1.1 Taipower Profile

1.1.1 Taipower Profile 2-1 2-6

Founded on May 1, 1946, Taipower is a state-owned integrated power utility whose business operations include power generation, transmission, distribution, and electricity sales. In accordance with the Electricity Act, Taipower is responsible for ensuring a stable electricity supply. In 2024, revenue from electricity sales accounted for 98% of the Company's total revenue.

As of the end of 2024, the total installed capacity of the Taipower System, including Independent Power Producers (IPPs), reached 57.741 GW, with thermal power as the main source, supplemented by pumped-storage hydro and renewable energy.

Taipower operates 622 substations, with a transmission network totaling 18,466.4 circuit kilometers (including overhead lines and underground cables) and a distribution network totaling 434,463 circuit kilometers across Taiwan.

To align with global sustainability trends and adapt to the evolving electricity market, Taipower launched a structural transformation in 2016 that established four business divisions:Power Generation, Nuclear Power, Transmission System, and Distribution and Service. This structure employs centralized policymaking combined with decentralized management, to improve operational efficiency and management flexibility.

Note: Circuit kilometers = Number of circuits × circuit length (km)

Core Values

To successfully operate in the power industry, Taipower must navigate the energy trilemma of energy security, environmental sustainability, and affordable pricing. In response to global climate change, domestic energy transition, and the gradual liberalization of the electricity market, Taipower revised its mission, vision, and core values in 2015 to guide its strategic direction, reshape employee mindset, and pursue excellence and sustainability as a power utility group.

Mission

To supply stable electricity for the diversified development of society in an environmentally friendly manner and at a reasonable cost.

Vision

To become a prestigious, trustworthy, and world-class power utility group.

Core Values

Integrity, Care, Service, and Growth.

Founded	May 1, 1946
Business Coverage	Taiwan, Penghu, Kinmen, Matsu
Headquarters	Taipei City
Capital	NT$580 billion
Shareholding	98.25% government-owned, 1.75% privately owned
Total Assets	NT$2.7278 trillion
Operating Revenue	NT$849.6 billion
Number of Employees	29,139
Number of Users	15.35 million
Installed Capacity	57.741 GW (of which 32.256 GW are Taipower-owned)
Power Generation and Purchases	251.44 billion kWh

Note: As of December 31, 2024

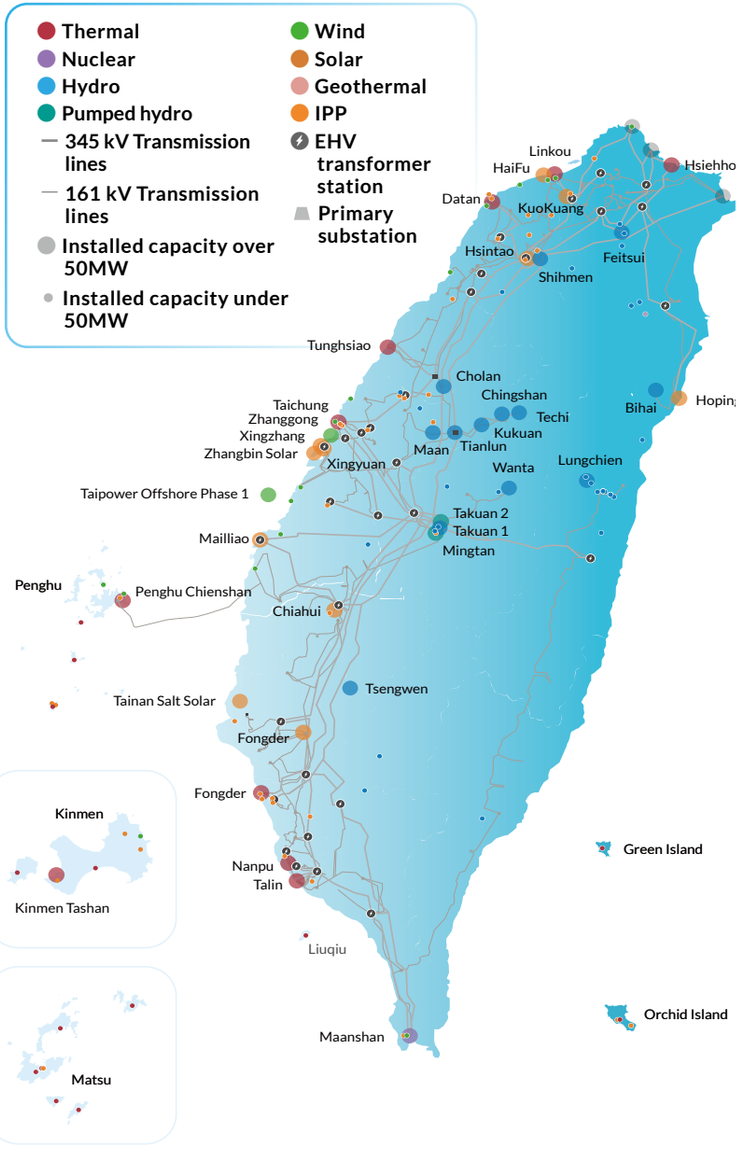
Management Strategy

Taipower is committed to ensuring a stable power supply, environmental sustainability, and the implementation of national energy policies to support both public welfare and economic development. In response to the Electricity Act and growing demands for green energy, carbon reduction, energy efficiency, and supply reliability, the Company conducts annual reviews of internal operations and external conditions.

Through these reviews, the Company analyzes key factors influencing its operations and develops ten overarching strategies that outline its business direction for the next five years, while also reinforcing scenario assumptions for years six through ten.

To translate these strategies into actionable results, the Chief Executives and Vice Presidents of each business unit and system lead the development of action plans and specific measures. Based on these, Taipower establishes corporate goals, aligned with key performance indicators (KPIs), and incorporates them into the Company's management and review systems. These goals are implemented and monitored under a structured Plan-Do-Check-Act (PDCA) cycle, enabling continuous adjustment and improvement as Taipower advances toward sustainable operations.

Taipower's Power Plants and Power Grid



1.1.2 Operational Performance

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Material topics: Operational and Financial Performance

Policy	• Ensure a stable power supply while enhancing financial resilience to achieve long-term sustainable development.
Management Approach	• Propose electricity tariff adjustments based on fuel prices and power generation costs. • Develop green electricity trading and carbon credit markets; promote green innovation. • Implement energy-saving and cost-reduction measures to improve equipment efficiency. • Secure adequate funding through diversified financing mechanisms, including green bonds and government subsidies.
Action Plans	• Seek reasonable adjustments to electricity tariffs. • Actively promote business diversification and asset revitalization. • Expand financing channels and lower capital costs.
Actual Performance in 2024	• Pre-tax loss of NT$41.1 billion in 2024 (impacted by policy-related costs totaling NT$85.769 billion). • Raised NT$100.1 billion through a cash capital increase and new share issuance.
Targets for 2030	• To maintain financial sustainability, Taipower is committed to increasing revenue and reducing expenses, securing capital for power infrastructure, and ensuring stable supply. By 2030, the Company aims to improve financial soundness through continued efforts in tariff adjustments, asset utilization, diversified income streams, low-carbon electricity products, optimized fuel procurement, and operational efficiency.

Sustainable Operation Goals and Financial Performance

As a state-owned public utility, Taipower is responsible for ensuring a stable electricity supply while balancing affordability for the public. However, electricity rates have long failed to reflect actual costs, resulting in accumulated losses and an inability to issue dividends. In addition to government capital injections, Taipower has worked to strengthen its operational resilience, enhance debt management, and optimize fuel procurement. The Company also continues to advocate for electricity pricing that better reflects true costs, in an effort to eliminate losses and generate surplus returns for shareholders as soon as possible.

In recent years, Taipower has adopted goal-oriented management and performance review mechanisms to safeguard its financial stability. While continuing to promote renewable energy, carbon reduction, and power supply reliability, the Company actively responds to shifts in power generation and consumption patterns, fuel price fluctuations, and electricity rate uncertainty-as it strives to maintain reasonable tariffs and achieve sustainable operational goals.

Item	2022	2023	2024
Operating Revenue	661,878	780,993	849,644
Operating Costs	906,869	942,704	858,808
Employee Salaries and Benefits	36,305	36,363	38,474
Income Tax Expense	706	(1,425)	102
Net Income (Loss) After Tax	(226,428)	(199,091)	(41,064)
Total Assets	2,325,603	2,565,606	2,727,784
Shareholders' Equity	127,351	134,710	195,877

Unit: NT$ millions

Note :
1.As a state-owned enterprise, Taipower's final accounts are subject to audit by the National Audit Office. Figures for 2024 are based on certified numbers reviewed by external accountants but are pending final audit confirmation.
2. Figures for 2022 and 2023 reflect finalized accounts and may differ from those previously disclosed in the 2023 Sustainability Report due to differing disclosure bases.

Long-Term Financial Planning

Seeking Government Capital Increases or Subsidies

To strengthen its financial position and support infrastructure development, Taipower actively seeks government capital injections through official budget allocations. These funds help enhance the Company's net worth and ensure an adequate internal financing capacity. In 2024, Taipower completed the issuance of NT$100.1 billion in new shares through a cash capital increase. The relevant statutory registration procedures have also been completed.

Diversifying Funding Channels to Reduce Funding Costs

Taipower uses a flexible financing strategy, utilizing various funding channels to secure low-cost capital and raise funds as needed. The Company also seeks government support to reduce financial pressure. In alignment with the Green Finance Action Plan 3.0, which encourages financial institutions to incorporate ESG factors into financing decisions, Taipower continues to actively promote sustainable development and net-zero emissions.
The Company's access to funding remains unaffected, and it continues to issue green bonds, expanding issuance volume in line with its green investment initiatives and national green finance policies.

Electricity Tariff Review Mechanism

In accordance with Article 49 of the Electricity Act, the competent authority has defined the tariff calculation formula and adjustment mechanism for public electricity retailers. These regulations were officially announced on November 6, 2017.
Under this mechanism, electricity tariffs are reviewed semi-annually. Taipower prepares a tariff adjustment proposal, which is then reviewed and approved by the Electricity Tariff Review Council. This system allows electricity pricing to reflect international fuel price fluctuations, Taipower's operating performance, and actual operating costs, thereby supporting the goal of fair and reasonable pricing.
A summary of the current pricing formula for public electricity retailers is provided below.

$$\text{The Average Price of Electricity per kWh} = \frac{\text{Expenditure on the Purchase of Electricity (Including Profit)} + \text{Expenditure on Power Transmission and Distribution (Including Profit)} + \text{A Service Fee for Power Sales} + \text{A Reasonable Profit for the Electricity Retailing Utility)}}{\text{Electricity Sold (kWh)}}$$

Electricity tariffs in Taiwan are reviewed twice a year, in principle in April and October. Each adjustment is generally limited to a maximum increase or decrease of 3%, but may be further adjusted when there are significant fluctuations in power supply costs.

2024 Tariff Adjustments

1. March 22, 2024 Decision:The Electricity Tariff Examination Council approved an average tariff increase of 11%, bringing the average price to NT$3.4518/kWh. The adjustment was based on the principles of cost reflection, price stability, energy conservation, and user-payments, and was supported by a NT$100 billion government subsidy. Tariffs for residential users were raised at a lower rate, while industrial users were adjusted by category based on usage volume and business performance. Tariffs were frozen for agriculture, fisheries, schools, and social welfare organizations.
2. September 30, 2024 Decision:The Council approved a second average tariff increase of 8.8%, raising the average rate to NT$3.7556/kWh. None of the tariffs for residential consumption tiers were adjusted. Industrial tariffs were adjusted by user category, with an average increase of 12.1%. Tariffs remained frozen for domestic-demand industries, agriculture, fisheries, schools, and social welfare organizations. To mitigate inflationary pressure, Taiwan is maintaining a gradual tariff adjustment policy to prevent imported inflation. In 2024, Taiwan's Consumer Price Index (CPI) increased by 2.18%, a relatively moderate rate compared to South Korea (2.33%) and the United Kingdom (3.28%). This demonstrates the effectiveness of Taiwan's price stabilization efforts.

Average Electricity Tariffs by User Category

Category of Power Consumption	2022	2023	2024
Residential	2.5571	2.6048	2.7431
Industrial	2.6309	3.1076	3.6243
Commercial	3.2447	3.5015	3.9185
Other	2.8596	3.2364	3.6189

Note:"Other" includes non-commercial usage such as street lighting, schools, and government agencies.

Taipower Absorbed Costs

Unit: NT$ billion

Item	2022	2023	2024	Total
A Costs absorbed to stabilize residential and livelihood electricity prices	1,008	1,001 note	589	2,598
B Other absorbed costs, mainly industrial and commercial sectors	1,799	1,585	11	3,395
A + B Total Costs Absorbed by Taipower	2,807	2,586	600	5,993

Note:In 2023, subsidies totaling NT$100.1 billion were provided to stabilize prices and support residential and disadvantaged users. Of this amount, NT$50 billion was allocated from the government's post-pandemic special budget.

Affordable Clean Energy

Taiwan maintains some of the lowest electricity prices globally-ranking fifth for residential and eighth for industrial users in 2023. While ensuring high-quality and reliable power, Taipower has maintained stable operations and supported the growth of solar and wind industries. These efforts drive energy transition, environmental protection, and improved quality of life, while advancing green energy for long-term sustainability.

Source:Electricity Price Comparison – Electricity Knowledge Portal

Tax Policy

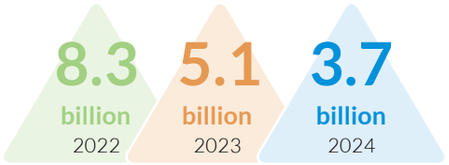
As a state-owned enterprise, Taipower complies with all relevant government regulations regarding tax filings and expense recognition. Due to its policy-driven responsibilities-such as electricity rates that do not fully reflect actual costs, preferential electricity pricing for certain groups, and expenses related to the maintenance of the Fourth Nuclear Power Plant-Taipower incurred operating losses. As a result, the Company was not subject to corporate income tax in 2024.

Diversified Management and Strategies

To fulfill its dual responsibilities of ensuring a stable power supply and achieving financial sustainability, Taipower actively evaluates opportunities to expand into emerging energy-related industries, in line with global trends in energy transition and net-zero emissions. In addition, the Company promotes asset revitalization to enhance operational efficiency and value.

Taipower has successfully launched several internal ventures, including those related to power operation and maintenance, nuclear technology, communications, training and research, real estate, and cultural and creative businesses. The Company has also engaged in external joint ventures and reinvestment projects, such as coal mine development, cogeneration, and wind energy training.In 2024, these diversified businesses generated NT$3.7 billion in revenue.The decline in 2024's diversified income compared to previous years was mainly due to a reduction in coal sales revenue, as international coal prices stabilized and income from coal mine development businesses decreased.

Diversified Business Income



Land Revitalization

Taipower established a cross-departmental Land Revitalization Project Team to oversee land planning and utilization. The team is responsible for reviewing individual project proposals, promoting revitalization strategies, supervising implementation, and attracting investment. In 2024, a total of nine meetings were held, including working group sessions. Current efforts focus on promoting multi-purpose use of substation land in metropolitan areas, participating in joint development or urban renewal projects for idle properties, and revitalizing large land parcels through public tenders and land use rights agreements. These initiatives aim to enhance asset efficiency and increase corporate income through the optimized use of existing land resources.

Performance in Activating the Green Power Market

Following the 2017 amendments to the Electricity Act, Taiwan opened the green power market to free trade and assigned Taipower the responsibility of supporting stable market operations. In response, the Company has actively prepared and planned for these changes. The following outlines two key areas of action:

01 Supporting Voluntary Green Power Transactions and Green Market Participation

- Fully opened green electricity access for all users.
- Launched the Electricity Trading Platform in July 2021; by the end of 2024, 102 participants had joined, representing 1,791.4 MW of capacity.
  The 2024 green power trading volume reached nearly 3 billion kWh.
- As of December 2024, multiple renewable energy producers and sellers were participating. These included: 4 hydropower companies, 1 geothermal companies , 194 solar energy companiey, and 28 wind power companies, and 93 renewable electricity sales companies.
- In 2023, Taipower launched the Green Power Allocation Sandbox Program. In 2024, purchasing conditions were further relaxed to increase flexibility for corporate buyers.
- In November 2024, Taipower upgraded its small-scale green power sales program, introducing offshore wind power, daytime and all-day green electricity products, and seasonal winter options to better serve small and medium-sized enterprises (SMEs).

02 Fulfilling New Legal Responsibilities While Advancing Energy Transition and Ensuring Supply Stability

- Assumed new statutory responsibilities related to carbon emissions control in the power sector and reserve capacity obligations.
- Submitted annual Power Emissions Factor plans and performance reports to promote low-carbon power generation, supported green electricity incentive programs, and implemented national policies to increase gas, reduce coal, expand renewables, and remain nuclear-free.
- To maintain market stability, the Electricity Reliability Review Council was established, setting a 15% reserve margin target. Electricity retailers are required to contribute to reserve capacity, while Taipower retains the ultimate responsibility for supply and reports annually on reserve capacity planning and results.
- A designated regulatory authority was established by the competent central government agency to oversee power market operations and implement electricity price stabilization mechanisms to prevent excessive volatility.

Corporate Governance

1.2.1 Governance Framework

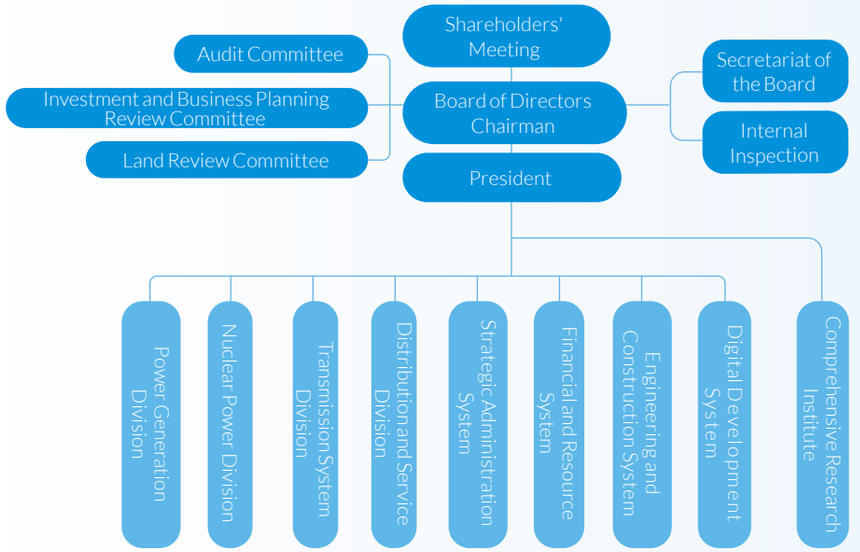
2-9 2-10 2-11 2-15 2-17 2-18 2-19 3-3

Material Topic: Corporate Governance and Sustainable Management

Policy	• To supply stable electricity for the needs of diverse societal development in an environmentally friendly and cost-effective manner.
Management Approach	• Promote corporate governance, integrity practices, and anti-corruption measures to improve management transparency, uphold professional ethics and integrity, and integrate sustainability into business strategy. Strengthen governance structure, sustainability planning, and risk management, while improving risk awareness and organizational resilience to enhance long-term corporate value. • Continue advocating for the removal of policy-imposed obligations and the rationalization of electricity pricing.
Action Plans	• Improve performance in the Corporate Governance Evaluation. • Increase attendance rates for the Board of Directors and Audit Committee. • Develop and implement a supervisory visitation program for integrity affairs.
Actual Performance in 2024	• Received the highest rating ("Excellent") in the 2024 Corporate Governance Evaluation for State-Owned Enterprises by the Ministry of Economic Affairs. • Held 12 project-based integrity seminars with 1,218 participants; 96.9% satisfaction and 99.7% found the sessions helpful. • Organized 309 anti-corruption awareness events with 6,889 participants (23.63% of all employees). • Conducted 26 on-site visits to internal units. • The average board meeting attendance rate reached 99% in 2024, with 100% attendance for audit committee meetings.
Targets for 2030	• In alignment with the SDGs, Taipower aims to strengthen cost control and fuel procurement efficiency, promote business diversification and digital transformation, and deploy circular economy and clean energy technologies (e.g., CCS and hydrogen) to achieve net-zero emissions by 2050.

Taipower's governance responsibilities are carried out by the Shareholders' Meeting, the Board of Directors, and the executive management (see figure below). Under the Board, there are three functional committees-the Audit Committee, the Investment and Business Planning Review Committee, and the Land Review Committee-which are responsible for conducting preliminary reviews of proposals submitted by the executive departments.
The Board is also supported by the Secretariat and the Audit Office, which assist with meeting coordination, legal compliance, director training, and internal control matters.
Taipower currently has 16 departments at its headquarters and four business divisions: Thermal and Hydro Power Generation, Nuclear Power Generation, Transmission and Power Supply, and Power Distribution and Sales. To meet operational needs, the Company has also established various affiliated units and committees, such as the Taiwan Power Research Institute and the Engineering Office for Nuclear and Thermal Power Development.
As a publicly held company (not listed or OTC-listed), Taipower is not required under the Securities and Exchange Act to establish a Remuneration Committee.

Taiwan Power Company Governance Framework



Board of Directors

Composition of the Board

In accordance with the Company Act and Ministry of Economic Affairs regulations, Taipower's directors are nominated by shareholders and elected at the Shareholders'Meeting. As stipulated in the Articles of Incorporation, the Board consists of 15 directors. In compliance with the Securities and Exchange Act, three independent directors are appointed and serve on the Audit Committee.
Among the 15 directors, five managing directors, including one independent director, are elected from among the board members, Directors (including independent and managing directors) serve two-year terms and may be re-elected.
As required by the Administrative Law of State-Owned Enterprises, at least one-fifth of the directors representing government shares must be labor union representatives. Therefore, the current board includes: 5 managing directors (1 independent director), 3 independent directors and 3 labor directors.

Board Diversity

Taipower's Corporate Governance Best Practice Principles (Article 20) state that Board composition should consider diversity in gender, age, and professional expertise. All members are expected to possess the knowledge, skills, and competencies necessary to fulfill their duties. Among the 15 current directors, 5 are women and 10 are men. In addition to core expertise in electrical engineering and related technical fields, the Board includes professionals from new and emerging areas aligned with Taipower's long-term strategic needs for energy transition. These areas include smart grids, circular economy, intellectual property, green energy, environmental protection, information technology, civil engineering, economics, accounting, land administration, and law. The Board comprises 9 representatives from government, academia, and industry, 3 Independent Directors, and 3 Labor Union-Nominated Directors. Members range in age from 49 to 67, representing both mid-career and senior professionals. Overall, the Board demonstrates strong diversity in terms of professional background, gender, and age. In principle, Board meetings are held monthly and convened additionally as needed. In 2024, the Board and the Executive Board held 13 and 7 meetings, respectively, with attendance rates of 99% and 97%.

Taipower Board of Directors, 2024

As of December 31, 2024

Title	Name	Current Position	Gender	Age			Professional Background					Attendance Rate
				41-50 Years Old	51-60 Years Old	61-70 Years Old	Electric Energy	Public Policy	Environmental and CSR-related expertise	Finance and Accounting	Law and Land Administration	
Acting Chairman (Managing Director)	Tseng, Wen-Sheng	Vice Minister, Ministry of Economic Affairs	Male		●		V	V	V			100%
Managing Director	Wang, Yao-Ting	President, Taiwan Power Company	Male			●	V	V	V			100%
Managing Director	Lin, Faa-Jeng	Chair Professor, Department of Environmental Engineering, Chung Yuan Christian University	Male			●	V	V	V			93%
Managing Director	Chang, Tien-Chin	Chair Professor, Department of Environmental Engineering, Chung Yuan Christian University	Male			●	V	V	V			100%
Managing Director (Independent Director)	Chou, Shya-Li	Vice President, Taiwan Institute of Economic Research	Female			●	V	V	V	V		100%
Director (Independent Director)	Liu, Chia-Wen	Professor, Department of Accounting, National Taiwan University	Female		●			V		V		100%
Director (Independent Director)	Liu, Chih-Wen	Distinguished Professor, Department of Electrical Engineering, National Taiwan University	Male		●		V	V	V			100%
Director	Lin, Tze-Luen	Spokesperson, Executive Yuan	Male		●		V	V	V			100%
Director	Chiang, Yau-Chi	Professor, College of Maritime Law and Policy, National Taiwan Ocean University	Female	●				V	V		V	100%
Director	Chuang, Ming-Chih	Director, Department of General Planning, Ministry of Economic Affairs	Male		●		V	V	V			100%
Director	Guo, Xiao-Rong	Director, Northern Region Branch, National Property Administration, Ministry of Finance	Female		●			V			V	100%
Director	Luo, Cui-Ling	Director, Department of Economic Law, Ministry of Economic Affairs	Female		●			V			V	100%
Director (Labor Director)	You, Zheng-Da	Section Chief, Chiayi Branch Sales Office, Taiwan Power Company	Male		●		V	V	V			100%
Director (Labor Director)	Yang, Chen-Hsiung	Specialist, Hsinchu-Taoyuan Power Supply District Operations Office, Taipower	Male		●		V	V	V			100%
Director (Labor Director)	Huang, Wen-Feng	Shift Supervisor, Taichung Power Plant, Taipower	Male		●		V	V	V			100%

Functional Committees of the Board

Committee Name	Members	Meeting Frequency / Responsibilities	2024 Performance
Audit Committee	Composed of 3 independent directors in accordance with the Company's Articles and MOEA rules. Independent directors meet the qualifications under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	Meets at least once per quarter. Reviews operating budgets and internal control systems.	Held 7 meetings; 100% attendance.
Investment and Business Planning Review Committee	Comprised of 14 members. Formed through director nomination based on professional expertise and appointed by the Board in accordance with internal regulations.	Meetings are held on a monthly basis in principle to deliberate major proposals concerning investment projects, business strategies and operational plans, as well as the acquisition, management, or disposal of land.	Held 11 meetings; 98% attendance.
Land Review Committee	Comprised of 7 members. Formed similarly to the above, with appointments based on expertise and Board approval.		Held 9 meetings; 100% attendance.

Disclosure and Transparency of Corporate Governance Information

Taipower provides dedicated sections on its official website for corporate governance, information disclosure, and sustainability. These sections offer stakeholders access to key corporate information, including the Sustainability Report; monthly generation and sales data (such as installed capacity, net power generation and purchases, electricity sales, and summaries); concise monthly reports (including operational analyses, business reports on generation, transmission, distribution, and sales, and income-expenditure comparisons); and updates on major project progress. In accordance with the "Regulations Governing the Disclosure of Material Information of Public Companies via the Internet," Taipower also discloses key operational information on the Market Observation Post System (MOPS) and in its Annual Shareholders' Meeting Report. Going forward, Taipower will support the implementation of IFRS Sustainability Disclosure Standards (IFRS S1 and S2) as planned by the competent authority to enhance disclosure quality and align with international standards.

Continuing Education for Directors

In 2024, Taipower continued to proactively arrange director training in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEx Listed Companies." Although Taipower is a publicly offered but non-listed company, it voluntarily complies with the same training framework and hour requirements. All directors actively participated and obtained certification. The training covered topics such as carbon management, IFRS sustainability disclosure, climate change impacts on financial reporting, corporate governance and gender equality, equity method investments, AI ethics and governance, and applications of artificial intelligence in smart grids. All directors significantly exceeded the required hours, with an average of 9.4 training hours per director in 2024.

Conflict of Interest Avoidance Mechanism

In accordance with Taipower's Board Meeting Rules and the Audit Committee Charter, directors (including independent directors) must disclose any conflicts of interest during meetings. If a matter could affect the Company's interests, directors are required to recuse themselves from both discussions and voting and may not act on behalf of others. Each Board and Audit Committee meeting notice includes a reminder of these conflict-of-interest regulations.

Board Performance Evaluation Policy

Taipower has established "Board of Directors Performance Evaluation Guidelines" to assess both the overall board and individual directors. The overall board evaluation covers participation in operations, decision-making quality, board composition, selection and training, and internal control, and is conducted annually with results reported by the end of March the following year. In 2024, the Board and its three committees all received "Excellent"or "Outstanding" ratings. The results were publicly disclosed in the "Corporate Governance/Board of Directors" section on the Company's website.
Individual performance evaluations follow the Ministry of Economic Affairs' "Guidelines for Independent Directors" and "Guidelines for the Management of Directors and Supervisors." Directors complete self-evaluations at the end of each year and submit the results to the MOEA as reference for performance review and reappointment.

Remuneration Policy for Directors

Taipower is a state-owned enterprise. The remuneration of directors (including the Chairman) is determined based on standards set by the competent authority-the Ministry of Economic Affairs-and the Company has not established a Remuneration Committee. Independent directors receive fixed monthly compensation only and are not entitled to profit-sharing, year-end bonuses, or any additional remuneration. Labor directors are Taipower employees and receive compensation in accordance with the "Basic Principles for Employee Compensation Authorization for State-Owned Enterprises"and the "MOEA Guidelines for Personnel Compensation" and thus do not receive additional compensation for serving as directors. In view of Taipower's financial loss in 2024, the director compensation ratio has not been disclosed for this year.

Corporate Governance Officer

In accordance with the "Directions for the Appointment of a Corporate Governance Officer,"Taipower has appointed a Governance Officer through its Board of Directors to coordinate corporate governance affairs. The Officer assists board members with legal compliance, continuing education, and access to information required to perform their duties. The role is concurrently held by the Chief Secretary of the Board Secretariat. Compensation is administered under the MOEA's remuneration guidelines for subordinate agencies and is not separately tied to sustainability performance, though it is subject to performance-based and work-related bonus assessment criteria. In 2024, the Corporate Governance Officer completed 28.5 hours of professional training.

1.2.2 Risk Management

Risk Management Mechanism

Taipower actively addresses internal and external risks and emerging opportunities by enhancing risk identification and response strategies. To strengthen risk control following the March 3 power outage, the Company established a Risk Management Center, integrating experts from across business units to oversee and manage key risks at different levels,thereby helping to prevent large-scale blackouts. In response to the challenges of energy transition and climate change, Taipower has advanced initiatives across power generation, the grid, and demand-side management-including increasing gas use, reducing coal, expanding renewable energy, introducing hydrogen-ammonia co-firing technologies, reinforcing grid infrastructure, and deploying energy storage systems. The Company also promotes demand response and energy conservation measures to support the goal of net-zero emissions in the power sector. Taipower will continue to strengthen its risk management practices, raise risk awareness among employees, and dynamically adjust its risk assessments and response strategies to reduce operational risks.

Risk Management Policy

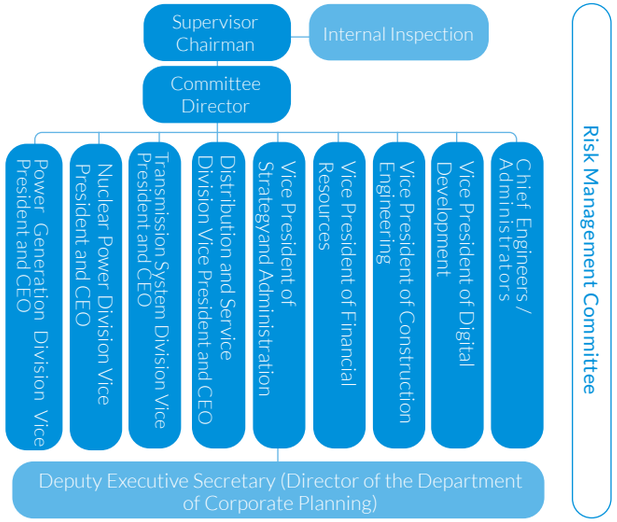
Taipower has formulated four core risk management policies to guide the Company's approach to organizational risk control:

- Provide adequate resources to establish, maintain, and continuously improve the effectiveness of the risk management system, in order to reduce operational risks.
- Establish a dedicated risk management structure to conduct ongoing risk assessment, response, monitoring, and communication.
- Ensure that employees are equipped with the necessary skills to manage risk, foster a supportive work environment and cultivate a risk-aware organizational culture.
- Enhance communication with employees and stakeholders to raise awareness of risk management and ensure full implementation of the policy.

Risk Management Steering Committee

Taipower's Risk Management Steering Committee is chaired by the Chairman (Supervising Commissioner) and the President (Committee Director). Formed as a task-oriented team, the Committee brings together the Chief Executives of Taipower's four major business divisions-Thermal and Hydropower Generation, Nuclear Power, Transmission, and Distribution & Services-and the Vice Presidents overseeing the four core systems: Strategic Administration, Finance and Resources, Construction and Engineering, and Digital Development. Senior Chief Engineers and Administrative Advisors also serve as members.
The Vice President of the Department of Corporate Planning acts as Executive Secretary, with the department's Director serving as Deputy Executive Secretary, providing planning and administrative support to the Committee.

Taipower's Risk Management Organization Structure



Risk Management System and Process

1.Risk Management System

Taipower promotes an integrated risk management system that encompasses a wide range of dimensions, including finance, legal and regulatory compliance, environment, and power supply operations. Risk management operates on two levels-the corporate level and the unit level-with rolling reviews conducted quarterly. To ensure thorough implementation of enterprise-wide risk management, the Risk Management Steering Committee convenes semiannually to review implementation performance and approve the Company's risk management plans. Since 2015, Taipower has submitted an annual risk management report to the Board of Directors to strengthen oversight and support continuous adjustment of risk response strategies.

Company-Level

- Quarterly rolling reviews are conducted, and the Risk Management Steering Committee convenes semiannually.
- Review the Company's annual risk management implementation, results, and effectiveness.
- Approve the annual risk management plan and company risk profile.

Unit-Level

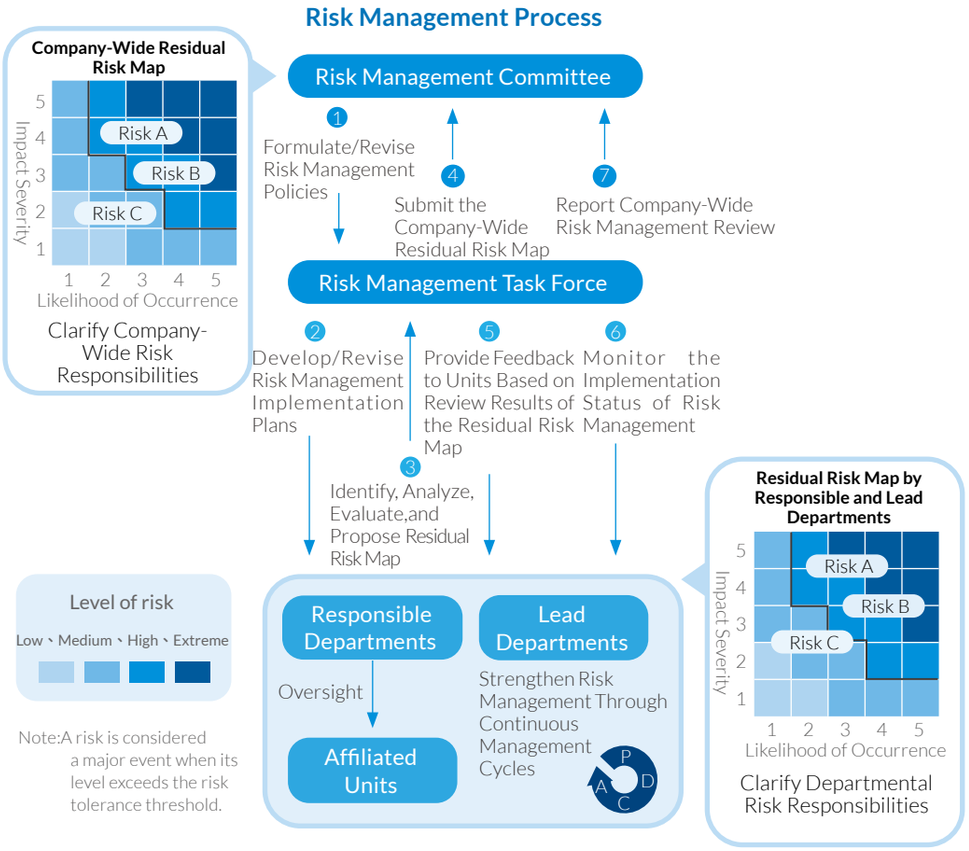
- Each unit implements risk management based on the annual plan and company risk profile approved by the Committee.

Risk Categories

- Taipower's risk categories are defined with reference to the methodology of the World Economic Forum (WEF).

2.Risk Management Process

The Risk Management Steering Committee formulates Taipower's risk management policies, which are approved by the Board of Directors. Based on these policies, the Department of Corporate Planning develops implementation plans that serve as operational guidelines for all Company units. Taipower adopts a combined bottom-up and top-down approach to risk identification and control. First-level units periodically review operational risk changes, strategic alignment, and corporate goals, and conduct internal risk assessments. Risk events that may impact company-wide objectives are reported upward (bottom-up). Staff departments then consolidate internal and external conditions and compare them with global risk trends. The compiled risks and corresponding residual risk profile are submitted to the Risk Management Steering Committee for deliberation and approval.
Once finalized, the approved risk management plans and company risk map are disseminated top-down to all units for implementation, ensuring that risk control measures are effectively executed across the organization.



Risk Assessment and Identification

In conducting risk identification and risk profile analysis, Taipower takes the following key factors into account:

- Issues of concern to stakeholders
- Major issues that may affect the Company's operations and safety
- New policies or significant changes arising from major events
- Incidents under close supervision by upper-level agencies or those receiving special attention from relevant authorities

Risk Events and Response Measures

Taipower uses a structured risk assessment mechanism to monitor risk events, and handles them according to the assessed risk level:

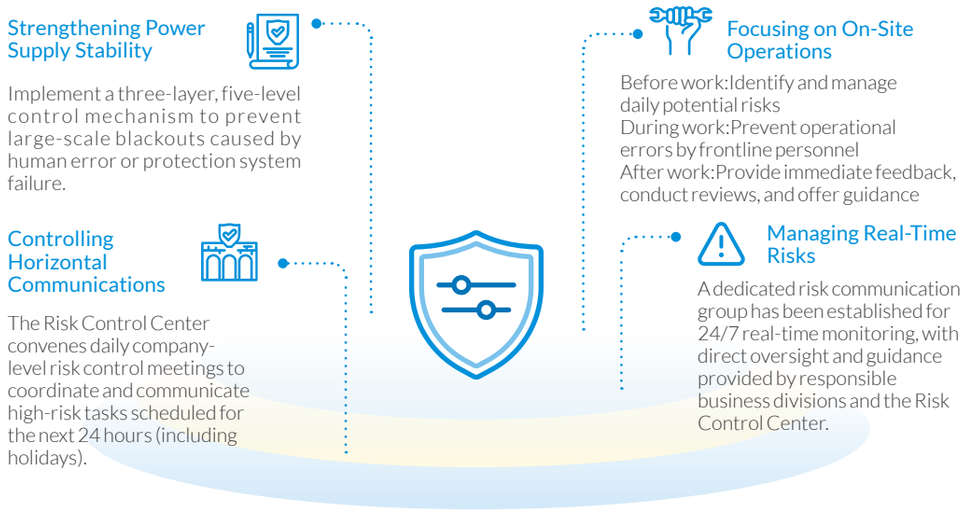
- Extremely High Risk:Top priority. Immediate response required.
- High Risk:Second priority. Response plans must be developed, and resources allocated.
- Medium Risk:Continuous monitoring by responsible departments.
- Low Risk:Handled through standard operating procedures.

In 2024, Taipower identified 13 risk events. For each identified risk, the Company defined scenario-based control measures and began conducting rolling reviews to evaluate performance and track changes. This strengthens both proactive prevention and reactive response capabilities. Through systematic risk management, Taipower analyzes interconnections between risks and sustainability issues, enhances organizational risk awareness, identifies emerging opportunities, and advances toward its long-term sustainability goals.

Risk Category	Risks Identified by Taipower
Power Supply Operation Risks	● Compromised safety or resilience of critical power infrastructure ● Short-term imbalance between supply and demand ● Delays in major medium- and long-term power generation projects ● Delays in major medium- and long-term transmission and substation projects
Environmental & Climate Risks	● Environmental pollution impacts ● Underperformance in achieving net-zero emission targets
Legal and Regulatory Issues	● Major occupational safety and health incidents ● Widespread negative media coverage ● Breach of critical compliance requirements ● Labor disputes and employee protests
Strategic and Financial Risks	● Expanding operating losses ● Insufficient development of core technical capabilities ● Information and cybersecurity failures

Risk Control Center

The Risk Control Center was established in response to the March 3 power outage incident (the "303 Incident") to enhance the stability of power supply operations. It focuses on four key objectives: strengthening power supply stability, managing on-site operational risks, improving horizontal communications, and responding to real-time risks. The Center's scope of oversight includes power generation systems, transmission and distribution networks, renewable energy facilities, independent power producers (IPPs), and fuel supply interfaces. It monitors potential risk factors related to maintenance and testing, construction activities, fault repair, switching operations, and relay coordination across relevant units. Beginning in 2025, IPP facilities will also be formally included under the Company's risk management framework to further strengthen oversight and ensure power supply reliability.



Risk Control Activities

2024 Risk Control Activities

2,045 times	48 times	245 meetings	50 meetings	245 sessions
Spot checks on risk control cases by the Center	Audits conducted on business units or field sites	Daily company-wide risk control meetings held	Weekly risk review meetings for busbar outage-related work	Risk control training sessions (for both executive departments and subordinate units)

1.2.3 Reputational Risk Management

Risk Events and Corresponding Response Measures

To protect Taipower's corporate image and minimize the impact of external negative events, the Company has established a proactive reputational risk management mechanism. By operating a multi-channeled monitoring system, Taipower detects emerging reputational threats in real time and activates its crisis response protocol for issues with escalation potential or facing widespread public concern. Key mechanisms include:

1.Media Monitoring:Taipower conducts daily monitoring across newspapers, TV, online news, and social media to ensure timely internal reporting and full awareness of public sentiment and media trends.

2.Early Warning Notifications:Each department appoints a deputy supervisor as a media liaison, responsible for issuing alerts and coordinating communications on reputational matters.

3.Crisis Management:

- Press Releases and Timely Statements: Taipower proactively issues press releases and immediate statements to convey its position, maintain transparency, and support accurate media reporting.
- Spokesperson System: A designated spokesperson centralizes external communications to ensure message consistency and accuracy in all public disclosures.

Reputational Risk Response Mechanisms

For incidents such as power outages or workplace safety events arising from operational or equipment failures that may impact Taipower's public image, the following response measures are adopted:

1.Timely Clarifications:For urgent or sensitive situations, Taipower swiftly addresses public misunderstandings through real-time explanations or formal press statements to prevent the spread of misinformation.

2.Power Outage Communications:During regional outages, dedicated media channels provide real-time updates on restoration progress, explain causes, and outline corrective actions to reduce public concern.

3.Media Engagement:For incidents under media scrutiny or with the potential to escalate, Taipower delivers timely and appropriate responses while closely tracking developments to maintain a consistent, factual narrative.

Press Release

1.2.4 Integrity and Legal Compliance

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Ethical Corporate Management

Taipower upholds a philosophy of "sincere management and autonomous control" by promoting ethical standards internally and strictly complying with laws and regulations externally. The Company is committed to fulfilling its corporate responsibilities and advancing anti-corruption efforts across the organization.

Ethical Code of Conduct

All Employees	Procurement Personnel	Management
Must comply with the Code of Ethics for Employees under the Ministry of Economic Affairs and the Directions on Lobby Registration and Checks for the Executive Yuan and its Subordinate Agencies. Employees may consult with the Department of Civil Service Ethics for clarification or support, with full protection of their rights.	Must follow the Ethical Guidelines for Procurement Personnel and the Points of Attention for Interactions between Procurement Personnel and Vendors. Training and consultations are regularly provided to ensure fairness, transparency, and integrity in procurement activities.	Must review suspected misconduct cases in a fair and timely manner. Taipower enforces accountability for both directly involved personnel and responsible supervisors to reinforce the principles of ethical corporate governance.

Anti-Corruption Policy

As a state-owned enterprise, Taipower follows the Executive Yuan's National Integrity Building Action Plan by executing corresponding policies and implementation measures. The Company promotes internal anti-corruption efforts, fosters consensus on integrity with the private sector, and holds itself to the highest standards of ethical conduct.

Taipower Anti-Corruption Related Regulations

- Taiwan Power Company's Notes for Interactions between Procurement Personnel and Vendors
- Taiwan Power Company's Guidelines for the Establishment of a Procurement Sampling Inspection Task Force
- Taiwan Power Company's Plan for the Promotion of Anti-Corruption in the Current Stage
- Taiwan Power Company's Guidelines for Holding Personnel and Their Supervisors Accountable for Administrative Liabilities in Cases of Suspected Misconduct

Integrity Promotion and Awareness

Taipower's Department of Civil Service Ethics leads integrity initiatives and reports annually to the Board of Directors. In cases of violations or negative events, it investigates root causes, addresses control gaps, and requests improvement actions from responsible units. Legal promotion is reinforced through real case studies published in a monthly integrity e-bulletin to raise awareness and prevent recurrence.

Implementation of Taipower's Anti-Corruption Procurement Platform

Taipower launched integrity platforms for key projects such as the High-Calorific Coal Spot Purchase and Phase II of the Offshore Wind Power Project's Equipment Procurement. These platforms ensure open communication with prosecutors, ethics agencies, and vendors, and are supported by a public portal on Taipower's website to enable external oversight.

Built on five principles-risk prevention, integrity, public-private collaboration, transparency, and supervision-the platform strengthens audits and mitigates risks. In 2024, Taipower continued to enhance its operations through public disclosures, stakeholder meetings, cross-agency visits, and lectures by prosecutors to ensure transparency, fairness, and compliance in procurement.

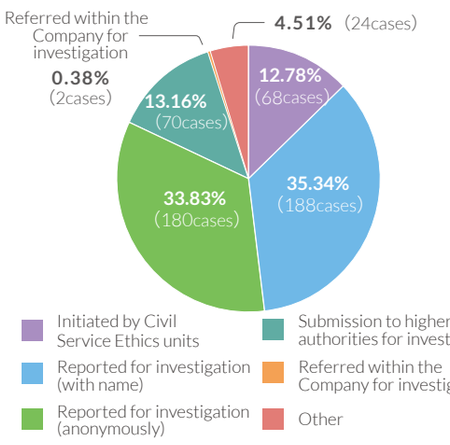
Integrity Committee Meeting Section

Agency Procurement Integrity Platform

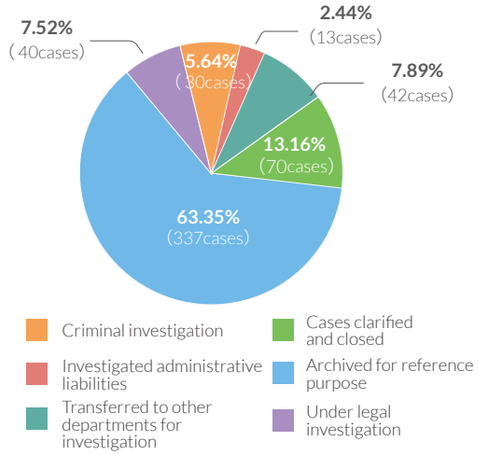
Case Sources and Investigations in 2024

In 2024, Taipower concluded investigations for 532 integrity-related cases. These cases were categorized based on their sources, as illustrated in the figure below. Among them, cases filed through whistleblowing channels accounted for the highest proportion, reaching 69.17%. Taipower continues to strengthen its efforts to promote diverse and accessible reporting mechanisms and to encourage the proper use of these channels.

Sources of Ethics-Related Cases in 2024



Case Handling Results in 2024



Legal Violations and Indictments

In 2024, two Taipower employees were indicted for violating the Anti-Corruption Act. One case involved disclosing procurement details to a specific vendor, who manipulated the bidding process and offered bribes upon winning the contract. The other involved accepting hospitality and gifts from a contractor in exchange for neglecting inspection responsibilities. Taipower convened an Integrity Committee meeting to thoroughly review both cases, identify root causes, and propose corrective actions. Administrative responsibilities were pursued for both the employees and vendors involved. The Company reaffirmed its anti-corruption stance and strengthened integrity training for employees and suppliers to prevent future misconduct.

Anti-Corruption Measures

1.Response to Major Corruption Cases

- Fully cooperated with judicial investigations.
- Reviewed internal control gaps and proposed preventive actions.
- Enhanced integrity awareness among employees and contractors.

2.Promotion of Corporate Integrity

- Convened annual Integrity Committee meetings; outcomes were disclosed on the official website.
- Held the "Powering ESG" seminar to foster ethical procurement practices.
- Reinforced oversight in response to media, legislative, and judicial concerns.

3.Integrity Advocacy and Training

- Internal:Promoted integrity policies through newsletters, briefings, seminars, and online courses.
- External:Conducted vendor sessions to advocate anti-bribery regulations and fair business conduct.

4.Integrity Risk Management Mechanisms

- Carried out annual risk assessments on unethical conduct.
- Implemented audits, inspections, and awareness initiatives to strengthen early-warning controls.

Internal Risk Control

Taipower's internal control system is implemented by management through three lines of defense. The first two lines perform regular risk identification and self-assessment, while internal audit functions as a the third line to ensure overall effectiveness. In accordance with regulations issued by the Financial Supervisory Commission (FSC) and the Ministry of Economic Affairs (MOEA), the Board Audit Office executed the 2024 Annual Audit Plan.

2024 Internal Audit Implementation Overview

In accordance with Taipower's risk management plan, prior audit findings, and recent key business developments, selected units were subject to routine audits, while special audits were conducted on critical topics. The audit scope covered internal control mechanisms, risk management, operational effectiveness, communication and reporting, legal compliance, directives from the Board and Audit Committee, and items assigned by supervisory authorities. A total of 57 routine audits and 16 special audits were completed. An internal control self-assessment report was submitted to support the Board of Directors and the President in evaluating system effectiveness and served as the basis for issuing the 2024 Internal Control System Statement.

To align with Taipower's 2025 corporate goals-a stable power supply, grid resilience, financial sustainability, and net-zero emissions-audit priorities were refined to strengthen preventive management and enhance operational performance.

1. Strengthening Audit Execution and Risk Oversight

- Encourage business units to conduct internal audits and hold review meetings to share best practices.
- Consolidate high-risk findings and report them to independent directors and senior management to enhance oversight.

2. Optimizing Internal Control Processes

- Require departments to review and adjust control procedures in response to environmental changes, strengthening management effectiveness and adaptability.

Legal Compliance

Taipower, as a state-owned public utility, operates under the Company Act, Securities and Exchange Act, and other applicable general laws. In addition, it is subject to the Administrative Law for State-Owned Enterprises and the Electricity Act. Key business aspects-including its organizational structure, accounting, auditing, budgeting, business planning, utility rates, and power resource development-must be approved by the Ministry of Economic Affairs (MOEA). The Department of State-Owned Enterprises under MOEA oversees operations and conveys relevant directives, while the Bureau of Energy serves as the electricity industry regulator. All corporate policies are implemented with full consideration of regulatory requirements and their impacts.

Legal Education and Compliance Promotion

To strengthen legal awareness and reinforce compliance, Taipower's Legal Affairs Office organizes annual sessions of a"Practical Legal Issues Seminar" for various departments. These sessions may be led internally or jointly with external experts and cover topics such as legal fundamentals, regulatory compliance, and case study discussions. The office also provides legal consultation services to help departments address business-related legal challenges and ensure employees act in accordance with relevant laws and internal regulations.

Administrative Fines for Labor Practices

In 2024, Taipower was issued four fines for violations of the Labor Standards Act. The cases involved the exclusion of various allowances-including a shift leader allowance, a dual-role driver allowance, a full attendance bonus, a late-night meal allowance, and a remote location allowance-from hourly wage calculations. These omissions led to underpayment of overtime wages on rest days and regular holidays.

Taipower has filed both administrative appeals and lawsuits to protect its legal rights. Since wage calculations are governed by the Statute for the Management of State-Owned Enterprises and related government regulations, Taipower cannot unilaterally alter its practices. The discrepancy stems from differing interpretations between supervisory and labor authorities. Taipower has reviewed its internal processes and, depending on the outcomes of its appeals, may seek assistance from the Ministry of Economic Affairs.

Administrative Fines for Occupational Safety

In 2024, 27 industrial safety violations resulted in administrative penalties. The violations fell into the following categories:

- Failure to conduct work coordination or communication
- Failure to inspect the workplace
- Failure to use required personal protective equipment or safety devices
- Failure to inform workers of workplace risks in advance
- Failure to install necessary occupational safety and health facilities

To reduce such penalties, Taipower has enhanced its occupational safety management through safety inspections, embracing management by walking around (MBWA), CCTV monitoring, training, and awareness campaigns. Appeals have been filed for certain cases.Looking ahead, Taipower will continue to engage in disaster reduction meetings organized by the Ministry of Labor and the Ministry of Economic Affairs. The Company will also participate in quarterly reviews of industrial safety measures and continue promoting occupational health and safety across its operations.

Administrative Fines for Environmental Protection

In 2024, Taipower received 9 environmental fines, totaling NT$2.5245 million. Although the number of fines increased compared to the previous year, the total remained within the Company's annual control targets (≦17 cases and ≦NT$6.044 million).

The most significant fine in 2024 was imposed on the Datan Power Plant, where Unit 9's gas purging operations were deemed by the Environmental Protection Bureau to have commenced without the required commissioning permit for a stationary pollution source. The operation was determined to be in violation of Article 24, Paragraph 2 of the Air Pollution Control Act and resulted in a fine of NT$1.6 million.

Year	2022	2023	2024
Number of Cases	3	4	9
Total Fines (NT$ thousand)	330	800	2,524.5

Note:The figures in the table exclude policy-related penalties. The statistics for the past three years are as follows:
2022:1 policy-related case, with a fine of NT$600,000
2023–2024:0 policy-related cases, with no fines incurred

Recognizing that environmental penalties may lead to negative public perception and pose significant risks to the Company's reputation and operations, Taipower remains committed to proactive environmental compliance. The Company continues to implement the following measures to prevent environmental violations and protect its image:

1. Preventive Measures:
   (1) Continue assisting on-site units in enhancing the functionality of their environmental management systems.
   (2) Strengthen audits of environmental compliance by relevant departments, including the Environmental Protection Division.
   (3) Invite external experts to conduct on-site reviews to proactively identify and rectify deficiencies.
   (4) Reinforce legal compliance awareness across all business units.
   (5) Provide ongoing ISO 14001 training to enhance environmental management system implementation.
   (6)Conduct performance audits of environmental protection at operational sites.
2. Review and Improvement in Cases of Environmental Violations:
   (1) Hold review meetings to analyze root causes of violations and develop corresponding improvement actions.
   (2) Invite experts to provide targeted guidance to high-risk units, reinforcing their environmental management mechanisms.

Administrative Fine for Violation of Effluent Standards

In 2024, Taipower received one fine related to water usage and effluent quality. On October 27, 2023, the Environmental Protection Bureau of Taichung City conducted independent sampling at the FGD (Flue Gas Desulfurization) outfall outside the Taichung Power Plant. The test results indicated an exceedance in chemical oxygen demand (COD), constituting a violation of Article 7 of the Water Pollution Control Act, and a fine of NT$360,000 was imposed.

Following the incident, the power plant held a review meeting to develop response measures. As the sampling was conducted without the presence of plant personnel and significantly differed from previous test and monitoring results, Taipower raised concerns regarding procedural fairness. The Company has retained legal counsel and filed an administrative lawsuit to contest the penalty.

1.3 Sustainability Strategy

1.3.1 Organizational Structure of the Sustainable Development Commission (SDC)

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The Sustainable Development Commission (SDC)

Taipower has established a Sustainable Development Commission (SDC). The Chairman of the Board serves as the Committee Director, and the President serves as the Deputy Committee Director. Commission Members include Vice Presidents and professional Chief Engineers and Administrators. The Commission comprises three steering committees and one project task force, namely the Management Development Steering Committee, the Sustainable Environment Steering Committee, the Social Responsibility Steering Committee, and the Task Force on Climate-Related Financial Disclosures. Each committee or task force is convened by a Deputy General Manager. Through the three steering committees, the Commission addresses the areas of business development, environmental sustainability, and social responsibility. These units analyze external trends and policy developments, formulate long-term sustainable strategies, and identify Taipower's material issues. The Commission is also responsible for promoting Taipower's sustainability agenda and tracking the Company's short-, medium-, and long-term performance targets.

Key Tasks of the SDC

Management Development Steering Committee

This committee focuses on strategic planning and business transformation. It is responsible for shaping Taipower's management vision and governance structure, formulating operational plans, and leading the Company toward more robust business development. Key initiatives include promoting energy transformation, organizational transformation, digital transformation, and diversification, thereby enhancing the Company's overall management capabilities.

Sustainable Environment Steering Committee

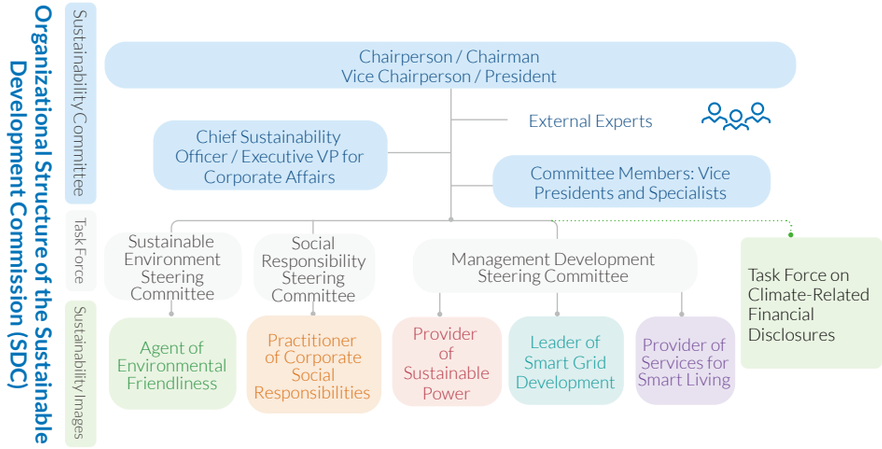
This committee leads efforts to establish a green corporate image and advance low-carbon development. It supports Taipower's environmental mission through the formulation of environmental policies, setting of environmental targets, and implementation of environmentally friendly initiatives. These efforts aim to deliver green electricity and reinforce the Company's reputation as an environmentally responsible enterprise.

Social Responsibility Steering Committee

This committee aims to strengthen corporate culture and demonstrate Taipower's commitment to social responsibility. Through people-oriented values and actions that reflect its corporate citizenship, the Company promotes a human-centered business philosophy. Efforts include cultural and employee care programs-such as the Taipower Family Program-and active participation in public welfare initiatives, highlighting Taipower's social value and responsibilities.

Task Force on Climate-Related Financial Disclosures

The task force enhances the Company's climate-related strategies and disclosure practices as part of its sustainability efforts. Key actions include establishing appropriate management processes for climate risks and opportunities, evaluating and analyzing the financial and business impacts of climate change, and developing effective response strategies. These efforts aim to improve capital allocation and decision-making, while also ensuring transparent communication with stakeholders.



Operating Mechanisms and Performance of the SDC

Through its three steering committees, the Sustainable Development Commission (SDC) analyzes external environmental and policy trends related to management development, environmental sustainability, and social responsibility. In 2023, Taipower additionally established the Task Force on Climate-Related Financial Disclosures (TCFD) to strengthen its climate change responses. The SDC is responsible for formulating the Company's long-term sustainable development strategy, identifying material topics, implementing sustainability-related initiatives, and tracking progress toward Taipower's short , medium , and long-term goals.

Meeting Name	Responsibilities / Scope of Work	2024 Activities
Sustainability Committee	Plan the Company's long-term sustainability direction, define material topics, and approve the sustainability strategy blueprint	Held 1 meeting
Task Force Meeting	Review sustainability plans and performance	Held 2 meetings
Task Force on Climate-Related Financial Disclosures	Strengthen climate-related actions and information disclosure	Held 4 meetings

The Role of the Highest Governance Body in Overseeing Impact Management

Taipower's Board of Directors places strong emphasis on sustainable development, transparency, and stakeholder engagement. Feedback is collected through designated channels on the Company's website, and governance and disclosure information is made publicly available.

The management team annually reviews the Company's sustainability direction and formulates action plans, with results reported to the Board of Directors. The Sustainability Task Force conducts rolling reviews of plans by referencing international benchmarks. The Sustainability Committee is responsible for reviewing the structure of the Sustainability Report and ensuring the accuracy and transparency of disclosed information.

1.3.2 Moving Towards Net-Zero Emissions

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Material Topic: Implementing Net-Zero Strategies in Response to Climate Change

Policy	• Actively develop renewable energy and introduce decarbonized energy technologies in alignment with the national 2050 Net-Zero Emissions Pathway, to progress steadily in phases toward net-zero.
Management Approach	• Conduct GHG inventories, identify climate-related risks, and set carbon reduction targets to address potential future impacts of climate change.
Action Plans	• Inventory greenhouse gas emissions • Identify climate-related risks
Actual Performance in 2024	• Completed a parallel research project on climate change adaptation for the power generation system, including climate risk assessments • Continued progress in line with the net-zero transition timeline
Targets for 2030	• Achieve the targets outlined in the net-zero transition timeline

Sustainable Economic Activities Reference Guidelines

In alignment with the government's 2050 net-zero emissions target, one of Taipower's key objectives is to contribute to climate change mitigation. This goal is consistent with the Sustainable Economic Activities Reference Guidelines issued by the Financial Supervisory Commission (FSC), which define categories of "general economic activities"and "enabling economic activities." Taipower's ongoing efforts along its net-zero pathway-including the development of renewable energy, research and deployment of hydrogen energy technologies, advancement of smart grid and energy storage systems, and innovation in carbon capture, utilization, and storage (CCUS) technologies-are all in line with the criteria set forth in the FSC's sustainable activity framework.

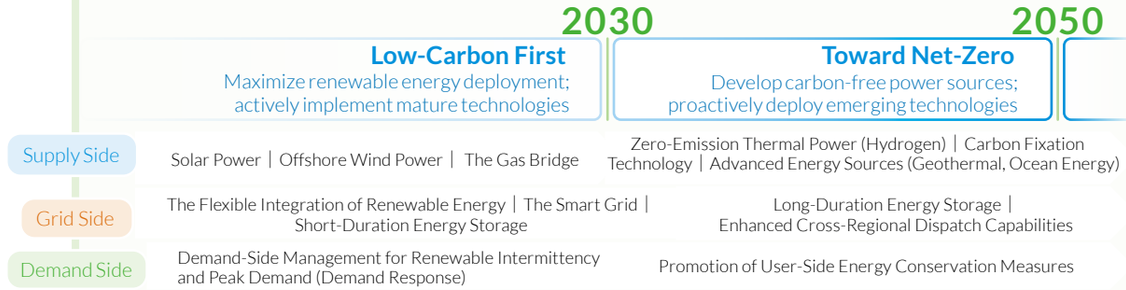
Net-Zero Transition Timeline

In response to the challenges of climate change, Taipower actively aligns with the government's net-zero emission strategy and roadmap. Based on the Ministry of Economic Affairs' "Low Carbon First, Zero Carbon Later"framework and current domestic and international technology trends, Taipower has established the following phased implementation focus areas::

Short Term （through 2025 ）	Mid-Term（2025 - 2030 ）	Long-Term（2030 - 2050 ）
Focus on accelerating the energy transition by maximizing the deployment of mature technologies. Priorities include expanding renewable energy capacity, reinforcing grid connection and enhancement projects, and investing in energy storage systems to address the intermittency of renewables. Taipower is also advancing low-carbon gas-fired power generation by deploying fast-ramping combined-cycle gas turbines to increase the share of natural gas and reduce reliance on high-emission coal-fired units.	Taipower will build on existing energy transition efforts and continue to promote green expansion, increase gas-fired generation, and reduce coal use. The Company will enhance the scale and resilience of renewable energy integration, strengthen energy storage systems to address potential curtailment and low system inertia, and proactively invest in R&D and pilot demonstrations of forward-looking, net-zero technologies.	As Taipower enters the net-zero transformation phase, it will face challenges such as maximum renewable energy penetration and the commercial viability of carbon-free power technologies. The Company plans to introduce hydrogen, ammonia, carbon capture and storage (CCS), geothermal, and marine energy technologies on a large scale. As the shift toward renewables as the primary energy source continues, the grid will require gradual integration of advanced technologies such as long-duration energy storage and low-inertia frequency control systems.

From Energy Transition to Net-Zero Transformation

Energy Transition → Net Zero Transition



Energy Transition → Net Zero Transition

Low carbon first 2030 — Net-zero later 2050

Aspect	Strategy	Metric	2023	2024	2025	2030	2035	2050
Supply	Expand Green Energy	Accumulated Total Capacity of Renewable Energy (10,000 kW)*	73.08 (Wind, solar, geothermal, and ocean energy)	73.94 (Wind, solar, geothermal, and ocean energy)	Estimated at 77.96 (Wind, solar, geothermal, and ocean energy)	189.23 (Wind, solar, geothermal, and ocean energy)	Estimated at 216.12 (Wind, solar, geothermal, and ocean energy)	Estimated at 308.94 (Wind, solar, geothermal, and ocean energy)
		Accumulated Hydropower (10,000 kW)	0.9	2.6	2.6	2.6	Estimated at 4.9	
		Accumulated Wind Power (10,000 kW)*	43.92	44.69	Estimated at 44.21	Estimated at 125.83	Estimated at 130.79	Estimated at 121.02
		Accumulated Solar Power (10,000 kW)*	28.78	29.17	Estimated at 33.67	Estimated at 38.37	Estimated at 43.93	Estimated at 96.92
		Accumulated Geothermal Power (10,000 kW)*	0.084	0.084	Estimated at 0.084	Estimated at 25	Estimated at 43.93	Estimated at 65
		Accumulated Marine Energy (10,000 kW)		0		Estimated at 0.03	Estimated at 6.4	Estimated at 26
	Gas Bridge	Accumulated Installed Capacity of Gas-Fired Units (MW)	12,829	13,953		25,924		
		Average Power Generation Efficiency of Self-Owned Thermal Units (Excluding Purchased Power)	41.58%	42.22%		Expected to be higher than 47%		
		Reduction in Net Greenhouse Gas Emission Intensity of Thermal Units Compared to 2016 (%)	8%	11.7%		20%		
		Introduction of Hydrogen Co-Firing Technology	The 5% hydrogen blending test was completed ahead of schedule (originally targeted for 2024). Continued testing of unit efficiency under varying conditions will provide reference data.	Reapplication review and inspection preparations are underway.	Completion of the review process for reclassification as a Category C hazardous workplace is expected, followed by the initiation of a 7–10% hydrogen co-firing test.	The possibility of increasing the hydrogen co-firing ratio will be assessed based on domestic hydrogen production capacity and hydrogen storage and transportation technologies.		
		Introduction of Ammonia Co-Firing Technology	Signed an MOU with Japan's IHI Corporation and Sumitomo Corporation to promote a 5% ammonia co-firing demonstration project at Dalin Power Plant.	1.Completed a 5% ammonia co-firing feasibility study for Linkou Power Plant in collaboration with Mitsubishi Heavy Industries (Japan). 2.Signed a technical cooperation memorandum with IHI Corporation and Sumitomo Corporation for a 5% ammonia co-firing trial at Dalin Power Plant.	1.Completed a 5% ammonia co-firing feasibility study for Dalin Power Plant in collaboration with IHI Corporation and Sumitomo Corporation. 2.Launched a study on the international intelligence gathering and economic feasibility of integrated hydrogen power generation.	Dalin and Linkou Power Plants have launched demonstration trials of ammonia co-firing at rates above 5%.	Taipower will assess whether to increase the ammonia co-firing ratio or scale up the project, based on the development of coal decarbonization technologies and the green ammonia supply chain.	
	Carbon Fixation Technology	Carbon Capture and Storage (CCS)		Established a CCS Project Promotion Task Force to conduct carbon capture and storage pilot tests at Taichung Power Plant and a preliminary feasibility study at Linkou Power Plant.	1.romoted the establishment of the Taichung Carbon Reduction Technology Park (subject to Taichung City Government's review process). 2.Completed the preliminary feasibility study for CCS at Linkou Power Plant.	1.Begin demonstration operation of a small-scale carbon capture facility starting in 2027. 2.Launch CO_2 injection demonstration projects in 2028 and 2029 (subject to review outcomes).	Complete the injection of 4,000 tons of CO_2 at the carbon capture demonstration site, followed by subsequent monitoring.	
Grid	Grid Resilience	Strengthening Solar Photovoltaic Grid Connection			Taipower is planning 46 renewable energy grid projects, including 9 substations and 10 transmission lines, which are expected to provide an additional 11.825 GW of grid capacity. By the end of 2025, the completed projects are projected to reach 9.98 GW. Taipower will continue to dynamically assess and adjust based on grid connection demand.			
		Strengthening Offshore Wind Power Grid Connection				To support offshore wind power development, Taipower is implementing two phases of power grid enhancement projects, expected to increase grid connection capacity by approximately 17 GW, bringing the total to around 20.5 GW. The Company will continue to dynamically assess and adjust based on future grid connection demand.		
	Smart Grid Development	Cumulative Number of AMI Smart Meters Installed	Reached a total of 2.707 million users	Reached a total of 3.403 million users	Expected to reach a total of 3.9 million users	Reached a total of 6 million users	Deployment rate reaches 100%	
		Accumulated number of IEC 61850 smart substations completed	68 substations	83 substations		185 substations		Deployment rate reaches 100%
	Energy Storage Development	Cumulative Installed Capacity of Self-Built and Procured Energy Storage Systems	680.9MW	1,420.3MW		As energy storage technology performance and cost-effectiveness improve, Taipower will continue to expand storage capacity and periodically review deployment strategies based on generation, load scenarios, and flexibility needs.	The Dajia River Guangming Pumped Storage Hydropower Project, with an installed capacity of 350 MW, is scheduled for completion in 2034.	
Demand	Energy Conservation	Energy Savings by Residential Users and Schools	1.81 billion kWh	1.70 billion kWh				
		Energy-Saving Promotional Activities	1,449 sessions	1,375 sessions				
	ADR (Demand Response)	Applications for Contract Capacity Reduction (10,000 kW)	275	301				
		Reduced Peak Load Capacity (10,000 kW)	116.6	131.4				

Net Zero

Note:1.*Including reinvestment capacity
2.This table complies with forward-looking economic activities in the FSC's Guidelines for the Determination of Sustainable Economic Activities

To achieve phased net-zero emissions in electricity generation, Taipower has adopted a comprehensive strategy covering the power supply side, the grid side, and the demand side. On the supply side, the Company is steadily working toward net-zero by expanding renewable energy, implementing gas bridging, and investing in carbon fixation technologies that are technically feasible.On the grid side, efforts are focused on maintaining a stable power supply through reinforcement, intelligent system upgrades, and energy storage deployment to maximize renewable energy integration and enhance grid resilience. On the demand side, Taipower is responding to increased electricity consumption and electrification by promoting energy conservation and demand response initiatives. These strategic pillars form the core of Taipower's roadmap to net-zero in electricity emissions.

The Power Supply Side

Expand Green Energy

Mature Green Energy:
Actively participate in offshore wind and solar development, expanding green energy through diversified collaboration.

Forward-Looking Energy:
Promote geothermal and marine power development and build integrated green energy systems to enhance energy self-sufficiency on offshore islands.

Gas Bridge

Gas Expansion and Coal Reduction:
In the short to medium term, Taipower is replacing aging, high-emission coal-fired units with fast-start, low-carbon combined cycle gas turbines to reduce the carbon intensity of power generation.

Fuel Substitution:
Taipower is planning pilot projects to introduce hydrogen co-firing in gas units and ammonia co-firing in coal units. These technologies will be gradually scaled up to support decarbonization.

Carbon Fixation Technology

Carbon, Capture, and Storage (CCS):
Conduct CCS pilot projects at thermal plants. A 2,000-ton/year test site will be built at Taichung Plant (2025–2026), followed by a 1-million-ton integrated demo by 2035, with phased deployment based on feasibility.

The Grid Side

Grid Resilience

To accommodate growing renewables, Taipower is reinforcing grid infrastructure, enhancing resilience, and promoting open resource sharing to maximize integration.

Smart Grid Development

Advance smart grid and digital applications to improve energy management and efficiency, while strengthening demand-side strategies to address nighttime supply challenges.

Energy Storage Development

1.The government has set a 2025 energy storage target of 1,500 MW, with Taipower responsible for 1,000 MW-including 160 MW of grid-side systems built on its own sites, and 840 MW incentivized through ancillary service procurement and power trading platforms. The remaining 500 MW is planned for self-build by solar developers. Future targets will be adjusted based on electricity market demand.

2.After 2030, as renewable energy becomes the primary power source, Taipower will assess the adoption of long-duration energy storage and plans to install variable-speed pumped-storage hydro units to maintain grid stability. The Company also plans to introduce hydrogen production technologies to convert surplus electricity into green hydrogen for industrial and transportation use, further supporting system stability.

The Demand Side

Energy Conservation

To ease the pressure of rising electricity demand on net-zero supply-side transitions, Taipower is implementing various energy-saving measures-such as efficiency diagnostics, smart digital services, and the Taipower App. These tools empower users to manage their electricity use and contribute to reduced energy consumption.

ADR (Demand Response)

To balance load variations and maintain system stability, Taipower is developing new time-of-use pricing schemes and incentive-based electricity discounts. These measures encourage users to shift their electricity usage patterns, enabling effective demand response and load management.shift their electricity usage patterns, enabling effective demand response and load management.

Net-Zero Emissions Highlights

Ammonia Co-Firing in Coal Units

On February 29, 2024, Taipower signed an MOU with Japan's IHI and Sumitomo Corporation to promote an ammonia co-firing demonstration project at the Dalin Power Plant, targeting 5% co-firing generation by 2030.

Clean Energy Transition Collaboration

On May 30, 2024, Taipower signed an MOU with the Electric Power Research Institute (EPRI) to launch joint research in three areas: net-zero strategy development, energy hub planning, and CCUS demonstration sites.

Geothermal Development in Datun Mountain Area

On October 1, 2024, Taipower joined forces with Taiwan Cogeneration Corporation, Baseload Power Taiwan, and GreenFire Energy to sign an MOU and jointly initiate geothermal development in the Datun Mountain area of northern Taiwan.

Yilan Dongshan 60 MW Energy Storage System

On November 21, 2024, Taipower and Tatung Intelligence inaugurated a 60MW/85MWh energy storage system at the Dongshan UHV substation in Yilan. The system includes 23 storage containers and provides 85,000 kWh of storage capacity, enhancing renewable energy integration and system stability.

Financial Impact of Achieving Net-Zero Emissions

To support the government's renewable energy goals, Taipower is investing NT$564.5 billion over ten years through a Grid Resilience Enhancement Program to accelerate grid improvements and ensure the stability of the electricity supply.

Following the sharp rise in fuel prices triggered by the Russia-Ukraine war, Taipower absorbed more than NT$280 billion in electricity cost differences from 2022 to 2024. The Company has actively sought government budget allocations to help stabilize electricity tariffs and to provide continued support for power infrastructure projects.

Although international fuel prices moderated in 2023, they remained above pre-war levels. Taipower will continue submitting proposals under the electricity tariff adjustment mechanism to maintain a balance between pricing and operational sustainability.

In terms of net-zero technologies, 2030 is expected to be a key milestone for the commercialization of forward-looking solutions such as hydrogen, ammonia, and carbon capture and storage (CCS). Taipower will continue to monitor global trends, evaluate optimal adoption timing, and allocate resources strategically to maximize investment efficiency and advance the power sector's net-zero transition.

1.4 Climate Action

1.4.1Climate Change Management Framework

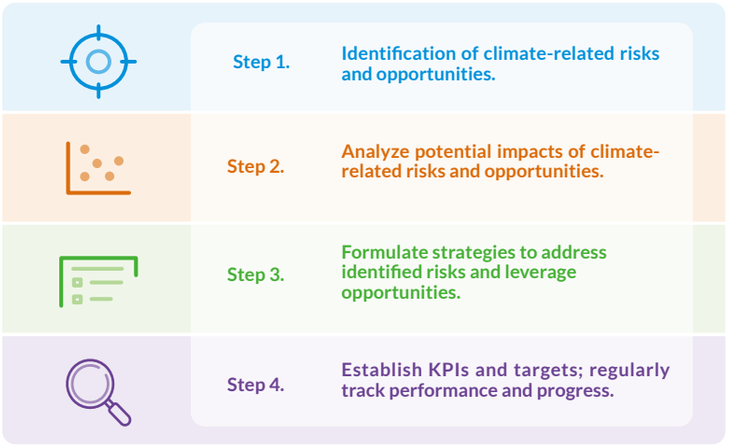
Global climate change has increasingly impacted the energy industry and broader socioeconomic systems. As Taiwan's primary electricity provider, Taipower has long paid close attention to climate-related risks and challenges and actively taken measures in response.

Since 2007, Taipower has disclosed its greenhouse gas (GHG) emissions and carbon reduction strategies. Beginning in 2009, the Company has followed the Global Reporting Initiative (GRI) Standards to report climate-related risks and opportunities. In 2022, Taipower further adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate risks and opportunities, assess their potential impacts, and develop appropriate strategies, thereby enhancing its overall climate governance and action planning.

In 2024, Taipower deepened its identification of climate-related risks and opportunities in line with the TCFD framework, initiating a structured and systematic management process. A high-level workshop was held with the participation of the Chairman, President, senior executives from the four major business divisions, four corporate systems, and the Research Institute. The workshop comprehensively assessed the potential short-, medium-, and long-term impacts of climate change on Taipower's operations.Senior leadership collectively evaluated these issues in the context of overall corporate strategy and operational realities to guide the next phase of climate risk and opportunity management.

Taipower continues to strengthen its climate resilience by systematically managing risks and opportunities under the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

Climate Change Management Framework



To strengthen climate resilience, Taipower manages climate-related issues in accordance with the four core elements of the TCFD framework: Governance, Strategy, Risk Management, and Metrics and Targets. Current practices are outlined below:

Core Element	Current Actions
Governance	● The Board of Directors serves as the highest-level decision-making body on climate risk and regularly reviews climate-related topics. ● The Sustainable Development Commission (SDC) oversees climate issues, ● The Risk Management Committee conducts rolling reviews of environmental and climate risks. Both bodies report regularly to the Board. ● A TCFD Task Force under the SDC, supervised by the Executive Secretary and coordinated by the Corporate Planning Department, is responsible for advancing climate-related management. The task force convenes regular meetings with relevant departments. ● A Net-Zero Transition Strategy that is aligned with Taiwan's 2050 pathway has been established and approved by the Board.
Strategy	● Climate-related risks and opportunities are identified annually across business divisions and systems for the short term (<3 years), medium term (3–5 years), and long term (>5 years) Senior executives evaluate these issues from the perspective of company-wide operations and select annual material risks and opportunities. ● Impact assessments, response strategies, and evaluations of significant financial impacts are conducted for key physical and transitional risks and opportunities.
Risk Management	● A company-wide climate risk identification process has been established based on the TCFD framework. ● Each year, major climate-related risks and opportunities are assessed across divisions, taking into account trends and regulatory developments. Outcomes are reviewed by the TCFD Task Force, disclosed in the Sustainability Report, and reported to the SDC and the Board. ● Climate risk has been formally included in the Risk Management Committee's annual rolling review and is also addressed through ad-hoc topic discussions under the SDC.
Metrics and Targets	● Indicators and targets are defined for identified risks and opportunities, referencing the seven major TCFD indicator categories. ● Taipower conducts GHG inventories and discloses emissions as required under the Climate Change Response Act and related regulations, and has formulated voluntary GHG reduction plans.

1.4.2 Climate Risk and Opportunity Management 201-2

Annual Scenario Analysis

To ensure scientific rigor and reliability in its scenario analysis, Taipower references the World Energy Outlook published by the International Energy Agency (IEA) and the Sixth Assessment Report (AR6) issued by the Intergovernmental Panel on Climate Change (IPCC). Multiple scenarios are analyzed to evaluate potential impacts related to extreme weather events, changes in climate-related policies and regulations, and technological transitions driven by climate change.

Physical Risk Assessment

For physical risk assessment, Taipower employs two climate scenarios-Shared Socioeconomic Pathways (SSPs)-from the IPCC's AR6 to simulate future climate trajectories and impacts:

Scenario	Description and Impact	Projected Temperature Rise by 2100	Source
Low Emissions Scenario (SSP1-2.6)	Assumes a strong global commitment to environmental protection, active carbon reduction policies, and a rapid advancement of clean energy technologies, leading to a significant transformation of the energy system.	~1.8℃	IPCC Sixth Assessment Report
Very High Emissions Scenario (SSP5-8.5)	Assumes continued global reliance on fossil fuels, weak environmental policies, the slow development of clean energy technologies, and increasing energy demand, resulting in persistently high-emission energy systems.	~4.4℃	

Transition Risk and Opportunity Assessment

In light of accelerating global efforts toward net-zero emissions, Taipower uses the key scenario outlined in the 2024 World Energy Outlook published by the International Energy Agency (IEA) as a reference framework to assess potential transition risks and opportunities related to energy policy, technology development, and market trends.

Scenario	Description and Impact	Projected Temperature Rise by 2100	Source
Net Zero Emissions by 2050 (NZE)	This scenario envisions a global achievement of net-zero emissions in the energy sector by 2050. It aligns with energy-related United Nations Sustainable Development Goals (SDGs)-particularly universal access to modern energy services by 2030 and significant improvements in air quality. It requires countries to take broad carbon reduction measures, including energy transition, reduce fossil fuel use, increase adoption of renewables, and set policies that ensure continued economic growth and energy security.	~1.5℃	2024 IEA World Energy Outlook

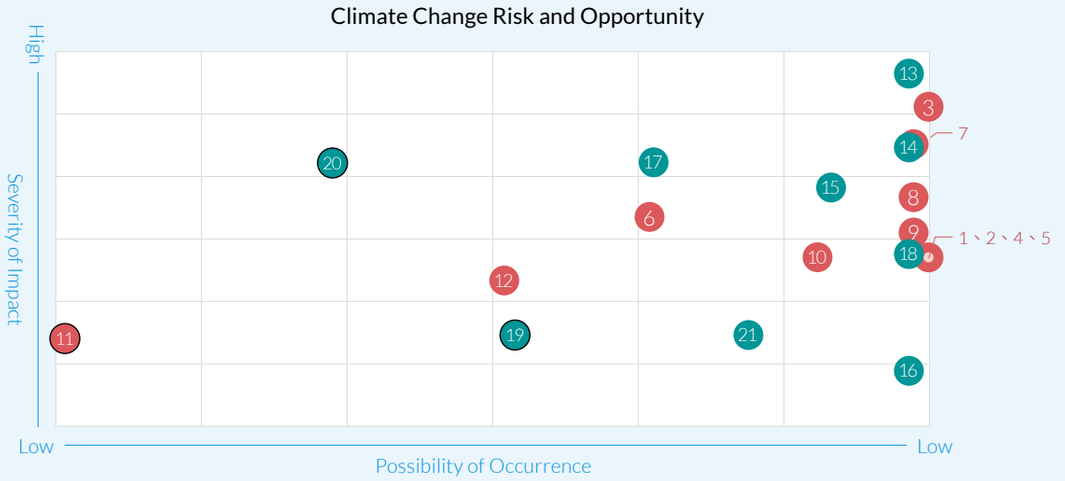
Identification, Analysis, and Assessment of Climate Change Risks and Opportunities

In 2024, Taipower continued to deepen its identification of climate-related risks and opportunities in accordance with the TCFD framework. A high-level workshop was convened with participation from the Chairman, President, senior executives from the four major business divisions, four core systems, and the Taiwan Power Research Institute. The workshop evaluated the potential short-, medium-, and long-term impacts of climate change on Taipower's operations.

Several climate scenarios were considered, in light of Taipower's businesses, and used to identify potential physical risks, transitional risks, and opportunities. The workshop demonstrated the strong commitment of senior management to assessing climate impacts with a broad and forward-looking perspective.

Through its detailed discussions, the workshop identified 6 categories of physical risks, 6 categories of transitional risks, and 9 categories of opportunities. These were then analyzed based on their likelihood of occurrence and the severity of their impacts, and subsequently prioritized.

Taking into consideration Taipower's business development strategy, its core mission of ensuring a stable power supply, and the direction of the national energy policy, a final set of 5 key physical risks, 3 key transitional risks, and 3 key opportunities was selected as a priority focus areas to guide management and resource planning.



Physical Risks

1. Changes in typhoon intensity and invasion patterns
2. Changes in rainfall patterns (heavy rainfalls and droughts)
3. Increase in extreme temperatures and average temperature rise
4. Increase in lightning intensity and frequency
5. Sea level rise
6. Changes in topography and landforms

Transitional Risks

7. Adjustments in policies and regulations
8. Adoption of low-carbon technologies and products/services
9. Increase in raw material procurement costs
10. Changes in customer demand
11. Increased difficulty in protecting intellectual property rights
12. Rising risks of climate-related litigation

Opportunities

13. Develop new products/services and enter new markets
14. Adopt low-carbon energy or new technologies
15. Enhance power supply resilience
16. Increase the proportion of green buildings
17. Improve production process efficiency
18. Strengthen internal business continuity management
19. Issue green financial products
20. Participate in government incentive programs
21. Proactively enhance corporate reputation

- Red:Risks
- Green:Opportunities
- Black outline:Long-term risks /opportunities
- No outline:Short-term risks /opportunities

Climate Change Risk and Opportunity Response Strategy Development

In 2024, Taipower completed a comprehensive identification and evaluation of climate-related risks and opportunities across its operational environment. Based on the results, the following material risks and opportunities were identified:

- Physical Risks:Extreme and rising average temperatures, changes in typhoon intensity and trajectories, altered rainfall patterns, increased lightning intensity and frequency, and sea level rise.
- Transition Risks:Policy and regulatory changes, increased demand for low-carbon technologies and products/services, and rising costs of raw material procurement.
- Opportunities:Development of new products or services and expansion into new markets, adoption of low-carbon energy and emerging technologies, and enhanced power supply resilience.

In response to these identified items, relevant departments have developed corresponding strategies based on the anticipated operational and financial impacts. Through cross-departmental meetings and targeted interviews, Taipower assessed the implications of climate-related issues on business continuity and overall performance. These assessments were consolidated from a company-wide perspective, and the detailed results are presented in the table below.

Physical Risks

Factor	Impact Description	Financial Impact	Response Strategy	Financial Implications
Increase in Extreme High Temperatures and Average Temperature	Increase in Peak Load and Extended Summer Impacting Dispatch and Demand Management	Increased Operating Costs	● Conduct load assessments and reserve capacity studies that consider extremely high temperatures. ● Construct or expand gas-fired combined cycle units to enhance the system's power reserve. ● Install energy storage systems equipped with automatic frequency controls. ● Deploy smart meters on a large scale to guide users in adjusting electricity usage behavior.	Increased Operating Costs and Capital Expenditures
	Decrease in Power Generation Efficiency and Output		● Adjust gas turbine intake air temperatures based on historical weather data to maintain efficiency. ● Conduct regular inspections to reduce unnecessary electricity consumption.	Increased Operating Costs
	Restricted Working Hours and Project Delays Due to Heat Illnesses Among Outdoor Workers		● Incorporate extreme temperature risks into workforce scheduling and establish heat hazard prevention measures. ● Adjust construction schedules based on temperature changes. ● Conduct high-temperature emergency drills to enhance response capability.	
Changes in Typhoon Intensity and Track	Damage to Power Equipment Leading to Increased Outages	Increased Operating Costs and Decreased Asset Value	● Assess risks based on typhoon forecasts and develop emergency dispatch plans, using smart meters to quickly identify and repair outages. ● Complete inspections and drills before typhoon season, enhance lowland area inspections and flood prevention measures, and test emergency generators for outage response. ● Evaluate the feasibility of undergrounding power facilities in high-risk areas and promote undergrounding projects where suitable.	Increased Operating Costs and Capital Expenditures
	Aggravation of Salt Contamination Causing Prolonged Outages	Increased Operating Costs	● Regularly clean insulators and apply silicone grease , use monitoring systems to track salt contamination. ● Plan to increase manpower to improve insulator cleaning frequency.	Increased Operating Costs
	Increased Water Turbidity from Heavy Rain Affecting Hydropower Plant Operations		● Include turbidity factors in hydropower plant feasibility studies to mitigate dispatch risks from high turbidity.	
Changes in Rainfall Patterns	Extreme Rainfall or Drought Impacting Hydropower Plant Dispatch	Increased Operating Costs	● Conduct early water resource management and equipment inspections based on drought warnings issued by the Central Weather Bureau. ● Incorporate extreme rainfall and drought hydrological data into future hydropower plant development.	Increased Operating Costs
Increase in Lightning Intensity and Frequency	Damage to Power Facilities Causing Outages	Decreased Asset Value	● Install lightning arresters, enhance lightning protection designs, and strengthen maintenance in high-risk areas to promptly repair damaged equipment. ● Build convective storm cell monitoring systems and analyze data to improve automated grid monitoring and emergency response by dispatchers to reduce disaster impacts.	Increased Operating Costs and Capital Expenditures
Sea Level Rise	Damage to Distribution Systems and Equipment Due to Storm Surges or Flooding	Decreased Asset Value	● Reinforce flood protection measures at existing power plants and substations, including floodgates, levees, and waterproof walls. ● Select higher-elevation sites for new plants or substations and install flood protection facilities.	Increased Capital Expenditures
	Reduction in the Inflow Cross-Sections of Power Plant Cooling Water Systems	Increased Operating Costs	● Regularly record water intake depths and cooling pump outlet pressures, make comparisons to historical averages to monitor condenser pressures and maintain vacuums.	Increased Operating Costs

Transition Risks

Factor	Impact Description	Financial Impact	Response Strategy	Financial Implications
Adjustments in Policies and Regulations	Adjustment of Supply, Grid, and Demand Planning and Financial Requirements to Comply with Net-Zero Policies	Increased Operating Costs and Capital Expenditures	Supply Side: ● In response to government net-zero policies, short-term efforts focus on low-carbon gas, solar, and wind power; medium- to long-term efforts invest in advanced net-zero technologies such as hydrogen, ammonia, and carbon capture.	Increased Operating Costs and Capital Expenditures
			Power Grid: ● In line with national policies, promote grid connection projects for wind and solar power, enhance grid capacity, and establish overload protection mechanisms. ● Build smart grids using AI and big data technologies to optimize dispatching and reduce resource waste. ● Promote energy storage R&D and applications to stabilize the renewable energy supply.	
			Demand Side: ● Promote smart meter systems and provide users with real-time electricity information via the Taiwan Power App and the high-voltage customer service portal to support autonomous electricity management; offer energy-saving visits and diagnostic services for industrial and commercial users.	Increased Capital Expenditure
	Increase in Costs Due to Carbon Pricing	Increased Operating Costs	● Set quantified GHG reduction targets and submit self-reduction plans in line with national net-zero policies to secure carbon fee discounts.	Increased Operating Costs

Transition Risks

Factor	Impact Description	Financial Impact	Response Strategy	Financial Implications
Adoption of Low-Carbon Technologies and Products/ Services	Increase in Costs Due to Replacement of Transmission and Distribution Equipment with Low-Carbon Products	Increased Operating Costs and Capital Expenditures	● Strengthen supply chains to ensure a stable supply of low-carbon equipment and products. ● Collaborate with domestic manufacturers to develop eco-friendly low-carbon equipment, reducing overseas transportation needs and procurement-related emissions and costs.	Increased Operating Costs and Capital Expenditures
	Increase in Costs Due to Deployment of Advanced Energy Technologies (e.g., Marine Energy, Geothermal, Hydrogen/ Ammonia Energy, CCS)		● Maintain international exchanges to monitor advancements in ocean energy, geothermal, hydrogen/ammonia energy, and carbon capture and storage (CCS) technologies. ● Conduct small-scale pilot projects to evaluate technical feasibility and cost-effectiveness, and to accumulate experience to reduce adoption risks.	
	Delays or Increased Resources Required Due to a Shortage of Green Energy Talent and Technical Skills		● Adopt construction methods that reduce labor demand, minimize material waste, shorten construction time, and introduce foreign labor or equipment when necessary. ● Enforce contractor compliance and manage project timelines.	
Increase in Raw Material Procurement Costs	Increase in Investment Costs, Delivery Delays, and Fuel Costs Due to Transition to Low-Carbon Energy and Hydrogen Technologies	Increased Operating Costs and Capital Expenditures	● Improve fuel utilization efficiency through gas infrastructure projects and high-efficiency units. ● Build proprietary receiving terminals to mitigate supply risks, promote long-term fuel contracts, and invest in promising domestic and international fuel producers to ensure stable and cost-effective supply.	Increased Operating Costs and Capital Expenditures
	Increase in Raw Material Prices and Higher Costs for New Facilities and Decommissioning Projects Due to Carbon Cost Pass-Through		● Utilize Building Information Modeling (BIM) during design and construction phases to detect clashes between MEP systems and structures, minimizing design changes and material waste during construction. ● Incorporate the latest technological developments and international best practices to enhance work efficiency and strengthen cost and budget control.	Increased Operating Costs

Opportunities

Factor	Impact Description	Financial Impact	Response Strategy	Financial Implications
Development of New Products and Services and Entry into New Markets	Development and Provision of Diversified Green Power and Low-Carbon Products	Increased Revenue	● Conduct renewable energy certificate reviews and install sub-metering systems at company-owned sites. ● Conduct market surveys to understand customer needs and develop green electricity products aligned with market demands.	Increased Operating Costs
	Promotion of Diversified Demand-Side Management Measures (e.g., Time-of-Use Pricing, Demand Response, Energy Conservation)	Reduced Capital Expenditures	● Introduce demand response programs and new time-of-use pricing schemes for residential and commercial users to encourage off-peak electricity consumption. ● Promote the installation of smart meters to enhance the convenience of electricity management.	Increased Operating Costs and Capital Expenditures
Adoption of Low-Carbon Energy or New Technologies	Early Investment in Advanced Energy Technologies (e.g., Marine Energy, Geothermal, Hydrogen/Ammonia Energy, CCS) to Lead Domestic Development, Reduce Carbon Demand, and Expand International Cooperation Opportunities	Enhanced Corporate Reputation	● Actively engage in international exchanges and collaborations, and continue selecting pilot sites for testing ammonia/ hydrogen co-firing gas turbines and carbon capture and storage (CCS) technologies. ● Enhance green competitiveness by carefully evaluating investment returns, securing government subsidies, utilizing green power feed-in tariffs, and participating in carbon trading. ● Leverage forward-looking government technology programs and research budgets to support relevant technology development.	Increased Operating Costs and Capital Expenditures
	Expansion of Low-Carbon Energy (e.g., Wind, Solar, Hydro, Gas) to Increase Low-Carbon Power Supply	Increased Revenue and Enhanced Corporate Reputation	● Continuously plan wind, solar, hydro, and gas projects to support low-carbon renewable energy development. ● Integrate carbon capture technologies with gas-fired units and develop hydrogen/ammonia co-firing to reduce carbon emissions. ● Form cross-industry alliances with enterprises and major electricity users to jointly promote low-carbon power initiatives.	
Enhancement of Power Supply Resilience	Enhancement of Microgrids and ICT Development to Strengthen System Resilience and Future Growth Potential	Reduced Operating Costs	● Strengthen data centers and ICT infrastructure to enhance cloud computing and data storage capabilities; support power system data analytics and diversified operational needs. ● Improve cybersecurity capabilities to enhance system resilience. ● Promote disaster-resilient microgrids and continuously provide technical support to assist local governments in their development.	Increased Operating Costs and Capital Expenditures
	Expansion of Participation in the Power Trading Market to Support Grid Security and Stability		● Utilize the electricity trading platform to encourage privately distributed energy resources to provide ancillary services; expand supply sources.	Increased Operating Costs

1.4.3 Metrics and Targets 305-1 305-2 305-4

In line with the seven major categories of metrics recommended by the TCFD, Taipower has established corresponding indicators and targets to measure performance and track progress in climate change management.
In addition, Taipower systematically inventories and monitors its greenhouse gas (GHG) emissions, strengthens the management of its total carbon emissions, mitigates climate risks, and supports its low-carbon transition goals.

Metrics Category	Metric	2024 Results / Future Targets
Greenhouse Gas Emissions	Disclosure of Scope 1 and Scope 2 Emissions[1]	Scope1 (Direct emissions) :91.45 million tCO_2e Scope2 (Energy indirect emissions) :2.27 million tCO_2e
	Net GHG Emission Intensity of Thermal Power Units	11.7% reduction compared to 2016; target of 20% reduction by 2030
Physical Risks	SAIDI (System Average Interruption Duration Index)	15.831 minutes per household per year in 2024; the 2030 target is 15.5minutes.
	SAIFI (System Average Interruption Frequency Index)	0.209 outages per household per year
	Distribution Feeder Automation	9,784 feeders completed
Transition Risks	Cumulative Installed Capacity of Gas-Fired Units	13,953 MW; target to reach 25,924 MW by 2030
	Grid-Connected Renewable Energy Capacity	20,426 MW as of 2024; target to reach 41,718 MW by 2030.
	Renewable Energy Generation Share in Taipower System	11.9% (approx. 30 billion kWh); target of 24.1% (approx. 68 billion kWh) by 2030
Climate-Related Opportunities	Ammonia and Hydrogen Co-Firing Demonstration	The Linkou and Dalin Power Plants: feasibility study for >5% ammonia (thermal basis) by 2025; co-firing demonstration (>5%) at selected unit by 2030. The Hsinta Power Plant: completed a 5% hydrogen (volumetric basis) test in 2023; a further 7–10% hydrogen co-firing verification is planned by 2025.
	Carbon Capture and Storage (CCS) Pilot Projects	The Taichung Power Plant:2,000-ton CCS pilot project. ● Carbon Capture Facility:geological drilling completed in 2024; target to start 2,000 t/year of capture by March 2027. ● Carbon Storage Facility:procurement awarded in 2024; target to start 2,000 t/year of injection by October 2028.
	Demand Response Programs	Participation volume reached 3.4 GW
Capital Allocation	Power Grid Resilience Enhancement Plans	From 2022 to 2032: Distributed Grid Projects (NT$437.9 billion), Grid Reinforcement Projects (NT$125 billion), System Defense Capability Enhancements (NT$1.69 billion); NT$137.4 billion invested by 2024.
	Gas Infrastructure Investment [2]	Planned NT$974.63 billion investment (2011–2035); NT$298.63 billion invested by 2024.
	Green Bond Issuance	NT$111.2 billion issued as of 2024
Internal Carbon Pricing	Internal Carbon Pricing System	Taipower has established an internal carbon pricing mechanism that considers abatement costs, regulatory penalties, and market prices.

Notes: As Taipower is the primary electricity provider in Taiwan, its total direct emissions also encompass indirect energy emissions.
Gas infrastructure projects include the following:
theTunghsiao Power Plant Renewal and Expansion Project, the Datan Power Plant Gas-Fired Combined Cycle Unit Expansion Project,
the Hsieh-ho Power Plant Renewal and Reconstruction Project, the Hsinta Power Plant Gas-Fired Unit Renewal and Reconstruction Project,
the Taichung Power Plant New Gas-Fired Unit Project, the Tunghsiao Power Plant Phase II Renewal and Reconstruction Project,
the Dalin Power Plant Gas-Fired Unit Renewal and Reconstruction Project, the Taichung Power Plant Phase II New Gas-Fired Unit Project.

1.5 Sustainable Supply Chain

Taipower aims to become an outstanding and trustworthy world-class power utility group and continues to enhance its sustainable development initiatives, with supply chain management being a critical element. As a state-owned enterprise, Taipower manages various types of suppliers in accordance with regulatory requirements. Environmental, social, and governance (ESG) compliance is mandated from the tendering phase, where all bidders must meet legal standards. Based on the nature of goods or services provided, the Company selects appropriate partners during bidding and evaluation.

1.5.1 Supplier Management 2-6

Taipower's suppliers are categorized into three groups: fuel suppliers for power generation, material and equipment suppliers, and electricity providers for external purchases. The Company identifies potential risks based on each supplier type and manages them across quality, output, environmental, and social dimensions. An overview of each supplier category is provided below.

Fuel Supplier Management

The main fuels used in Taipower's thermal power plants include natural gas, coal, and fuel oil, while nuclear power plants require nuclear fuel. To ensure a stable fuel supply, Taipower employs four key strategies: diversifying fuel sources, signing long-term contracts, maintaining secure inventories, and ensuring stable coal transportation. These strategies support the timely, high-quality, and adequate delivery of fuel to each power plant, ensuring a safe and stable power supply. Specific measures and actions are as follows:

Fuel Supplier Management

By signing long-term contracts, Taipower reduces procurement uncertainty and ensures stable supply.

Projects	Energy Supply Diversification	Long-Term Supply Contracts	Safe Inventories
Natural Gas (LNG)	All natural gas used for Taipower's power generation is supplied by CPC Corporation, Taiwan. Taipower continues to monitor CPC's sources of supply. CPC has signed long-term contracts with multiple countries-including Qatar, Australia, the United States, and Papua New Guinea-to achieve diversification of its natural gas supply sources.	Signed long-term contracts with CPC Corporation, including a general supply agreement and the Datan contract	Under an LNG Supply Coordination and Early Warning Mechanism with CPC, Taipower urges CPC to maintain over 80,000 and 100,000 tons of available LNG respectively for the Yongan and Taichung plants Emergency response plans and mutual coordination terms have been established with CPC
Coal	Taipower sets an upper limit on the proportion of coal procured under long-term contracts from any single source country or individual supplier.	Long-term contracts supply 75–85% of coal with the remainder supplied through spot purchases	Coal stock must exceed 30 days of the previous year's average daily consumption In 2024, planning is based on 40–45 days of average daily use
Fuel Oil	Fuel oil is supplied by CPC Corporation through domestic refining or imports. Diesel is supplied by both CPC Corporation and Formosa Petrochemical Corporation.	Signed demand-based long-term contracts with CPC and Formosa Petrochemical to ensure supply	Operating stock for fuel oil is maintained at 120,000–200,000 kiloliters Diesel inventory is adjusted based on supply conditions at each power
Nuclear Fuel	Nuclear fuel processing services are sourced from two to three different suppliers to ensure diversification.	Existing uranium inventory is sufficient, so procurement has been suspended Long-term contracts signed for all enrichment services	One batch of nuclear fuel is stocked for each unit; final batches are excluded to optimize usage

Stable Transportation and Supply

In 2024, Taipower transported approximately 5.73 million metric tons of coal using company-owned and long-term chartered vessels, maintaining a self-shipping ratio of 24%. Through autonomous management of coal logistics, the Company ensures stable fuel supply and dispatching.

Total gas and oil supplies remained stable in 2024, with 12.35 million metric tons of LNG (1.675 billion cubic meters), 868,000 kiloliters of fuel oil, and 60,000 kiloliters of diesel delivered.

Fuel Procurement Policy

Natural Gas (LNG) Procurement

In line with Taiwan's energy transition, Taipower has shifted to a gas-first, coal-second power generation structure. The stability of the gas supply is critical to reliable electricity and renewable energy integration. Currently, all natural gas is supplied by CPC Corporation under an established coordination mechanism that responds to supply risks.

Looking ahead, Taipower will diversify its LNG sources by continuing procurement from CPC and purchasing directly from international markets. The Company also plans to build LNG terminals in Taichung and Hsieh-ho (government-approved) to support the Taichung, Hsieh-ho, and Tunghsiao Phase II gas-fired units. This approach enhances fuel autonomy, reduces procurement costs, and improves supply stability and security.

The Natural Gas Supply and Demand Contact Mechanism and Early Warning System for Taipower and CPC

Frequency	Communication Measures
Annually	● By the end of May, Taipower sends revised second-half gas consumption estimates to CPC if needed. ● By August 20, Taipower submits the next year's monthly gas consumption estimates and a gas unit maintenance schedule. ● By the end of October, Taipower confirms any revisions to the earlier forecasts.
Quarterly	● Both parties hold a quarterly coordination meeting to review LNG supply matters.
Monthly	● By the 25th of each month, Taipower sends a "Planned Daily Gas Usage Table" for the next two months and the monthly usage estimates for the next three months to CPC for 45/90-day shipping coordination.
Daily	● CPC updates and sends an"LNG Usage and Inventory Report" daily before noon (faxed on holidays). ● By 4:00 p.m. on workdays, Taipower sends CPC a "Two-Week Daily Gas Usage Forecast." If estimates affect supply and cannot be adjusted by ship, CPC and Taipower coordinate.
Under Special Circumstances	● If CPC pipeline work may affect supply, it should be scheduled on holidays and CPC must notify Taipower in writing in advance. ● If CPC's Yongan or Taichung terminals will be affected by a Taipower power outage, Taipower shall coordinate with CPC first.

Coal Procurement

To support coal procurement, Taipower established a cross-departmental Coal Procurement Review Task Force comprising members from internal departments (Materials, Accounting, Procurement, Legal Affairs) and external experts in energy, economics, and legal affairs. Through regular meetings and consultations, the Task Force develops flexible procurement strategies that ensure the timely, sufficient supply of high-quality coal while meeting environmental standards and minimizing costs.

Fuel Oil and Diesel Supply

Fuel oil is supplied by CPC Corporation, while diesel is procured via tender from both CPC and Formosa Petrochemical Corporation (in 2024, CPC won all bids). All fuels comply with relevant government regulations and environmental standards. Each power plant sets appropriate inventory levels based on logistical conditions. After the decommissioning of the Hsieh-ho Power Plant in 2025, fuel oil demand will significantly decrease, with usage limited to offshore island plants.

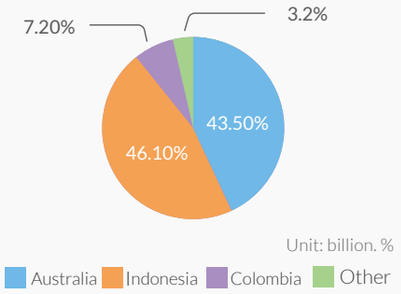
Nuclear Fuel Supply

Nuclear fuel procurement includes uranium purchases and three stages of processing: conversion, enrichment, and fabrication. In alignment with the government's nuclear-free homeland policy, uranium procurement has ceased as current inventories are sufficient through decommissioning. Processing services continue under long-term contracts.

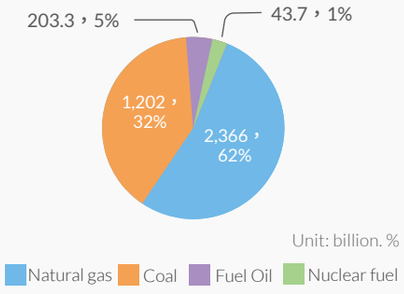
Contingency Planning

Coal inventories are planned at 40–45 days in 2024, complying with legal requirements (over 30 days) and ensuring a stable supply. Fuel oil inventories are determined based on unit maintenance, power supply schedules, and unique factors such as maritime transport to offshore islands. Taipower works closely with CPC under a joint contact and early warning mechanism to monitor and respond to LNG supply conditions.

Proportion of Coal Source Countries in 2024



Proportion of Fuel Expenditures in 2024



Data source: 2024 self-prepared final accounts

Suppliers of Materials and Equipment

Supplier Review Standards under the Government Procurement Act

To ensure material quality, power supply safety, and procurement efficiency, Taipower conducts reviews of bidding documents in accordance with the Government Procurement Act and tender specifications. Where there are ambiguities, bidders may be asked to provide further explanation or clarification.

Regulations Governing the Review of Supplier Manufacturing Capacity are published on Taipower's corporate website.

↓

Suppliers file online applications for manufacturing capacity reviews.

↓

Taipower conducts reviews of suppliers' manufacturing capabilities through onsite inspections and document screening, in accordance with the Capability Review Guidelines for Manufacturers.

↓

Interim inspection rules: In accordance with Taipower's material standards, semi-finished product inspections are conducted based on the specific requirements of each item. If any inspection item fails to meet the standards, the supplier must rectify the entire batch and undergo re-inspection.

Screening Process for Selective Tendering and Qualified Suppliers

Taipower has established the General Principles for Manufacturer Capability Review for Selective Tendering Materials and Capability Review Guidelines, which serve as an evaluation basis for suppliers. Suppliers must first obtain a Capability Certificate before participating in selective tenders.
In 2024, Taipower intensified its audits of material suppliers. Of the 143 approved suppliers for selective tenders, 71 underwent re-evaluation based on the expiration of their respective 3-year qualification terms (noting that validity periods vary by material). This accounted for 49.6% of all suppliers. All reviewed suppliers met Taipower's re-evaluation requirements. In addition, Taipower conducted 441 on-site inspections of supplier production processes throughout the year.

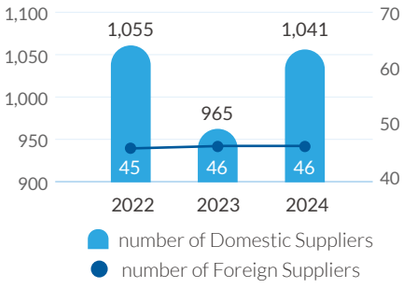
Supplier Evaluation and Audit

Taipower conducts periodic re-evaluations of suppliers with Certificates of Manufacturing Capacity in accordance with the Guidelines for Re-evaluation of Power Equipment and Materials and the Guidelines for Supplier Capacity Review and Qualified Supplier Management. Re-evaluations must be completed before the expiry of the certificate, which is valid for up to three years.
The re-evaluation process includes a comprehensive assessment of the supplier's manufacturing capacity, quality management system, lists of manufacturing and inspection equipment, subcomponent or raw material suppliers, delivery performance over the past three years, and measures taken to address non-conformities. Suppliers that meet the requirements will be re-certified. Those that fail to comply must submit corrective actions within a specified period or reapply for certification if no valid reason is provided.

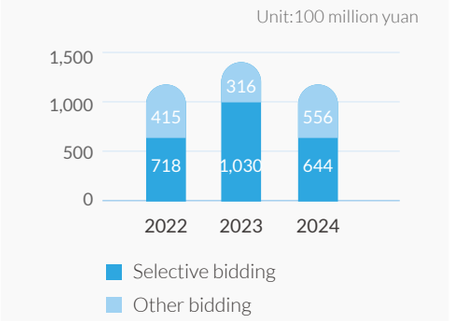
Domestic Procurement

In 2024, Taipower processed a total of 3,046 material procurement cases, involving 1,087 suppliers (1,041 domestic and 46 international). The total awarded contract value for property procurement across the Company reached approximately NT$120 billion.
Among this, domestic procurement accounted for around NT$88 billion, representing 73% of the total. Selective tenders contributed approximately NT$64.4 billion (54%) with 79 contractors awarded contracts, while other procurement methods accounted for NT$55.6 billion, or 46% of the total.

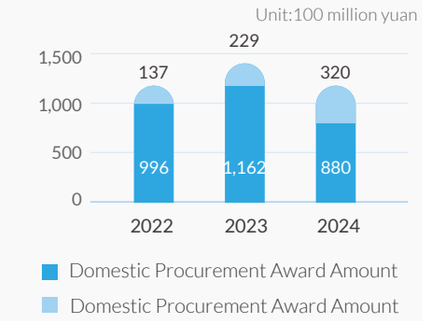
Domestic and Foreign Suppliers from 2022 to 2024



Selective and Other Bidding Processes from 2022 to 2024



Domestic and Foreign Procurement Amounts from 2022 to 2024



The Materials Supply Chain

Taipower oversees the entire materials supply chain-from material coding, supplier qualification, and approved vendor management to requisition, procurement, acceptance, and logistics. Internal training and consultation on the Government Procurement Act are provided to ensure compliance. The Company is also advancing a digital transformation of the supply chain through the implementation of Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Smart Procurement Assistant System (SPAS), Warehouse Management System (WMS), and Material Traceability Management System (MTMS), thereby strengthening internal and external collaboration and building a comprehensive management framework.

Equipment Supply Chain

To ensure supplier-provided equipment meets Quality, Cost, Delivery, and Service (QCDS) requirements, Taipower has adopted ISO 9001 to integrate evaluation, re-evaluation, interim inspection, and defect feedback. Relevant regulations were revised to establish a quality assurance program for power equipment, enhancing suppliers' capabilities to deliver compliant products.
Taipower also established Review Procedures for the Manufacturing Capability of Power Equipment Suppliers and Guidelines for the Management of Qualified Suppliers to strengthen supplier management and ensure equipment reliability and power supply safety.

Bidding Evaluation for Primary Power Generation Equipment Suppliers of Thermal Power Plants

Taipower uses a restricted tendering approach to engage technical services and consulting firms. In the evaluation criteria for "understanding of service matters," the Company includes environmental regulations to ensure consultants are familiar with current environmental laws and developments. This helps align future equipment tender specifications with environmental impact assessment (EIA) commitments.
For the procurement of key power generation equipment and auxiliary facility projects, Taipower includes a dedicated environmental section in tender documents. Contractors must comply with relevant regulations from the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, Marine Pollution Control Act, and Environmental Impact Assessment Act. A designated percentage of each contract's value is allocated for environmental protection expenses to ensure construction meets environmental standards and minimizes impact.

Electricity Supplier Management

To ensure power supply reliability and promote economic development, the government opened the power generation sector to private producers. Taipower's avoidable costs served as the pricing reference for power purchases from these suppliers. Prior to 2016, power procurement from Independent Power Producers (IPPs) was conducted in accordance with announcements issued by the Ministry of Economic Affairs (MOEA), which reviewed supplier qualifications. Qualified IPPs then entered into contracts with Taipower through competitive bidding or at announced prices.
Cogeneration and renewable energy purchases follow the Enforcement Rules of the Cogeneration System and the Renewable Energy Development Act, and are exempt from the Government Procurement Act. Taipower is legally required to purchase electricity under these mechanisms.
Following the 2017 amendment of the Electricity Act, the MOEA no longer announces new private generation programs. Taipower now assesses capacity needs based on the regulator's supply planning, and if purchases are required, conducts open tenders as per the Government Procurement Act with regards to setting base prices , public briefings, qualification reviews, and price negotiations.
As of the end of 2024, Taipower had signed power purchase agreements with 11 IPPs, 49 cogeneration providers, and 66,480 renewable energy installations (including solar, wind, hydro, and others). Total power purchased from external sources in 2024 reached 79 billion kWh.

1.5.2 Creating a Sustainable Supply Chain

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Supply Chain Management Mechanisms

To ensure material quality, power supply safety, and procurement efficiency, all of Taipower's procurement activities follow the Government Procurement Act. The Instructions to Tenderers and Contract Terms incorporate requirements on human rights, environmental protection, labor safety, labor rights, anti-human trafficking, and protections for people with disabilities and indigenous peoples.
Taipower promotes sustainable supply chains through communication and cooperation, and in agreement-based commitments with suppliers. To enhance supply chain resilience, Taipower continues sourcing equipment domestically and has established a Supply Chain Management (SCM) platform and promoted digital supply chain collaboration (including supply chain financing). Since 2023, Taipower has introduced ESG reviews into its supplier management system. These reviews assess resilience from the perspectives of sustainable operations, environmental friendliness, and social responsibility, and aim to mitigate risks and support long-term corporate sustainability.

Supplier ESG Review

Stability, resilience, and sustainability have become new expectations for Taipower's supply chain management. On top of the existing (Quality, Cost, Delivery and Service (QCDS)framework, Taipower has introduced an additional "S" for Sustainability.
The Company has also established a Code of Conduct for Material Suppliers, covering compliance with environmental, occupational safety and health, and labor and human rights standards. Suppliers are also required to sign a Sustainability Commitment Letter.
Taipower is strengthening both internal and external sustainability capabilities, identifying ESG risk issues across the supply chain, assessing key actions and implementation progress, enhancing ESG management capacity, and working with suppliers to build a sustainable supply chain. These efforts encourage suppliers to reduce carbon emissions, minimize waste, improve labor conditions, and reinforce supply chain resilience and adaptability-paving the way for the gradual rollout of a sustainability review mechanism aligned with the QCDSS framework.

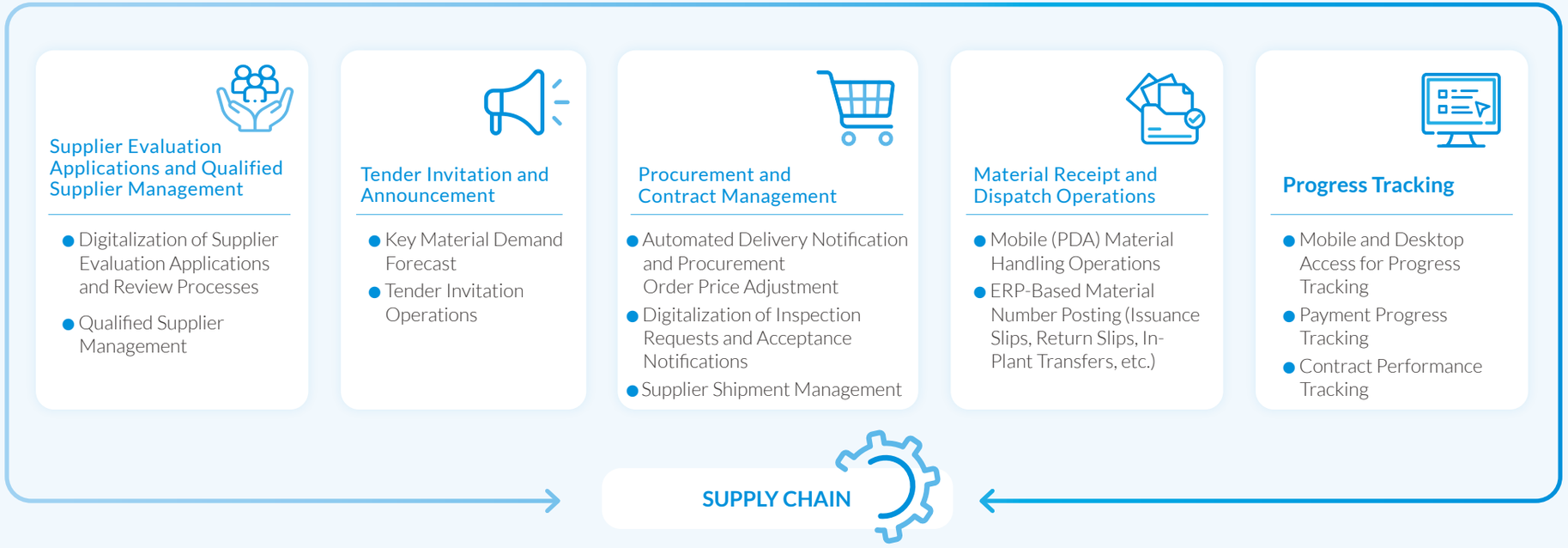
Supply Chain Management (SCM) Platform

The platform currently supports applications for supplier evaluation, invitations to tender, procurement announcements, contract execution management, mobile material receiving/dispatch operations, progress tracking, and more. It is integrated with ERP system data to streamline certain delivery and fulfillment processes (such as dispatch operations) through digitalization, significantly improving the efficiency of material supply chain operations and strengthening partnerships with suppliers.
Operating on a user-pays model, the platform collected nearly NT$7 million in total fees from suppliers between 2021 and 2024. Participating financial institutions that provide digital supply chain financing services are also required to pay information usage fees. Together, these efforts are gradually forming an ecosystem that supports a value-driven supply chain.

Digital Supply Chain Collaboration (Supply Chain Financing)

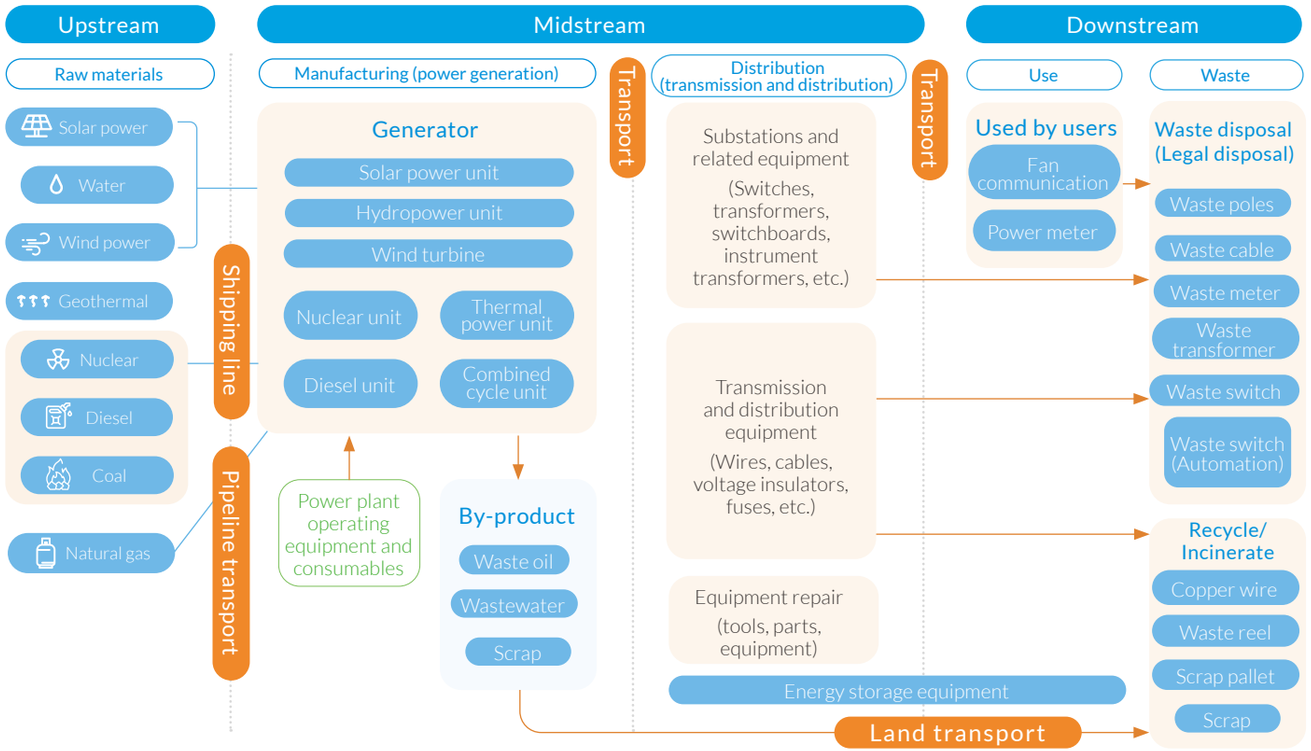
Since 2022, Taipower has signed digital collaboration agreements with banks for supply chain financing.
Through API integration, Taipower shares supplier performance data to facilitate credit evaluations and reduce financing risks, thereby supporting stable power supply.
As of 2024, eight banks had signed agreements, including Taipei Fubon, Mega Bank, Bank of Taiwan, Chang Hwa Bank, Taiwan Business Bank, Land Bank, Bank SinoPac, and Hua Nan Bank.
The total contract amount had reached approximately NT$1.78 billion.

Establishing a Cloud-Based Supply Chain Collaboration Platform Integrating Procurement, Contract Management, and Material Operations



Supply Chain Management for Major Materials

Taipower primarily handles midstream power generation, transmission, and distribution, and also provides limited downstream user services and maintenance.
Company-level materials are mainly used for power distribution and customer-end services.
The Materials Department is responsible for procuring relevant equipment and ensuring compliance with Taipower's quality and specification requirements.
To manage these materials, Taipower classifies them into seven categories and three groups based on function, with reference to Taiwan's industrial classification and SASB standards.
Taipower also refers to the 2023 DJSI questionnaire to identify major suppliers for supply chain management.



Material Supply Chain Sustainability Assessment Action

To strengthen the ESG management of company-level material suppliers, Taipower referred to the principles of ISO 20400 Sustainable Procurement – Guidance to identify key sustainability issues. Based on these issues, corresponding management requirements were proposed for suppliers. The identification results are presented in the following table.

Issue \ Category	Transformers and Inverters	Electronic Control Equipment and Materials	Metal Instruments	Cables	Telecommunications and Communications Equipment
Corporate Governance	●				●
Labor Standards	●	●		●	
Environmental Issues (including climate change)	●		●	●	
Fair Operating Practices	●	●			
Consumer Rights (including quality control)	●	●		●	●
Community Engagement and Development					●

Note:Suppliers not listed are classified as having no significant sustainability issues identified.

Based on the results of material topic identification, Taipower established the Code of Conduct for Material Suppliers and the Sustainability Commitment for Material Suppliers, incorporating key international sustainability indicators. A pilot ESG documentary review was launched in December 2023 to assess supplier responses to material sustainability issues. Twelve key equipment suppliers were selected for the review, all of whom completed the documentation and signed both the Code and Commitment (100% completion rate). Two suppliers were further selected for on-site audits, resulting in the identification of four high-risk suppliers with recommendations for improvement. The overall review process is illustrated below.

Supplier ESG Review and Risk Improvement Roadmap

Taipower continues to implement its "Sustainable Supply Chain Management Promotion" program, which plans to gradually expand the scope of ESG reviews for suppliers and introduce supply chain carbon disclosure reviews from 2025 to 2027.
The Company has engaged consulting firms to conduct training and technology transfer to enhance employees' sustainability awareness and build internal capabilities for sustainability management. A digital platform will be introduced for information disclosure and the management of sustainable supply chain data. In addition, Taipower will strengthen supplier engagement and promote joint sustainability efforts by organizing supplier conventions and dialogues.

Major Supplier Sustainability Risk Assessment Process

A weighted scoring system is used to identify major suppliers. The assessment takes into account the following criteria, each of which are assigned a specific weighting for score calculation:

Procurement Amount Share
- Percentage of total procurement amount accounted for by a single supplier
- Percentage of procurement amount within a specific category accounted for by an individual supplier

Taipower's Industry-Specific Supply Risks – Risks of Supply Disruption
- Products imported from overseas (foreign suppliers)
- Products with specific specifications supplied by a single supplier
- Product categories with only one supplier

ESG Materiality
- Governance risks associated with the supplier
- Social risks associated with the supplier
- Environmental risks associated with the supplier

Contract Duration
- Purchase contracts lasting no less than two yearss

Material Supply Chain Management Indicators and Performance

Taipower analyzed the procurement distribution of company-level materials based on the major supplier sustainability risk assessment process. As shown in the figure, the 25 major suppliers accounted for 83.1% of the total procurement value. Of this, 98.4% of material (by value) was directly sourced from local suppliers in Taiwan. The remaining 1.6% came from overseas suppliers, who mainly provided specific types of cables, wires, and insulators.