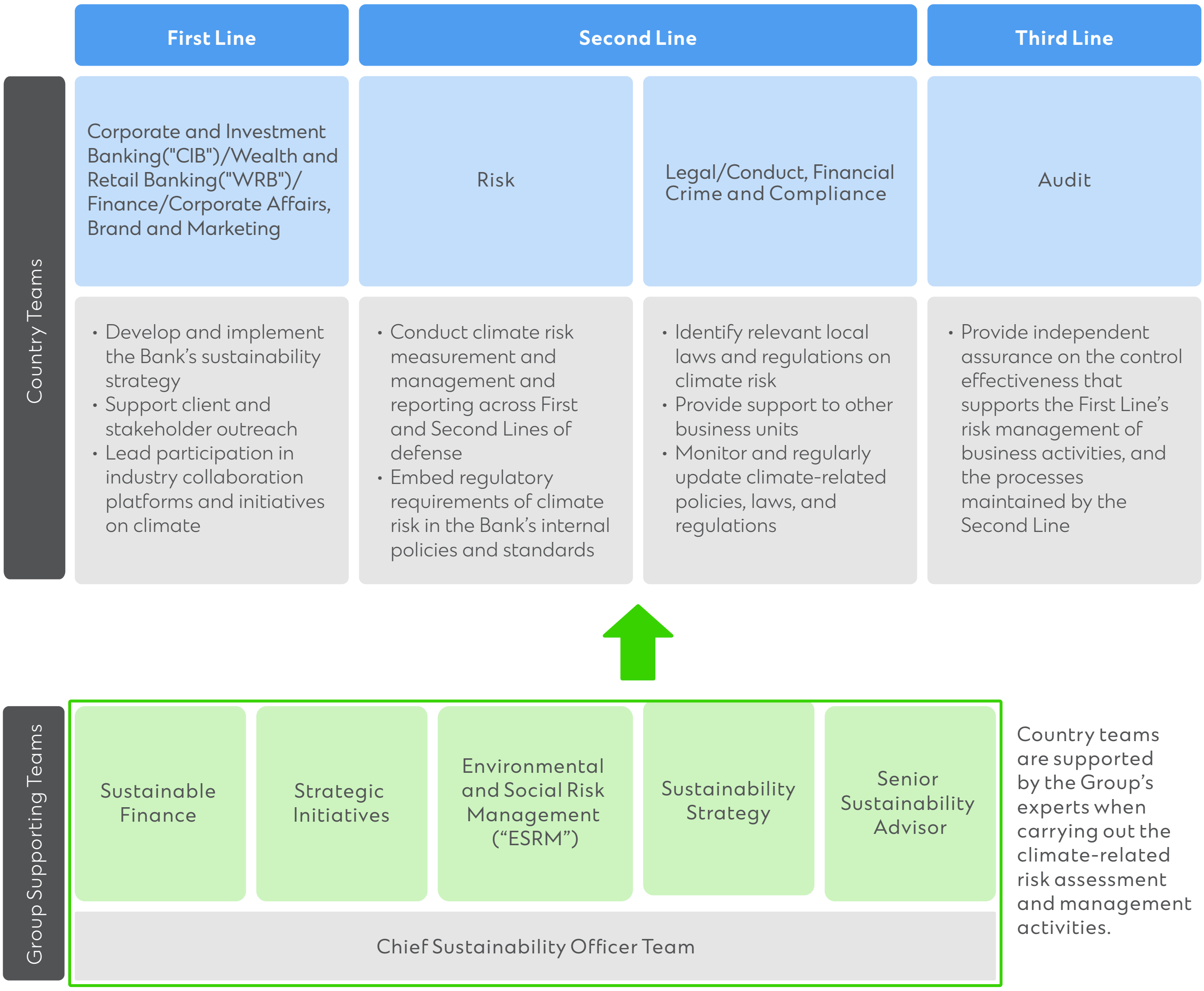
Global Impact Forum ("GIF")	CEO	Quarterly	Driving "One Bank Sustainability" via 4 strategic pillars: Diversity & Inclusion, Futuremakers, Employee Volunteering and Environment, GIF aims to synergise the Group's global impact and community engagement initiatives in a collaborative and impactful way.	• Held beach clean-up activities. • Launched SC Forest APP to encourage employees to live a greener life style such as taking public transportation and using reusable food ware, etc. • Held several climate-related activities, such as "Nice to Meat Free" and jeans recycle events. • Launched the Bank's first Women in Entrepreneurship programme aimed at upskilling and upscaling women-led businesses through workshops, training sessions, mentorship and networking. • Launched the 2023 employability programme in partnership with Garden of Hope, Technology Development Association for the Disabled and the Taipei Parents' Association for the Visually Impaired positively impacting over 750 disadvantaged youth. • Held various employee volunteering activities engaging 67% employee volunteers. • Fundraised over TWD3.4 million towards Futuremakers by Standard Chartered from 2023 Standard Chartered Taipei Charity Marathon.
TCFD Taskforce	CEO	Monthly	Responsible for implementing TCFD recommendations and preparing the climate-related financial disclosure report.	• Enhanced climate-related financial information disclosure and prepared 2022 TCFD disclosure. • Completed 2023 Sustainable Finance self-assessment for the Financial Institutions, including banks, which assessment is held by FSC.
GHG Taskforce	Head of Property	Quarterly	Responsible for GHG inventory calculation and verification.	• Calculated Scope 1 and Scope 2 GHG emissions in 2022 and continued for 2023. • Engaged SGS Taiwan (2022) and Metal Industrial (2023) to verify Scope 1 and Scope 2 GHG emissions calculation under ISO 14064 standard. • Reported Scope 1 and Scope 2 GHG emissions calculation and the result of its verification to the Sustainability Committee.

Assessing and managing climate risks within Standard Chartered Taiwan's business

Climate risks and opportunities have always been prioritised across the Group. Our Group Chief Sustainability Officer ("CSO") and team serves as the centre of expertise of the Group on a broad set of ESG topics, providing thought leadership, strategic advice and transaction support to businesses and functions, enhancing the Group's ability to provide clients with sustainable finance solutions and the mitigation of greenwashing risks. With the CSO team's support, Taiwan teams across businesses and functions are either dedicated to or spend a proportion of their time working on climate-related activities.

The framework for managing climate risk relies on the Bank's three Lines of Defense ("LOD") model to reinforce clear accountability and roles and responsibilities. As climate risk manifests through the impacted Principal Risk Types ("PRTs"), the three LOD roles and responsibilities set out in the relevant PRT risk type frameworks apply. Specific roles responsible to execute climate risk requirements are summarised below.

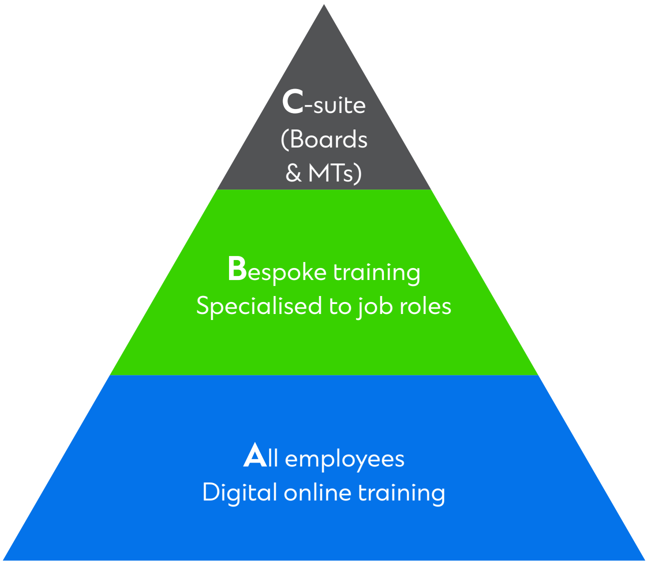
Figure 4 - Roles of Three LOD supporting Climate Risks and Opportunities



Education and training

We encourage all employees to grow their understanding of sustainability and climate change, including how relevant it is to our business, operations, and communities, and how they can actively play a part in this journey.

"ABC" approach has been utilised to enhance our employees' understanding of climate risk management and to deliver our strategy through tailored sustainability curriculums and resources for specific domains in 2023 and the coming years.



Climate related financial and non-financial risk training in 2023

Given the role that the Board plays in sustainability governance, trainings are provided, including regulatory requirements, industry-level climate change scenarios, in-house base and tail risk scenarios and second-order impacts from climate change. In addition, our CEO and Business Heads joined trainings covering energy transition, clean technology, and sustainability-related risks and regulations.

The Board attended training sessions in November 2023. We invited external expert from"Slaughter and May" and Head, Legal and Client Coverage from Standard Chartered Bank Singapore shared their perspectives on sustainability, including risks and mitigations from climate litigations. Additionally, our senior management team attended leadership programmes for a total of 12 hours each in 2023, to better understand the ever-evolving sustainable finance landscape and to better embed sustainability into business strategies. For example, one topic covered net zero technology solutions such as carbon capture and storage, and decarbonised hydrogen (e.g., green, pink, and blue hydrogen).

We also provided climate-related training programmes for all employees in 2023. These programmes included lectures about ESG finance, carbon credit and key knowledge on sustainability. For climate risk specifically, we rolled out a Climate Risk Foundation Course to employees with climate risk management related responsibilities in 2023. "Equilibrium", a balance simulation game was developed on the internal training platform, diSCover, for employees to explore complex sustainable development decisions and their impact.

Bespoke trainings for specific job families were provided in 2023. For instance to support our 2050 net zero carbon emissions vision, Sustainable Finance Practitioner Certificate was provided for CIB and WRB teams and Practitioner Certification was provided to CIB relationship managers ("RM").

Table 3 – Climate-related trainings for the Board and senior management

Audience	Topic	Details
Board	Transition Strategy and Legal Perspectives on Sustainability	Our Board members attended this management level training, which included a "Human rights / climate litigation – risks and mitigants" session, held by our Standard Chartered Regional team in November 2023.
Senior Management	Sustainability Senior Leadership Programme	Our senior management team attended sustainability programmes, with key topics including "Transition Strategy", "Risk & Regulatory Framework", and "Technological Solutions".

Table 4 – Climate-related trainings for function units and all employees

Audience	Topic	Duration
Function Units	• Climate Risk Foundation Course	1 hours
	• Blue Belt – Sustainability Foundation	4.5 hours
All employees	• When we're all included	1 hours
	• Understanding Sustainability	0.5 hours
	• DEI - The REAL you event	6 hours
	• Global Learning Week – Sustainability	4 hours
	• WEB 3.0 & Personal Carbon Digital Assets	1.5 hours

Incentive Structure

Variable remuneration is based on measurable performance criteria linked to our strategy, which is applicable to employees and overseen by the Board-level Remuneration Committee. Annual incentives are based on the assessment of the Group's scorecard which contains financial and strategic measures and is applicable to the majority of our employees. Selected sustainability targets, including those with a climate change dimension, are incorporated into our scorecard to encourage senior leaders to focus on sustainability.

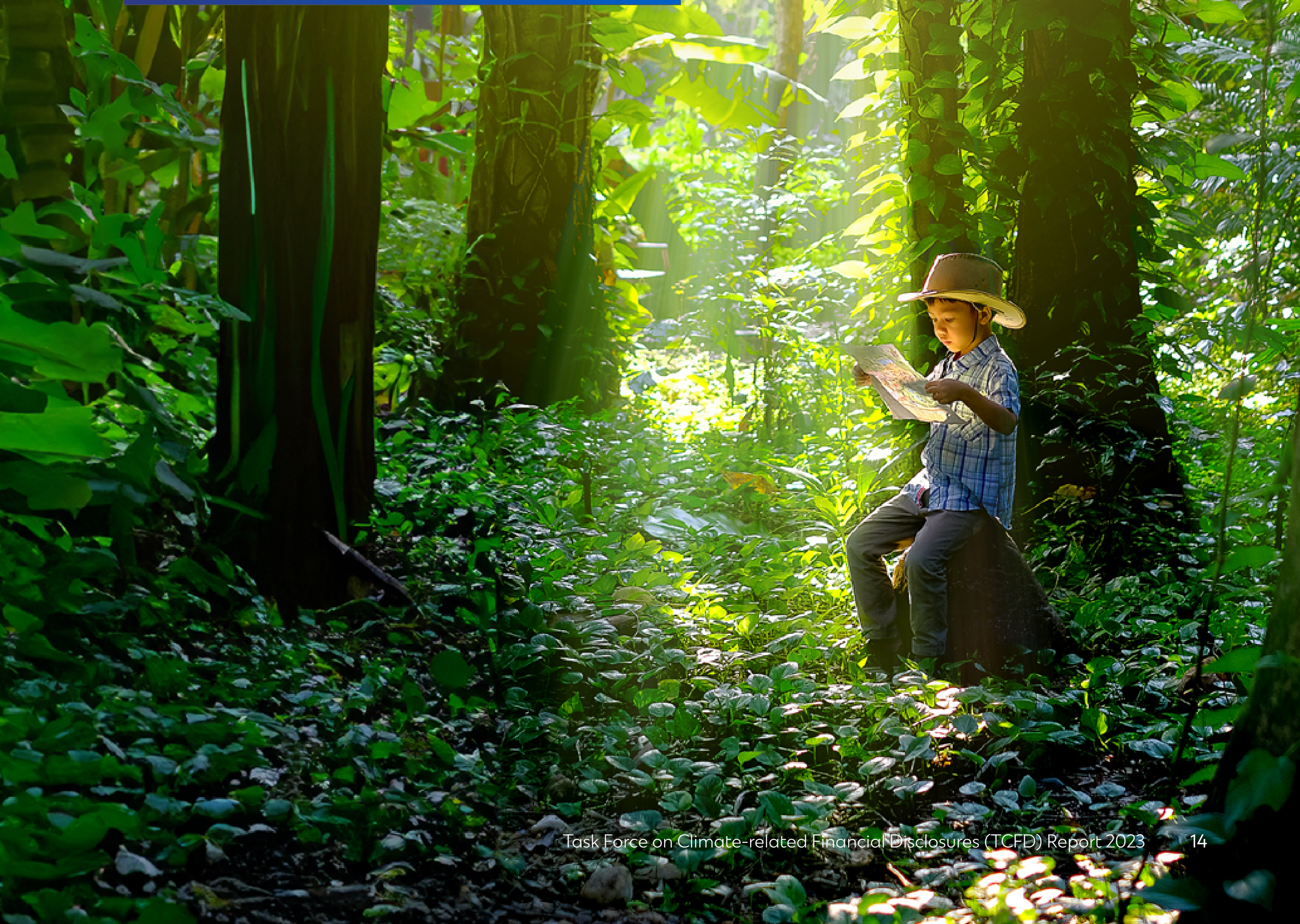
The scorecard includes the following for 2024:

- Growing sustainable finance income.
- Reducing Scope 1 and Scope 2 emissions in line with our operational net zero by 2025 target.

Strategy

Our approach to climate change

Our net zero plan aims to facilitate solutions to reduce emissions, catalyse sustainable finance and partnerships, and mitigate the financial and non-financial risks we may face associated with climate change. To achieve the net zero plan, the Group has incorporated climate risk into its formal annual strategy and financial planning process. We follow the climate strategies set at the Group level where external factors (e.g., Paris Agreement) and internal factors (e.g., climate risk impact on our business and financial performance) have been considered. Below is an overview of the strategies for climate change.



Climate-related opportunity identification

The work to scale sustainable and transition finance is an opportunity for us to create resilience against transition risks and help provide capital and financing for our clients' transition to a low carbon economy. Through supporting clients' decarbonisation journeys in their business models, we also manage our own transition risk. Together with our Group's Sustainability Aspirations in 2023, which includes achieving sustainable finance income of USD1 billion by 2025 and mobilise USD300 billion of sustainable finance between 2021 and 2030 ("Group's sustainable finance goal"), we continue to grow our sustainable finance assets and liabilities with our clients.

We follow recommendations in the "Climate Risk Management Handbook for Domestic Banks" (the "Handbook") issued by the Bankers Association to identify climate-related opportunities. Table 5 presents our climate-related opportunities.

Table 5 - Climate-related Opportunity Identification

Opportunity Item	Potential Financial Impact	Action Plan	Time Horizon [3]	UN SDGs
Energy Efficiency/ Energy Sources	Improve energy efficiency to reduce energy consumption costs	• Replace inefficient equipment (including air conditioning, power generation, lighting, etc.) with high-energy-efficient equipment. • Consider obtaining green building certifications when establishing new operational sites. • Implement energy management systems in newly constructed large-scale offices.	Medium to Long term	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Products and Services	Implement green procurement and supplier management to control and mitigate future increases in operating cost	• Use environmentally friendly materials and high-energy-efficient equipment for renovation, relocation, or establishment of operational sites. • Procure low-carbon and sustainably certified commodities for daily consumables.	Short to Long term	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	Assist in nurturing green industry development to support new businesses	• Provide project finance to support the establishment of windfarms and solar energy plants.	Medium to Long term	1 NO POVERTY 7 AFFORDABLE AND CLEAN ENERGY
	Develop sustainable finance products and services to increase revenue	• Since 2020, introduced "Green Building Mortgages" based on green building certification levels to effectively support clients in purchasing energy-saving and carbon-reducing green buildings. • Offer clients diverse products (such as SLL, green mortgage, and sustainable time deposit) and utilise funds from sustainable fixed deposits for loans and projects related to sustainable development actions.	Short to Medium term	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION

[3] Short-term: 1 year, Medium-term: 1-7 years, Long-term: above 7 years

Opportunity Item	Potential Financial Impact	Action Plan	Time Horizon [3]	UN SDGs
		• Launch Carbon Neutral Cards in alignment with sustainable development vision. • Promote digitalisation of process. • Introduce funds aligned with sustainable investment principles to meet client needs. • Provide training to employees and clients to foster understanding of ESG and sustainable investing concepts, so as to tailor sustainable investment product recommendations. • Continue promoting ESG and sustainable thematic investment models, leveraging global experiences for the application of medium to long-term products. • Tailor financing plan based on the operational and financial performance of both clients and suppliers, as well as the corresponding industry's characteristics, to establish sustainable goals and move towards a sustainable future.	Short to Long term	
Market	Update internal policy for sustainable investment products for the new market opportunities	• Apply Equator Principles to ensure the projects financed and advised on reflect sound environmental management practices.	Short to Long term	
	Develop ESG Bond market to increase revenue	• Support clients to issue ESG bonds to support various sustainable projects, such as green buildings and renewable energy.	Short to Long term	

Reducing Standard Chartered Taiwan's emissions

We focus on three areas within our strategy to reduce direct and financed emissions: our operations, those associated with our supply chain (indirect impacts in value chain) and our financed emissions associated with clients.

Operations

To achieve net zero by 2025, the Group has measured and reduced Scope 1 and 2 GHG emissions since 2008, with a target of 90% reduction since 2018. In pursuit of the same target, we reduced emissions via different actions, including head office relocation in December 2021, installing photovoltaic ("PV") on 2 of our buildings (Zhongzheng Building and Sanmin Building) in 2023, optimising the workspace with flexible working arrangements, and encouraging employees to go green.

Table 6 - Summary of our low carbon operation projects and achievement

Project	Description	Standard Chartered Taiwan's Achievement in 2023
Sustainable office	• Incorporating environmentally friendly and green design concepts, such as reducing water usage, using low carbon building materials, and efficient energy utilisation. • Utilising eco-friendly tableware and cups to reduce the usage of single-use plastic products in internal meetings. • Introducing Mobile ID (digital identity certification service), reducing paper usage.	 • Standard Chartered Taiwan Head Office is certificated as LEED GOLD and WELL GOLD. • Five branches passed our Group's zero plastic review and have been certified as zero plastic buildings. • No violations of environmental regulations resulting in penalties.
Green Energy	Installing PV for green energy.	• Installed PV in 2 buildings. • Exceeded 90,000 kwh of electricity generation, and the surplus electricity can be sold back to Taiwan Power Company during off-peak hours.
Energy Usage	• Utilising less gasoline and diesel. • Replacing conventional air conditioning and lights with energy saving alternatives after their operational lifespan. • Reducing the operation hours of lighting on branch signage. • Encouraging employees to take stairs instead of lifts.	• Reducing the numbers of official vehicles from 8 in 2018 to 3 in 2022, including one electric vehicle. • Electricity usage decreased by 142,416kwh (by 1.5%).
Water Usage	• Installing water-saving facilities in main branches and offices. • Monitoring daily water consumption to identify abnormal water usage events and developing countermeasures for these events.	• Water usage decreased by 14 tonnes (m3) (by 0.1%).

Suppliers

As part of our 'here for good' brand promise, we follow our Group's commitment and utilise the "Supplier Charter" to conduct our dealings with suppliers to meet appropriate standards of quality and integrity. This Charter sets out principles for behavioural standards from all suppliers, and those within a supplier's sphere of influence that assist them in performing their obligations, which includes any subcontractors that the supplier uses. Derived from international standards and values endorsed by the Group, these principles guide our interaction with suppliers.

We recognise the impact of climate change on goods and services we procure and understand that severe weather events could result in material disruptions to our supply chain and ability to serve clients. As such, we are working to gather site locations for our material suppliers to assess their physical risk exposure, so that suitable continuity plans can be developed. In addition to climate impact, we have a diverse and inclusive procurement policy for small/micro enterprises, ethnic minorities, people with disabilities, LGBT+ groups, women-owned enterprises, and social enterprises.

As of 2023, we collaborated with 492 suppliers, whereby 468 (95%) of these suppliers are based domestically. Procurement from domestic suppliers amounted to nearly TWD2.62 billion, accounting for approximately 98.7% of the total procurement amount. Supplier types range from service providers, equipment suppliers, and engineering contractors, further categorised into providers of computer equipment, telecommunications, human resources services, furniture, printed materials, office supplies, construction and maintenance, and mechanical and electrical engineering services. By keeping the supply chain local, we aim to improve service efficiency of our suppliers, reduce costs, and stimulate local economic development.

Clients

In 2021, our Group announced that clients (beginning with those in high-emitting sectors) are expected to have a transition strategy to a low-carbon business model [4]. In 2023, we made progress towards our net zero goal, and set to measure, manage, and reduce operational and financed emissions via the implementation of the net zero pathway.

1. Prohibited activities

Our Group integrates sustainability into the organisational decision-making through a set of Position Statements which outline the environmental and social standards, and a list of Prohibited Activities that the Group will not finance [5]. The Group has not provided direct financing to any new thermal coal mines since 2016, and the Group has not provided any direct financing to new coal-fired power plants since 2018. All such legacy financings will have ended by 2032.

According to the Group's Thermal Coal Position Statement [6], the Bank will not provide new financial services and will phase out existing financial services to client entities who: (i) Acquire or invest in Thermal Coal mines or Thermal Coal-fired power plants; (ii) Develop Thermal Coal Assets; or (iii) Are:

- More than 80% dependent on Thermal Coal Activities (based on percentage of revenue);
- By 2025, more than 60% dependent on Thermal Coal Activities (based on percentage of revenue);
- By 2027, more than 40% dependent on Thermal Coal Activities (based on percentage of revenue); or
- By 2030, more than 5% dependent on Thermal Coal Activities (based on percentage of revenue).

[4] Standard Chartered maintains a suite of public Position Statements that outline the Group's environmental and social expectations for providing financial services to clients.
Read more about the Position Statements at Our Sustainable Impact and Progress | Standard Chartered (sc.com)
https://www.sc.com/en/about/sustainability/sustainability-library/

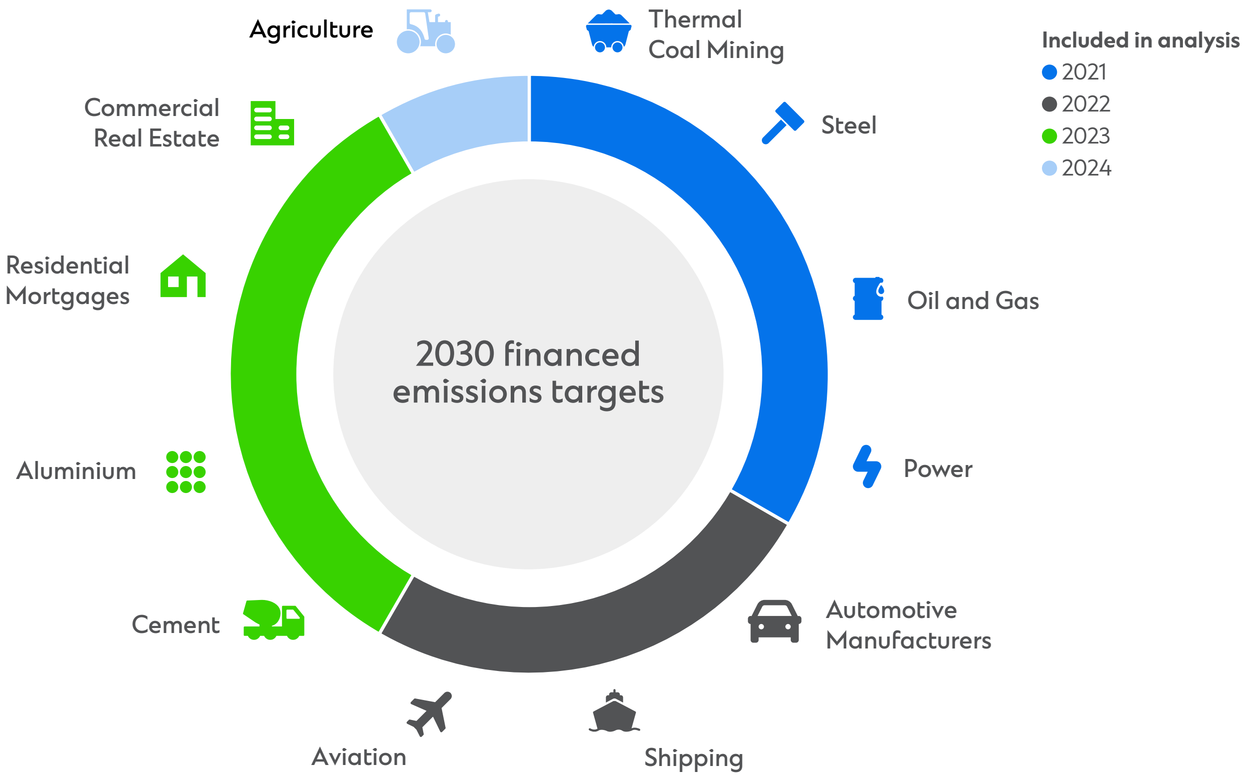
[5] Read more about the Position Statements at Prohibited activities | Standard Chartered (sc.com)
https://www.sc.com/en/about/sustainability/position-statements/prohibited-activities/

[6] Read more about the Statement at Thermal coal | Standard Chartered (sc.com)
https://www.sc.com/en/about/sustainability/position-statements/thermal-coal/

2. Exposure to high-emitting and carbon-intensive sectors

To manage our financial risks associated with climate change, analysing our exposure to high-emitting and carbon-intensive sectors is a starting point. The Bank defined 8 high-emitting and carbon-intensive sectors in 2022, where baseline targets and monitoring metrics have been set. In 2023, following Group's guidance and interim 2030 targets, we updated the scope to 11 high-emitting and carbon-intensive sectors in line with the NZBA Guidance. The 12th sector, Agriculture, will have a target developed in 2024.

High-emitting and carbon-intensive sectors with interim 2030 targets



Catalysing sustainable finance and partnership

To achieve the Group's sustainable finance goal, the position of sustainability has changed from a predominantly risk-based initiative to a value driver.

Sustainable finance product development

Currently, our Group has over 40 products variants within the sustainable finance product suite, falling into three buckets which are Use of Proceeds, Sustainability-Linked, and Sustainable Finance Liabilities products. The products are governed by a Green and Sustainable Product Framework, which is developed with the support of Morningstar Sustainalytics to ensure it is aligned with market practice.

Table 7 - Sustainable Finance product category

Use of Proceeds	Sustainability-Linked	Liabilities Products
• Restricted use of proceeds of the financing to pre-determined eligible services. • Written into the transaction documentation. • Post-close monitoring required to report on use of proceeds until proceeds are fully allocated. • Examples: green loans, sustainability bonds.	• Sustainability-Linked products are products which incentivise the client's achievements of pre-determined sustainability performance objectives. • The key performance indicators ("KPI") must be material to the client's key ESG-related issues and the associated Sustainability Performance Targets ("SPT") ambitions. • Third-party verified reporting on performance against the SPTs is required on at least an annual basis. • Examples: Sustainability-Linked derivatives.	• The Group raises sustainable liabilities which are referenced against the sustainable finance assets base. • Limits by product and by market are allocated by the Sustainable Finance Governance Committee. • Total sustainable finance liabilities are monitored against total sustainable finance assets daily. • The Group reports on the assets base on an annual basis through the Sustainable Finance Impact Report. • Examples: Group Sustainable Bond issuances, sustainable deposits.

All sustainable finance products are approved at the Group's Sustainable Finance Governance Committee, which is the foremost committee on greenwashing risks. Use of Proceeds and Sustainability-Linked transactions are then assessed on a transaction-by-transaction basis. In addition, all sustainable finance products are underpinned by relative product programme guidance documents.

Standard Chartered Taiwan has followed and implemented the Group's climate strategy and identified several climate-related opportunities by considering client preference and industrial activities in Taiwan. Looking ahead at 2024, we will continue to execute the established strategy to grow business through investing in digital enablement, refreshing branch proposition, and launching new products and segments. WRB will stay focused on wealth-led propositions and digital transformation, whilst CIB will continue leveraging our global network to be clients' most trusted partner as they invest both in Taiwan and overseas. Acting as a connector, we will facilitate supply chain reconfiguration in Asia and beyond, providing leading financial market solutions to support our clients' hedging and funding arrangements, as well as offering innovative solutions to assist their sustainability journey.

1. Sustainable Finance Products for corporate clients

In 2023, we earned USD8.5 million sustainable finance income by financing 6 renewable energy projects (including 2 windfarm projects and 4 solar energy projects) and closing 1 Sustainability-Linked Ship Financing and 1 Sustainability-Linked Receivable Services. We remained optimistic about the sustained demand for sustainable finance in the Asia Pacific region. With the great success of our 1st ESG Bond launched in 2022, Standard Chartered Group once again launched a ten-year, 5.7% fixed rate ESG bond in Formosa bond market, raising a total of USD46 million in 2023. The proceeds from this ESG bond will be utilised according to our Group's sustainable development bond framework, supporting various sustainable projects, such as green buildings and renewable energy. In addition, we acted as lead underwriter for the ESG bond issuance by Korea Expressway Corporation in June 2023, successfully raising a total amount of USD300 million, which was the issuer's inaugural USD-denominated ESG Formosa bond. We are committed to exploring innovative financial investment approaches to ensure fluid capital flows and maintain flexibility to address the challenges of expanding ESG-related businesses in emerging markets.

2. Sustainable Finance Products for retail clients

By the end of 2023, we successfully financed TWD1.9 billion of green mortgages, with an average loan size exceeding TWD10 million. Additionally, we accumulated TWD2.5 billion in sustainable time deposits with an interest rate of 5%, mainly used for green and sustainable loans. Furthermore, sustainability-themed investment products achieved an asset under management of USD325 million, marking a 17% growth. We also issued a total of 166k Carbon Neutral Cards, comprising 106k credit cards and 60k debit cards.

Engagement with stakeholders

We launched multiple events with external stakeholders and clients throughout 2023 (as shown in Table 8) to enhance our client's awareness and to position ourselves as their best sustainability partner

Table 8 - Events with external stakeholders and clients throughout 2023

2023.03	Standard Chartered Taiwan collaborated with CommonWealth Magazine and invited sustainability pioneers including YouBike, Taipei 101, and Copenhagen Infrastructure Partners, to shared practices and challenges of sustainable development in different industries and common goals with CEO of the Bank. Speakers from Formosa Plastics Group, Head of Sustainable Finance for Asia from the Bank, and Google Cloud Taiwan also shared solutions for promoting sustainability, and approaches towards achieving the goals.	
2023.07	• The Bank launched our sustainability microsite to share our various sustainability initiatives and updates with our stakeholders. Our sustainability series, "Through the Eyes of Standard Chartered", launched in October 2022, which showed Taiwan's progress and achievements in promoting sustainability through dialogues with our CEO and industry leaders are also accessible on this website and our official YouTube channel, Facebook page, with a total of nearly 3 million views. • Standard Chartered Taiwan financed the first Taiwan Sustainability-Linked Ship Financing for the container shipping industry.	
2023.08	We financed the first Taiwan Sustainable-Linked Receivables with the electronics industry in Taiwan, aiming to help companies achieve the goal of carbon neutrality through sustainable financial services, opening up more possibilities. These innovative financial solutions demonstrate our determination to cooperate with our clients to accelerate their net zero transition.	

Our Group's ESG and Transition Finance advisory teams prioritise engagements with clients associated with high climate risk with weak or no transition plans and/or insufficient disclosures to recommend enhancements. In accordance with Group's guidance, our engagement takes many forms, for example, one-to-one sessions using online channels and calls, or written responses. We endeavour to support and guide our clients to a low-carbon pathway by utilising our full suite of sustainable finance solutions. Throughout 2023, we engaged with new clients and provided them with newly developed sustainable finance products to support their transition to net zero. Below highlights 2 iconic engagement cases.

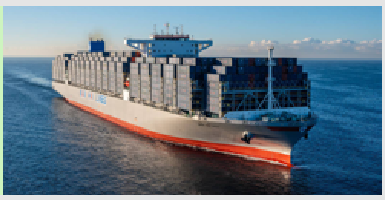
Sustainability-Linked Receivable Services with Wistron Corporation

USD 422 million

In response to diverse client needs and drive rapid development in sustainable financial services, we announced the completion of a USD422 million Sustainability-Linked Receivable Services agreement with Wistron Corporation, an electronics manufacturer based in Taiwan. This marks the first time that sustainability performance has been integrated into the receivable services business model, paving the way for businesses to transition towards net zero through sustainable financial services and exploring new possibilities, particularly within the closely interconnected supply chains of the global electronics industry. This Sustainability-Linked Receivable Services agreement links GHG emissions reduction and minimum renewable energy usage ratios, which will be tracked by third parties. Jointly with corporations, we aim to achieve sustainability goals through both corporate operations and the framework of sustainable finance.

Sustainability-Linked Ship Financing with Wan Hai Lines

USD 96.2 million



We announced the completion of a 10-year, USD96.2 million Sustainability-Linked Ship Financing with Wan Hai Lines, marking the first landmark Sustainability-Linked Ship Financing signed by the container shipping industry in Taiwan. This project underwent scrutiny by Sustainalytics, a leading and impartial second-party opinion provider in the market, with a focus on improving operational efficiency.

Risk Management

Our approach to managing climate risk

ERMF outlines how to manage risk across the Group. It provides the structure to manage existing risks effectively in line with our risk appetite, and allows for holistic risk identification. The ERMF also sets out the roles and responsibilities and the minimum governance requirements for the management of principal risks. Principal risks are risks inherent in the Bank's strategy and business model, and are formally defined in the ERMF. We will not compromise compliance with our risk appetite to pursue revenue growth or higher returns.

Standard Chartered Taiwan's Climate Risk Appetite Statement defines that

> "The bank aims to measure and manage financial and non-financial risks arising from climate change and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement."

Recognising climate risk and taxonomy

In 2019, climate risk was incorporated in the Group-wide risk taxonomy through the ERMF. Climate risk is defined within the ERMF as "the potential for financial loss and non-financial detriments arising from climate change and society's response to it". We embedded climate-related risk into the ERMF as an integrated risk type and impacted PRTs, such as credit risk and traded risk, based on two principles:

- **Treat climate risk like a traditional risk type.** Embedding climate risk into existing risk management processes, including identification, governance, reporting, scenario analysis, strategy, and financial planning.
- **Recognise and build for where climate risk is different.** Unlike traditional risk types, climate risk is likely to crystallise longer and difficult to quantify. Therefore, it requires new tools and methodologies to analyse its impact.

Climate risk identification

To manage the potential impact from clients' climate risk, we include the recommendations of the Handbook, and assess the impact of identified climate risks (Table 9) with the support of internal and external experts. No identified climate risk with high impact, and the percentage of expected loss to the Bank's net worth in 2030 and 2050 under JCIC scenarios is no more than 5%. We will evolve the methodology for climate risk identification and impact assessment, and continue monitoring the impact level of climate risk by strengthening scenario analysis capabilities to evaluate the sufficiency of climate risk management.

Table 9 – Climate Risk Identification

Risk Item			Potential Financial Impact	Time Horizon [7]	Cross cutting with PRTs
Transition Risk					
A	Regulation and Policy	1	The policies or regulations related to carbon pricing, carbon tax, carbon emissions, carbon reduction targets, disclosure obligations, and energy conservation become stricter. This trend may impair operational profits of investment and financing clients and pose an impact on our value of assets and revenue.	Medium to long term	Credit Risk Country Risk Traded Risk
		2	The policies or regulations related to carbon emissions and energy conservation become stricter. This trend may increase our operating costs.	Short to Medium term	Operational and Technology Risk Treasury Risk
		3	The policies or regulations related to carbon emissions reduction and energy conservation become stricter. Failure to comply with these policies and regulations may be penalised.	Short to Medium term	Compliance Risk Reputational and Sustainability Risk
B	Technology	4	Failure to develop fintech and direct the green financial flow to paperless and energy conservation and carbon reduction via digital finance and electronic services may lead to a decrease in the willingness of clients to establish relationships with us and impact revenue.	Medium to long term	Operational and Technology Risk Reputational and Sustainability Risk
		5	Corporate clients, in response to the transition, may increase costs and reduce profits due to mistakes in technological judgment or significant investments in unsuccessful new technology development.	Medium to long term	Credit Risk Traded Risk Treasury Risk
		6	The mature development of low-carbon technologies in new low-carbon industries may disadvantage corporate clients in traditional industries and lower their profitability, leading to an impact on value of our assets or earnings (e.g., coal-fired power plants becoming less competitive).	Medium to long term	Credit Risk Traded Risk
C	Consumer preference/ market supply and demand imbalance risk	7	Increased awareness of environmental sustainability or extreme weather events that affect the profitability of high-energy intensive and high-emitting sector companies and may cause difficulty to recover the creditor's rights or impair the value of investment in these companies.	Medium to long term	Credit Risk Country Risk Traded Risk Treasury Risk
		8	Failure to launch sustainable finance products and services in a timely manner may result in the loss of climate change related market shares, clients and revenue.	Short to Medium term	Operational and Technology Risk Treasury Risk Reputational and Sustainability Risk
D	Reputation	9	Being perceived as relatively environmentally unfriendly or not offering green products may affect our reputation, lose business and clients and result in the decrease in our revenue.	Short to Medium term	Operational and Technology Risk Reputational and Sustainability Risk
		10	Failure to actively address climate change issues of concern to stakeholders may impact our image and reputation.	Short to Medium term	Reputational and Sustainability Risk

Risk Item		Potential Financial Impact		Time Horizon[7]	Cross cutting with PRTs
Physical Risk					
E	Acute	11	Natural disasters and infectious diseases may increase insurance premiums.	Medium to long term	Operational and Technology Risk
		12	Abnormal events caused by extreme weather (e.g., typhoons and heavy rainfall) may result in damage to our operating sites or equipment, operation interruptions, or casualties.	Short to Medium term	Operational and Technology Risk Reputational and Sustainability Risk
		13	Abnormal events caused by extreme weather (e.g., typhoons and heavy rainfall) may lead to a depreciation of the collateral value and impact creditor's rights.	Short to Medium term	Credit Risk Country Risk
		14	Abnormal events caused by extreme weather (e.g., typhoons and heavy rainfall) may result in damage to financed or invested companies' headquarters, branches, factories and assets, etc. This will impact the value of our lending and investment portfolio.	Short to Medium term	Credit Risk Country Risk Traded Risk
		15	Water-intensive industries (e.g., manufacturing, agriculture and semiconductor industries) may suffer damages due to water shortage resulting from uneven rainfall distribution. These damages may impair the value of our assets in water-intensive industries.	Short to Medium term	Credit Risk Country Risk Traded Risk
F	Chronic	16	Floods may cause losses to the operating sites and collateral.	Short to Medium term	Credit Risk Country Risk Traded Risk Operational and Technology Risk
		17	Water shortage resulting from an increase probability of drought may lead to operation interruptions and damages to equipment.	Short to Medium term	Operational and Technology Risk
		18	Rising sea levels may result in losses to the operating sites and collateral.	Medium to long term	Credit Risk Country Risk Operational and Technology Risk
		19	Extreme weather events may cause operation interruptions to investment and financing targets.	Medium to long term	Credit Risk Country Risk Traded Risk Operational and Technology Risk
		20	An increase in electricity or water consumption for air conditioning due to average temperatures rising may lead to an increase in our operational costs.	Short to Medium term	Operational and Technology Risk
		21	Long-term climate changes (e.g., rising average temperatures, rising sea levels, changes in rainfall patterns, water stress/shortage, or drought) may lead to a decrease in the expected value of climate-sensitive assets (e.g., agriculture and real estate related assets).	Medium to long term	Credit Risk Country Risk Traded Risk

[7] Short-term: 1 year, Medium-term: 1-7 years, Long-term: above 7 years.

Standard Chartered Taiwan's climate actions

We manage climate risk according to the characteristics of the impacted PRTs. In 2023, we have continued to build climate risk into existing risk management frameworks and processes. The areas where we have made progress to embed climate risk considerations within the first line of defence and across PRTs are listed in Table 10.

Table 10 - Actions for the climate risk impacted PRTs

Impacted Risk Type		**Standard Chartered Taiwan's Key updates in 2023**	**Next steps**
Credit Risk – CIB ▲▲	Disruption to clients' business models due to physical or transition risk impacting their profitability and thereby affecting their capacity to repay debt, or the capital and collateral required to back the loan.	• Development of client-level climate risk assessment for corporate clients.	• Enhance portfolio management and oversight on clients exposed to climate-related risks within the credit decisioning processes. • Enhance quality and streamlining underlying client-level assessments across financial and non-financial impacts from ESG risks including climate and net zero. • Upskill all impacted client relationship employees including credit officers and relationship managers. • Build physical risk grading capabilities.
Credit Risk – WRB ▲▲	Physical risks, such as rising sea levels and severe flood events, could adversely impact repayment ability through damages to properties or loss of insurance cover, leading to potential increases in credit losses or due to changes in the economic environment as the economy transitions towards lower emissions.	• Analysis of current physical risk of residential mortgage portfolios.	• Continue to refine the physical risk approach to enable factoring in the impact from physical risk on underlying collateral.
Operational and Technology Risk ▲	Impact of acute or chronic physical risks may disrupt the Bank's own properties, data centres and third parties leading to business disruptions. Furthermore, increased costs may arise through implementation of practices such as renewable energy sources and waste reduction to reduce emissions.	• Analysis and discussion of current physical risk for our own operations (branches and offices). • Integration of physical risk evaluation in new property acquisition process.	• Gather site locations for our material vendors to assess their physical risk exposure, such that suitable continuity plans can be developed.
Country Risk ▲▲	Both physical and transition risks can have a direct impact on a sovereign's economic strength and increase their costs of borrowing, directly impacting overall creditworthiness.	• Integration of climate risk in sovereign rating and limits review process. • Qualitative analysis and ranking of countries by vulnerability and readiness.	• Enhance the methodology for the assessment of sovereign physical risks to limit reliance on static data sources from external research and expand coverage to include nature/ biodiversity risks.
Reputational and Sustainability Risk ▲	Potential for stakeholders to view the Group negatively due to actual or perceived actions or inactions in response to the stated climate, ESG and net zero commitments. Increasing expectations from governments, regulators, NGOs, investors, and individuals heightens reputational risks.	• Integration of climate risk for high reputational risk transaction review process. • Development of temperature alignment and transition readiness scores at a client level.	• Increase in the pace and variety of regulations around sustainability with a focus on greenwashing will be a key priority for 2024. • Ensure framework and controls consider new regulations and the controls are embedded in an effective manner.

▲ Physical Risk ▲ Transition Risk

Impacted Risk Type		Standard Chartered Taiwan's Key updates in 2023	Next steps
Traded Risk	Acute physical risk events or a disruptive transition can cause sudden changes in the fair value of assets driven by commodity price changes. Additional impact may result due to trigger sales, sudden and negative price adjustments where these risks are not yet incorporated into prices.	• The stress scenario "Winter Cold Wave" has been developed and run on a weekly basis for trading book and Treasury banking book Fair Value respectively.	• Extend the tail scenario narratives developed for the CIB portfolio to develop transition risk scenarios for the trading book and implement enhancements related to market risk factors and shorter-term shocks.
Treasury Risk	Impact on client business models and their overall financial stability from transition to a low-carbon economy can impact capital adequacy and/or liquidity levels needed to ensure financial stability during periods of stress.	• Yearly assessment of capital adequacy over a 5-year scenario including plausible but extreme stress.	• Review risk pockets within high climate risk and net zero divergent sectors as part of the Internal Capital Adequacy Assessment Process. • Enhance the capabilities to assess climate risk as part of the Internal Liquidity Adequacy Assessment Process.
Compliance Risk	Risk of failing to comply with current and emerging climate risk regulations.	• Process established for tracking various climate risk-related regulations at the Group and Regional/ Country level.	• Incorporate climate risk related regulations into the annual compliance assessment excise. • Leverage Compliance Self-Assessment as 2LOD with fully incorporate related regulatory obligations. • Persist in adhering to the policies set by the regulators.

Physical Risk   Transition Risk

Mitigating financial and non-financial risks

To manage the potential impacts on Standard Chartered Taiwan in connection with our clients' climate risk, we have integrated the climate risk assessment process into our credit review process based on our Group's developed methodology. Below describes our management approaches towards credit risk, traded risk and operational risk.

Toolkits leveraged to assess climate risks

The Group has invested in a number of toolkits and partnerships to quantitatively measure climate-related physical and transition risks and has conducted scenario analysis across a range of plausible scenarios in 2023. Aside from leveraging toolkits provided by Group, we also use the National Science and Technology Center for Disaster Reduction ("NCDR") database to evaluate the level of flooding risk to collaterals and conducted scenario analysis based on Domestic Banks' Conduct of Climate Scenario Analysis Planning Project launched by the JCIC to assess the impacts of climate-related risks on our financial position. In 2024 and beyond, our Group aims to reduce reliance on third-party models with the development of internal carbon elasticity and IFRS 9 expected credit loss models including climate-related impacts.

Table 11 – Overview of the Bank's climate toolkit and partnerships

Toolkits and Partnerships		Description
The Group	In-house Climate Risk Questionnaires	Client-level Climate Risk Questionnaire ("CRQ") to assess and gather information on client mitigation and adaptation plans. The information gathered through these CRQs form part of the client-level climate risk assessments.
	Munich Re	Physical risk assessment tool built on extensive re-insurance experience to obtain location-based hazard and risk scores under current day for acute weather events (e.g., storms, floods, or wildfire) and longer-term time horizons (2050, 2100) for Representative Concentration Pathway ("RCP") scenarios 2.6, 4.5 and 8.5, and for chronic risks such as sea level rise.
	Baringa Partners	Scenario expansion models and expertise used to design bespoke short-term scenario narratives and build scenarios for management stress tests and implement them within the Aladdin Climate transition risk models.
	BlackRock	Aladdin Climate transition risk models are used to translate the impact of transition and Physical Risk scenario variables on company financials and probabilities of default, and obtain temperature alignment results to assess a temperature score to indicate client- and portfolio-level global warming potential up to 2030.[n1]
	S&P Global	Asset locations, energy mixes and client-level emissions i.e., absolute emissions (tonnes of CO_2e) and emissions intensities by revenue (tonnes of CO_2 e/$ million) for Scope 1 and 2 and, where available, for Scope 3 emissions.
	Imperial College London	Academic expertise leveraged to advance our understanding of climate science, upskill employees and senior management, and progress independent research on climate risks with a focus on emerging markets.
Standard Chartered Taiwan	NCDR	NCDR database is used to assess the flooding risk impact on our client's real estate collaterals in Taiwan under 2°C and 4°C scenarios.
	JCIC	Scenarios (i.e., orderly scenario, disorderly scenario, and current policies scenario) designed by the JCIC are used to evaluate the potential impact of climate risk on our lending and investment portfolio.

n1: The inclusion of the Aladdin Climate analytics, based on models from BlackRock, contained in this report should not be construed as a characterisation regarding the materiality or financial impact of that information. The Aladdin Climate analytics include non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The Aladdin Climate analytics are not fixed and are likely to change and evolve over time. The Aladdin Climate analytics rely on comparatively new analysis and there is limited peer review or comparable data available. BlackRock does not guarantee and shall not be responsible for the content, accuracy, timelines, non-infringement, or completeness of Aladdin Climate analytics contained herein, or have any liability resulting from the use of the Aladdin Climate analytics in this report, or any actions taken in reliance on any information herein.

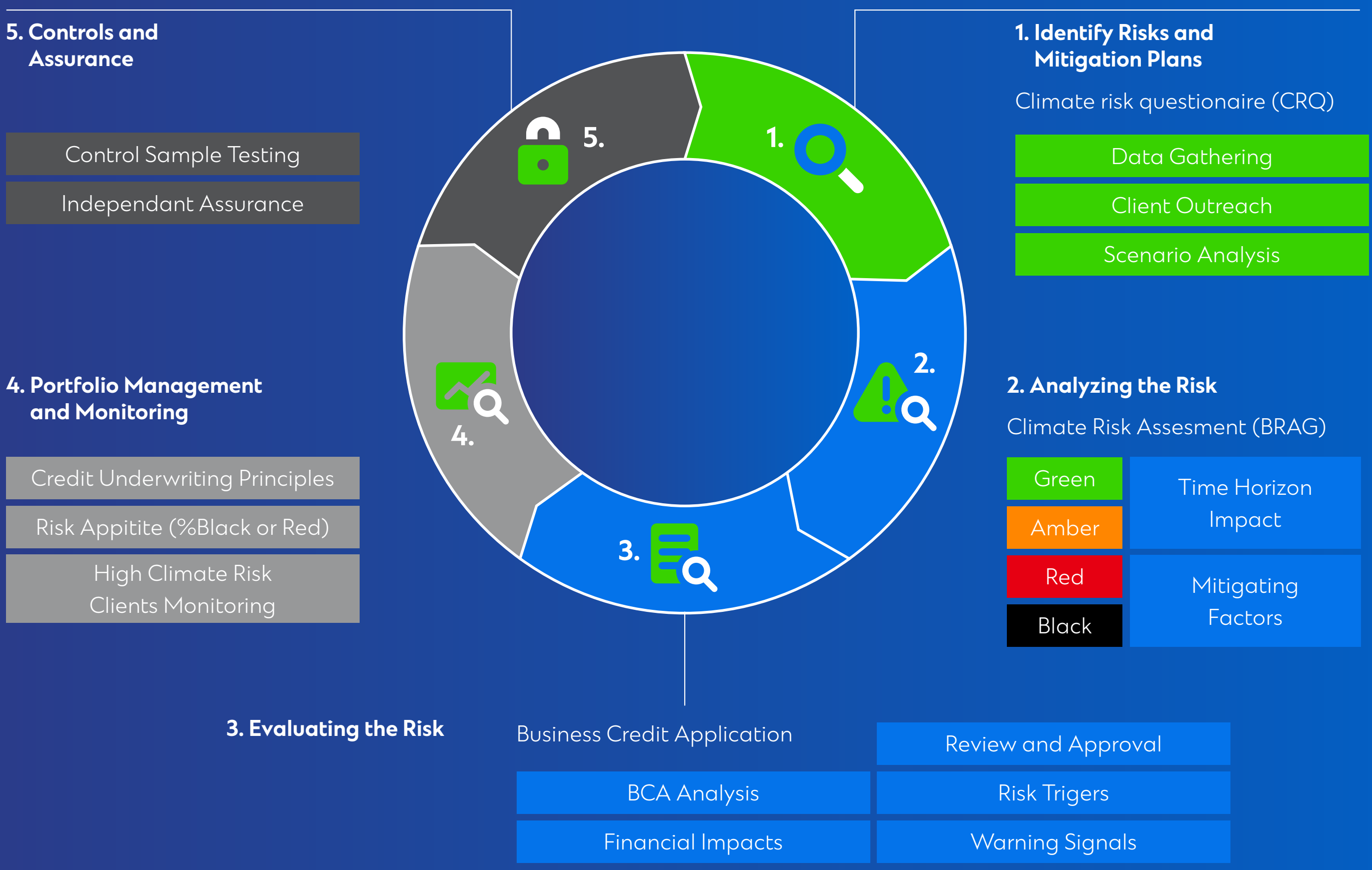
Credit risk management

We have developed climate risk management processes, which provides a baseline of effective risk management. Below describes how the Bank manages climate risk.

1. Client-level climate risk management

Following our Group-wide policy, we have implemented a climate risk assessment process into client credit rating policies and procedures to assess client level climate risk. The assessment presents a consolidated view of how the individual company has performed with regards to overall climate risk. We conducted client level climate risk assessments in underwriting process for 123 clients in 2023, around 36 % more than in 2022. The assessments not only form a view of the overall climate risk vulnerabilities and readiness of clients but provide a tool to gather data and to analyse the underlying climate risk drivers and their mitigations.

Figure 5 – The Bank's process in assessing climate risk of corporate clients



We use the client-level CRQ to present a consolidated view across five pillars in Figure 6 of how exposed and ready for transition or adaptation our clients may be. We use quantitative and qualitative information from data sources licensed by the Group and publicly disclosed information such as the annual report, sustainability report, ESG report, disclosure to CDP, TCFD or information from the company website, to assess the potential financial risks from climate change and assign a climate risk grading (black, red, amber and green).

Once a climate risk grading is assigned, impacts from climate-related risks are integrated into the existing credit approval process qualitatively and/or quantitatively through inclusion within the business risk analysis and financial modelling. If the risks are deemed material and not adequately represented via the existing credit rating of the client, subjective warning signals may be added to influence the credit rating. Additionally, risk triggers are added to monitor risks that are not adequately mitigated and to seek additional information from the client where applicable. After the credit approval process, we continue to monitor the portfolio and carry out independent control checks quarterly on integrating climate risk within the credit process to improve the quality and effectiveness of climate risk assessment.

We also identified the exposure concentration for physical risk and transition risk. Our lending exposure to IT, utility and transportation industries were more than 8% of total lending exposure respectively as of 2023, but no client was rated as High Gross Transition Risk and Low Transition Readiness in these 3 industries. Meanwhile, less than 2% of total lending exposure were rated as High Gross Physical Risk and Low Physical Readiness.

Figure 6 – The Bank's corporate client climate risk assessment framework

Governance & Disclosures	Gross Physical Risk	Physical Risk Adaptation	Gross Transition Risk	Transition Risk Mitigation
Intent, commitment and reporting	**Exposure to acute and chronic events**	**Mitigations to acute and chronic events**	**Relative emissions for sector and region**	**Decarbonisation plan and emission targets**
• Reporting of Climate targets • Board responsibility and accountability • Management incentives to manage climate risk within the organisation	• Asset locations exposed to physical risk events (Floods, Storms, Droughts etc) • Model output to assess current and future risk to client's operating location	• Assessment of client's adaptation plans to its operating locations and supply chain • Insurance coverage to protect against physical risk	• Reliance on fossil fuel/carbon products • Policy environmental/ impact due to sovereign decarbonisation policy in sector • Potential financial impact from various climate scenarios	• Assess client's plans and its credibility to transition its business and supply chain • Emissions reporting targets and plan to acheive them • Capex in low carbon technologies, internal carbon pricing scenarios

2. Project Finance related risk management

The Group applies Equator Principles to ensure projects financed and advised on are developed in a manner that is socially responsible and reflects sound environmental management practices. The Group developed Environmental and Social Risk Assessment ("ESRA") and embedded in the business credit application process. We follow the Environmental & Social Risk Management ("ESRM") Standard for application of the Equator Principles and complete the transaction-level ESRA to:

- consider the nature and scale of environmental and social risks and impacts related to the project or asset;
- determine existing impact assessment and management measures in place for the project or asset and their alignment to the standards and restrictions contained in the ESRM Guidelines; and
- analyse potential for reputational risks associated with the project or asset.

Table 12 – Transactions and Applied Criteria to Equator Principles

#	Transactions	Criteria
1	Project Finance Transactions	All project finance loans where total project capital costs exceed USD10 million.
2	Project-Related Corporate Loans	Project-Related Corporate loans where all three of the following criteria are met: • The majority of the loan is related to a project over which the client has Effective Operational Control (either direct or indirect). • The total aggregate loan amount and individual commitment (before syndication or sell down) are each at least USD50 million. • The loan tenure is at least two years.
3	Project-Related Refinance and Project-Related Acquisition for Project Finance	All project-related refinance and project-related acquisition finance, where all the following three criteria are met: • The underlying project was financed in accordance with the Equator Principles framework. • There has been no material change in the scale or scope of the project. • Project completion has not yet occurred at the time of the signing of the facility or loan agreement.

Besides the Group's ESRM Standard, we also refer to "Guidelines for Banking Facilities" issued by the Bankers Association, which embeds Equator Principles 4.0, in our approval process. Independent Environmental & Social Consultants will commence quarterly or semi-annual monitoring for high impact projects, to confirm the impacts are well managed and the project operates under international standards. For projects with lower risk or not within Equator Principles, clients may provide self-monitoring reports to confirm the project remains in compliance with environmental and social criteria.

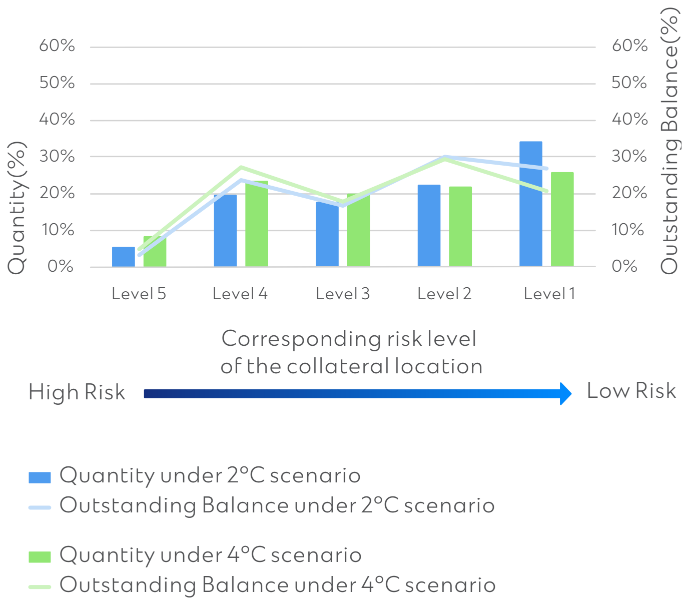
3. Portfolio-level climate risk assessment

The Bank assesses both retail and corporate clients' exposure of concentration for physical risk and the transition risk focusing on the credit risk aspect using climate risk toolkits and consulting Group and external experts. To enhance our portfolio-level climate risk management, we also use the NCDR database to assess flooding risk on the collaterals in Taiwan, in which flooding risk levels of each collateral are estimated under 2°C and 4°C scenarios as defined by NCDR.

We categorise collaterals into 5 risk levels based on NCDR, in which flooding risk increases from level 1 to level 5. As shown in Figure 7, under both the 2°C scenario and the 4°C scenario, the amount of collateral held by the Bank located in low-risk and medium-risk (level 1 to level 3) areas accounts for more than 68% of all collaterals with the corresponding outstanding credit balance accounts for about 68% as of June 2023.

As the temperature rises, the amount of collateral located in the high-risk level areas (levels 4 and level 5) will increase accordingly. Under the 4°C scenario, the amount of collateral located in higher-risk areas (level 4 and level 5) will increase by 6% and the credit balance will increase by about 5% as of June 2023.

Figure 7 – Exposure to the flooding risk – Collaterals



Note:

1. Quantity (%) refers to the percentage of the quantity of collaterals locating in each flooding risk areas to the total quantity of collaterals.
2. Outstanding Balance (%) refers to the percentage of the outstanding balance of loans secured by collaterals locating in each flooding risk areas to the total outstanding balance of all loans as of 30 June 2023.
3. The Bank undertook the flooding risk analysis as of June 2023 as the NCDR databased was updated in second half of 2023. In addition, the Bank plans to evaluate the feasibility of leveraging database and tools complied in the "Physical risk information platform for financial sectors" launched by the JCIC to assess the impact of physical risks on the collaterals.

We have set a "concentration of consumer mortgage exposure with high gross physical (flood) risk" metric and will leverage the metric to continue monitoring its exposure in high flooding risk areas.

Traded risk management

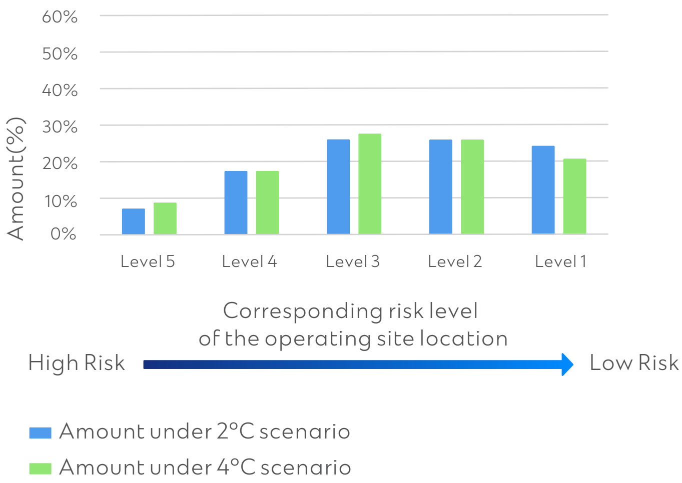
For investment-related climate risk management, the Group has identified that transition and physical risks could lead to increased market volatility resulting from its impact on commodities. Factors as manufacturers' carbon emissions could disrupt historical price correlations and challenge existing risk assumptions. As of December 2023, we have no equity investment in the high-emitting sectors (according to the Group's and Ministry of Environment's definition). For our bond investments, which relate to the Bank's treasury liquidity management, these are primarily short-term investments in sovereign bonds and corporate bonds. We perceive the impact of climate risk on our investment portfolio is relatively low at this stage. We will follow Group-wide policies to continue monitor our investment exposure to climate risk.

Operational risk management

Climate risk can compromise our operations in many ways including safety concerns for our employees. Therefore, we have undertaken a risk assessment to evaluate the impact of physical risks on the operating sites by utilising the NCDR's database for scenario analysis. Figure 8 shows the NCDR analysis result, provide an overview of the amount and exposure of the Bank's operating sites to flooding risks under 2°C and 4°C scenarios.

Under the 2°C scenario, 76% of the Bank's operating sites are situated in areas with lower flooding risk (level 1 to level 3) as of June 2023. However, under the 4°C scenario, the amount of the operating sites located in areas with high flooding risk (level 4 and level 5) rises from 24% to 26% as of June 2023.

Figure 8- Exposure to the flooding risk - Operating sites



Note:

1. Quantity (%) refers to the percentage of the quantity of operating sites locating in each flooding risk areas to the total quantity of operations.
2. The Bank undertook the flooding risk analysis as of June 2023, since the NCDR database was updated in second half of 2023. In addition, the Bank plans to evaluate the feasibility of leveraging database and tools complied in the "Physical risk information platform for financial sectors" launched by the JCIC to assess the impact of physical risks on the operating sites. , since the NCDR database was updated in second half of 2023. In addition, the Bank plans to evaluate the feasibility of leveraging database and tools complied in the "Physical risk information platform for financial sectors" launched by the JCIC to assess the impact of physical risks on the operating sites.

An "Operating sites at extreme physical (flood) risk" metric was set to monitor the aggregate value of the operating buildings in high flooding risk areas. Besides, the "Business Continuity Management Standard" was established with the purpose of providing clients with uninterrupted services. Our actions include:

- Implemented business continuity management mechanisms and integrated resources to ensure the effectiveness of the mechanisms.
- Reviewed and improved the above mechanisms on an on-going basis in response to the impacts of various disasters (including natural disasters) or operational interruptions (including operational interruptions due to material climate risks) to ensure the safety of employees and rights of clients.
- Conducted business impact assessment every year and formulated the business continuity plan.
- Activated a backup mechanism (such as work at off-site office or work from home) once an business interruption occurs.

Annual drills are conducted in accordance with the business continuity plan to review and improve the plan. In addition, the "Crisis Management Plan" authorises CEO to convene the crisis management team, collaborating with senior management, to respond to and handle significant crisis (including crises arisen from material climate events).

Scenario analysis and stress testing

Scenarios used, data limitation and assumptions

Following the FSC's requirements, we conducted the scenario analysis following the JCIC's Domestic Banks' Conduct of Climate Scenario Analysis Planning Project, i.e., orderly scenario, disorderly scenario, and current policies scenario, to evaluate the potential impact of climate risk on our lending and investment portfolio. Parameters used in each scenario, including macro-economic parameters and environmental parameters, are set by the JCIC.

JCIC scenario analysis result

Figure 9 and Figure 10 demonstrate the result under the three scenarios (orderly, disorderly and current policies scenario) in 2030 and 2050, aggregating the four asset types of the Bank–domestic lending to corporates, domestic lending to individuals, offshore lending and banking book investment position.

Figure 9 – JCIC scenario analysis results – the percentage of expected loss to net worth

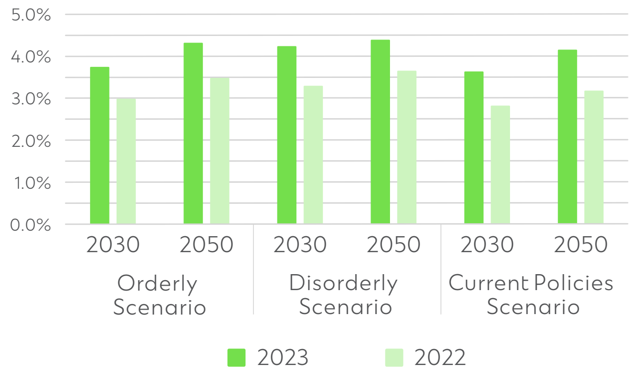
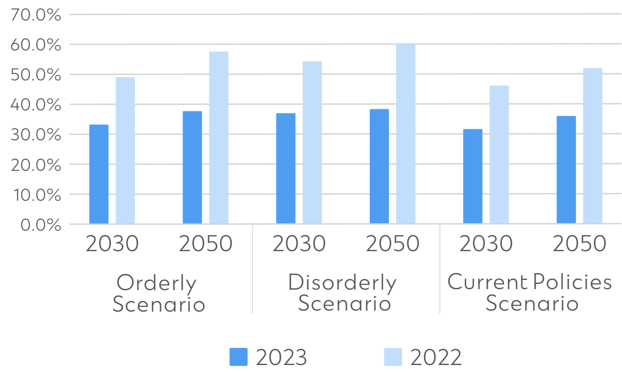


Figure 10 – JCIC scenario analysis results – the percentage of expected loss to profit before tax



Note:

Please note that, according to the JCIC's Guidance and the FAQ provided by the Banking Bureau, the Current Policies Scenario only considers the physical risk faced by banks with reference to the IPCC's RCP 8.5 scenario and the Orderly Transition/Disorderly Transition scenarios consider both transition and physical risks by referring to the IPCC's RCP 2.6 assumption. As carbon dioxide takes about 30 to 50 years to cycle in the atmosphere, its impact shown at the assessed timing of 2030 and 2050 under the three scenarios could be mild.

Overall, as of 2023, both the percentages of expected loss to our profit before tax (EL/PBT ratio) and the percentages of expected loss to the net worth (calculated based on the number reported in the Standard Chartered Taiwan 2023 Financial Annual Report) in 2050 would be greater than that in 2030 under the three scenarios, remains the same as of 2022. The percentages of expected loss to our profit before tax in 2030 range between 32.1% and 37.4%, which manifests a declining trend in comparison with the range as of 2022 (between 46.7% and 54.7%); and would be between 36.5% and 38.8% in 2050, which also manifests a declining trend in comparison with the range as of 2022 (between 52.4% and 60.5%). The percentages of expected loss to our net worth in 2030 range between 3.7% and 4.3%, which manifests an increase trend in comparison with the range as of 2022 (between 2.8% and 3.3%); and would be between 4.2% and 4.4% in 2050, which manifests an increase trend in comparison with the range as of 2022 (between 3.2% and 3.7%). This was mainly due to increasing exposure in listed companies under electronic manufacturing sector, which will be closely monitored. Specifically, the majority of our climate risk exposure comes from domestic individual lending, followed by domestic corporate lending, offshore lending and banking book investment.

Based on the analysis results, the impact of climate change on our portfolio will gradually increase over time. Therefore, we will keep monitoring and mitigating related impacts.

Assessing the resilience using scenario analysis

The Group has conducted climate scenario analysis and formulated the global business strategy with due consideration of the potential impact from climate change. In addition, we also follow the regulatory requirements to conduct scenario analysis of climate change designed by JCIC. We will continue to cooperate with our local regulator and Group to manage climate risk and carry out our Group-wide net zero plan.

Metrics and Targets

To align with the Group's net zero commitment and local regulatory requirement, metrics and targets were set, covering upskilling employees, reducing emissions, and catalysing sustainable finance and partnership.

Upskill employees

The objective of upskilling programmes is to establish foundational knowledge on sustainability across the Bank, and to cater to the needs of practitioners via tailored in-depth, capability-based curricula. As shown in Table 13, we maintained 100% completion rate in role-specific courses and enhanced both the total hours all employees spent and hours per employee spent on sustainability training in 2023 compared to 2022. In addition, to continue enhancing the sustainability (including climate risk) awareness, we require all employees to spend at least 3 hours of learning in 2024.

Table 13 – Metrics of upskilling employees

#	Metrics		Status as of 2022	Status as of 2023
1	(Role-specific) Completion rate for sustainability training	%	100%	100%
2	Total hours of sustainability courses taken by all employees	hrs	1,226	4,823
3	Hours per employee for sustainability training	hrs	0.5	2

Reduce emissions

We have been actively targeting a reduction in our Scope 1 and 2 emissions to reach our Net Zero plan. We work closely with our Group to reduce emissions in Taiwan to meet the group-wide target from our operations and clients.

Operations

1. Scope 1 and Scope 2 Emissions

Our reporting methodology for GHG emissions of our operations is based upon the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition) . Our GHG emissions, covering all our operating sites, are 4,713.5 tCO2e in 2023, increased by around 0.2% from 2022. The reason of increasing is from the activities after pandemic control in year 2023.

Table 14 – GHG emissions from direct operations

	Greenhouse Gas Emissions from direct operations		
Indicator	**2022**[n1]	**2023**[n3]	**Unit**
Scope 1 direct emissions (Combustion of fuel)[n2]	340.3	398.4	Tonnes/CO_2e/year
Scope 2 energy indirect emissions (Purchase of electricity)	4,362.4	4,315.1	Tonnes/CO_2e/year
Total Scope 1& 2 emissions	**4,702.7**	**4,713.5**	**Tonnes/CO_2e/year**

n1. The 2022 emissions disclosed in the 2022 TCFD Report is provided by the Group based on the data between October 2021 and September 2022. The 2022 emissions disclosed in this Chapter is calculated by the Bank based on the data between January 2022 and December 2022.

n2. Scope 1 emissions in the Bank is mainly for fuel consumption for company cars and generator for emergency purpose.

n3. We obtained reasonable level on Scope 1 and Scope 2 GHG emissions associated with all our operating sites. This verification was conducted by Metal Industrial (2023) under ISO 14064 standard.

To align with local regulatory requirements, we have been developing our local capability to measure our GHG emissions inventory in Taiwan since 2023 and expect to disclose more details in coming years.

2. Utility Consumption

To manage the environmental impact from own operations, 2 PV were installed and generated 1% (approximately 90.9 MWh) of the total energy consumption at our operating sites in Taiwan in 2023. Moreover, we initiated numerous energy-saving projects, and reduced the amount of energy consumption by 1.5% or 197 tCO_2e.

Table 15 – Utility consumption related metrics and their status

#	Metrics		Status as of 2023
1	Electricity savings amount or rate of operating locations	%	1.5%
2	Amount of renewable energy usage for operating sites[n1]	kWh	90,944.7
3	% of renewable energy usage for operation sites	%	1%

n1. Generated by PV installed in 2023.

Clients

The majority of our GHG emissions are linked to lending activities, known as financed emissions. Therefore, we have prioritised the measurement and decarbonisation efforts in the highest-emitting and most carbon-intensive sectors of the portfolio, where working with clients can have the greatest impact. As of 2023, the ratio of net nominal value of loans granted to 10 high-emitting and carbon-intensive sectors to the total net nominal[8] value of loans granted by the Bank drop to around 15.5%, which can be mainly attributed to the 6.4% reduction of the exposure to the Aviation sector. In addition to the exposure to the power sector, the exposure to other high-emitting and carbon-intensive sectors presents a decrease trend. Table 16 presents our exposure to high-emitting and carbon-intensive sectors.

Table 16 – Credit exposure in high-emitting and carbon-intensive sectors

Metrics	Status as of 2022	Status as of 2023
All high-emitting and carbon-intensive sectors	22.0%[n1]	15.5%
Aluminium	N/A	0.0%
Automotive manufacturers	4.0%	2.3%
Aviation	8.5%	2.1%
Cement	N/A	0.4%
Commercial real estate	N/A	2.6%
Oil and gas[n2]	0.0%	0.0%
Power	0.0%	0.2%
Shipping	8.6%	7.5%
Steel	0.9%	0.4%
Thermal coal mining	0.0%	0.0%

n1. The scope of high-emitting and carbon-intensive sectors was adjusted in 2023. Among these, as Aluminium was the majority of the 'Other Metals and Mining' sector reported by Group in 2022, this sector has been disaggregated from the 'Other Metals and Mining' sector reported in 2022. The remainder of the 'Other Metals and Mining' sector has been included in the 'Others' category. The Bank is now tracking exposure to the sectors listed in the table, while continuing to evaluate the impact of residential mortgages on our financial position and will set relevant metrics to monitor the exposure if needed. The percentage of high-emitting and carbon-intensive sectors in 2022 is refreshed for the new scope, so it's different from the disclosure in 2022 TCFD Report.

n2. The outstanding amount of credit facilities to oil and gas is relatively small and thus the percentage of the credit exposure in this sector to the total credit exposure is nearly 0.0% as of 2022 and 2023.

Catalyse sustainable finance and partnership

We follow our Group's sustainable finance goal and provide various sustainable finance products to clients in support of their transition. A summary of our achievements as of 2023 in promoting sustainable finance presents as follows:

Table 17 – Achievement in Promoting Sustainable Finance Products for corporate clients and retail clients

#	Metrics		Status as of 2022	Status as of 2023
1	Outstanding amount of green mortgages	USD (mn)	57.1	60.5
2	Outstanding amount of Sustainable Time Deposits	USD (mn)	72.8	80
3	Financing facility size of financing for the economic activities of low carbon transition and green financing	USD (mn)	520	832.2

Sustainability considerations are incorporated into account plans and engagement strategies with an aim to identify and prioritise clients that are divergent from portfolio-level emissions pathways or associated with high environmental and social risk. We prioritise engagements with clients associated with high climate risk with weak or no transition plans and/or insufficient disclosures to support and guide them to a low-carbon pathway by utilising our full suite of sustainable finance solutions. During 2023, we held 22 sustainability forums and events and engaged with our clients to support their transition to low-carbon business models.

[8] Net nominal is calculated as the sum of outstanding balance, accrued interest and net mark to market.

Social engagement and sustainable operations

In line with the Group's Stands to "accelerating zero", "lifting participation" and "resetting globalisation", our long-term commitment is to help tackle some of the world's greatest challenges and support the communities and markets where we operate. By taking a stand for impact, we have an even greater opportunity to build a better future with our clients and communities.

Community impact

To maximise social and economic opportunities, our Group has taken a stand to lift participation and to promote economic inclusion by improving equitable access to finance for women and small businesses. The stand is primarily delivered by Group's commercial work. We extend that commitment through our work in our communities.

Futuremakers by Standard Chartered

Futuremakers is our global youth economic empowerment initiative to tackle inequality and promote greater economic inclusion in Group's markets. We support disadvantaged young people, especially women and people with disabilities, to learn, earn, and grow. By 2030, Futuremakers aims to create and sustain 140,000 jobs by enabling young entrepreneurs and jobseekers to achieve economic power and participation. In Taiwan, from 2020 to 2023, we have supported nearly 7,000 disadvantaged youth to learn, earn and grow by working with NGOs. During the pandemic, we also contributed an additional TWD13 million in special relief funds to support disadvantaged young people to continue learning and upskilling themselves.

Standard Chartered Taipei Charity Marathon

Through our signature event, Standard Chartered Taipei Charity Marathon, we promote good health and wellness amongst the community and support disadvantaged youth in Taiwan. As one of our main fundraising platforms for Futuremakers in Taiwan, we encourage our community, clients, and employees to run for charity and help raise funds. We successfully raised a total of TWD3.4 million towards Futuremakers in our 2023 Marathon. During the event, we also supported the training of 20 running guides to run with visually impaired runners and collaborated with 15 corporations to feature a sustainable market. Where possible, our event-related materials were made from sustainable resources, and adhered to the principles of "Reduce, Reuse, Recycle". For example, we utilised electronic certificates, eco-friendly medals, eco-friendly tote bags, and avoided plastic bags.

Women in Entrepreneurship ("WiE")

In 2023, Standard Charted Foundation partnered with Garden of Hope and launched our first WiE programme aiming to support and empower women entrepreneurs to grow, thrive and succeed in business through upskilling workshops, mentorship, and networking. With participation from 30 women-led businesses, we reached 60 young business leaders (70% were women) and provided a two-day bootcamp, 6 workshops and 1:1 mentorship programme with our employees to facilitate and nurture young talent. We also offered prizes of TWD1.6 million in total for the top three winners with on-going tailor-made mentor counselling programmes.

Employee volunteering ("EV")

Our employees are entitled to 3 days of paid volunteering leave every year. Employees can freely choose and initiate volunteer activities they want to participate in. In 2023, our employees provided a total of 3,138 volunteer service days with a total participation rate of 67%. Several environmental protection activities were held in 2023, including three beach cleaning events in Taipei, Hsinchu and Taichung, plogging programme on World Environment Day and at Standard Chartered Taipei Charity Marathon.

Diversity and Inclusion ("D&I")

We have an established Taiwan D&I Council to foster consensus on diversity and inclusion, focusing on 5 major pillars "gender equality", "equal opportunities for the disadvantaged", "LGBTQ+ rights", "health and well-being", and "diverse suppliers". In 2023, our Taiwan D&I Council organised over 20 events, attracting more than 3,000 participants. Over the past 3 years, we have received more than 10 domestic and international awards for diversity and inclusion.

We have consistently participated in the Taipei Pride Parade in October and operated a Rainbow Tour Bus to raise awareness of and support for the LGBTQ+ community. Internally, we host multiple events each year to promote these beliefs, resulting in being awarded the first recipient of the Taiwan LGBTQ+ Workplace Friendly certification. During Pride Month in 2023, we pioneered the decoration of branch ATMs with rainbow visuals, further promoting the core values of diversity and inclusion within the community. The design of our "Pride ATM", conceptualised with the theme of "Rainbow Road" and "Embrace," symbolises our commitment to advancing alongside the LGBTQ+ community. This initiative has earned the recognition as a best practice example of LGBTQ+ workplace friendliness.

Employees were encouraged to upload photos taken with our Pride ATM, sharing love and warmth with others, and synchronising with the global celebration of love, equality, and freedom during Pride Month. Through these efforts, we aim to promote diversity and inclusion, making us the best workplace for employees and the best bank for clients.

Treating customers fairly, financial inclusion and fraud prevention

Delivering on our purpose isn't just about what we do, but about how we do it. Our valued behaviours, "Do the right thing", "Never settle" and "Better together" help us go above and beyond for our clients.

Do the right thing

Doing the right thing means acting in the best interests of our clients, colleagues, and stakeholders.

Never settle

We're ambitious in our constant pursuit of excellence and market-leading innovation.

Better together

We build relationships with our clients and each other so we can share our unique capabilities.

To promote and implement ethical business practices, we have established internal policies and standards such as "Code of Conduct and Ethics", "Speaking Up Policy", "Conflicts of Interest Policy" and "Anti-Bribery and Corruption Policy" to serve as guiding principles. We promote culture-shaping activities as "Code of Conduct Week" and "International Anti-Corruption Day", and hosts "investment fraud seminar", "fraud prevention advocacy" with communication through various channels to raise public awareness of fraud prevention.

Client-centricity and sustainable operations are the core of the Bank's corporate culture. The Bank ranked in the top 25% of financial institutions in the Treat Clients Fairly Assessment and recognised as the "Best Progress Bank" by regulator in 2023.

- To eliminate the digital gap for specific demographic groups, we introduced animation and graphic teaching methods with high public acceptance.
- The font size of important contracts and risk information are enlarged to make complex and critical financial information lively, interesting, and easy to understand.
- Clients can utilise "Stacy", our artificial intelligent 24/7 client service, to make inquiries.
- To enhance the service experience for elderly and vulnerable clients, we set up a hotline for elderly clients to prioritise their needs.
- To protect younger clients, we continued to strengthen due diligence and service. During the account opening process, a "Counter Enhanced Care Questionnaire for young clients" will be utilised to keep young clients away from the trap of fraudsters.

Our Board and senior management continue to promote various cultural and value-oriented initiatives related to fair client treatment, inclusive finance, and corporate social practices in 2023. External experts were invited to provide training to Board and senior management. In addition, Client Experience Forum, a regular meeting to discuss client inquires and client service, also include senior management to learn clients' insight and provide comments. All these measures demonstrate our clear adherence to integrity in all our employees' behaviours and decision-making, as well as our commitment to embedding the spirit of treating customers fairly into our corporate culture.

Information security

Information security is the foundation to protect our clients' data and assets, and to maintain trust. Weamended the information security policies and standards pursuant to international information security standards since 2020, including the ISO 27001 Information Security Management System, the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), and the Payment Card Industry Data Security Standard (PCI DSS). We have also adopted attacker-centric risk assessment models to respond to external cybersecurity threats, additionally insured information security and established a 24/7 Internet Defense Center. To improve information security management, we adopted a new information security framework and strengthened information security evaluations for third-party suppliers in 2020. We report information security status to the Board and enhance awareness of information security among board members and supervisors.

Client personal data protection

We have established a Personal Information Security Plan and Policy on Personal Data Disposal after Business Termination, as well as 11 standards on personal data protection to ensure compliance with the Personal Data Protection Act. All employees are required to take the Personal Data Protection Awareness Campaign and Personal Data Protection Act Response and Impact Awareness Training courses each year. We received 3 client complaints in 2023 related to violation of personal information privacy. Apart from immediately informing these clients of how their complaint was being handled, our internal units also immediately convened an Emergency Personal Information Incident Response meeting upon being notified of the complaint. Measures for improvement were discussed at this meeting, including how we can make our operational procedures more secure, and how we can raise greater awareness of personal information protection.

Additionally, Ernst & Young ("EY") conducted an audit of our annual personal data protection and anti-money laundering and counter-terrorism financing mechanisms for the 2023 fiscal year. In their assessment, EY confirmed that our internal control system design and execution related to the Personal Data Protection Act aligns with relevant personal data regulations across all major aspects.

Information security training programs

Recognising the importance of information security, all employees are required to take training courses on information security annually. These courses cover topics such as "Cyber Security Awareness For Everyone (CyberSAFE)", "Understanding Social Engineering, IoT Device Security and Desktop Clearance Policy", and "Personal Data Protection Annual recertification".

In 2023, we provided a total of 7,790 hours of training on these courses, with each employee receiving 3 hours of training on average. These training courses had a 100% completion rate. Additionally, we conducted social engineering drills at least once per quarter to assess the effectiveness of education and training (reducing the phishing rate from an average of 5.1% in 2022 to an average of 1.1% in 2023). We also developed defence plans based on external threat changes and regularly perform intrusion scenario drills under the supervision of our management team.

Employee well-being

From 2021 onwards, we developed a wellbeing toolkit to help employees maintain good health in four aspects: “mental”, “physical”, “social”, and “financial”. By establishing, maintaining, and promoting physical and mental health, as well as choosing a suitable lifestyle and work environment, we have helped our employees develop skills necessary for the future. This allows our employees to perform at their best.

The standard benefits available to all our employees are as follows:

Flexible workplace policy

Our employees can choose flexible working arrangements (including remote working, and flexible/part-time working hours), and over 90% of eligible employees applied to use this working arrangement. This allows our employees reduce transportation time, expenses, and carbon footprint.

More holidays than legally required

We took a pioneering step in the industry by introducing 20-week of paid parental leave and adoption leave policy in 2023, that exceeds legal requirements and is gender-neutral. This move not only promotes gender equality in the workplace but also provides crucial support during significant life stages for our employees. By extending the scope of a caring workplace, we aim to support our employees’ families as well.

Physical healthcare

Employees are covered under group healthcare insurance policies, which includes life insurance, medical insurance, disability insurance, as well as travel and medical insurance for business trips.

Mental health support

Free employee support programmes are provided, allowing employees or their family members to always contact a professional counsellor. Additionally, we also created an Employee Health Toolkit and a Guide for Managers on Discussing Employee Health Issues.

As a leading international bank, Standard Chartered Taiwan will continuously comply with local laws and regulations, follow targets and strategies set by the Group, and collaborate with clients to address the challenges of climate change. Leveraging our unique network advantages, we will channel funds into emerging markets with high potential for adopting low-carbon technologies. Besides, we will assist clients in their low-carbon transformation with sustainable financial products and services to fulfil our brand promise of “here for good” consistently and steadfastly.

TCFD summary and alignment index

The following table sets out the recommendations and recommended disclosures of TCFD and summarises where information can be found this report via providing corresponding section.

Recommendation	Corresponding Section
Governance	
a) Describe the Board's oversight of climate–related risks and opportunities	• Structural overview of Standard Chartered Taiwan's climate-related governance – the Board
b) Describe management's role in assessing and managing climate-related risks and opportunities	• Structural overview of Standard Chartered Taiwan's climate-related governance –Management approach of the Board • Assessing and managing climate risks within Standard Chartered Taiwan's business
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	• Our approach to climate change • Climate-related opportunity identification
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	• Reducing Standard Chartered Taiwan's emissions • Sustainable finance product development
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a two degrees Celsius or lower scenario	• Assessing the resilience of Standard Chartered Taiwan's strategy using scenario analysis
Risk Management	
a) Describe the organisation's processes for identifying and assessing climate-related risks	• Climate risk identification • Scenario analysis and stress testing
b) Describe the organization's processes for managing climate-related risks	• Mitigating financial and non-financial risks
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	• Our approach to managing climate risk
Metrics and Targets	
a) Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process	• Upskill employees • Reduce emissions • Catalyse sustainable finance and partnership
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	• Reduce emissions
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Catalyse sustainable finance and partnership

Forward-looking statements

The information included in this document may contain ‘forward-looking statements’ based upon current expectations or beliefs as well as statements formulated with assumptions about future events. Forward-looking statements include, without limitation, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, ESG commitments, ambitions and targets). Forward-looking statements often use words such as ‘may’, ‘could’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘believe’, ‘plan’, ‘seek’, ‘aim’, ‘continue’ or other words of similar meaning. Forward-looking statements may also (or additionally) be identified by the fact that they do not relate only to historical or current facts.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and SC Taiwan’s and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements.

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v. models, external data and methodologies used in information included in this document are or could be subject to adjustment which is beyond our control;

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