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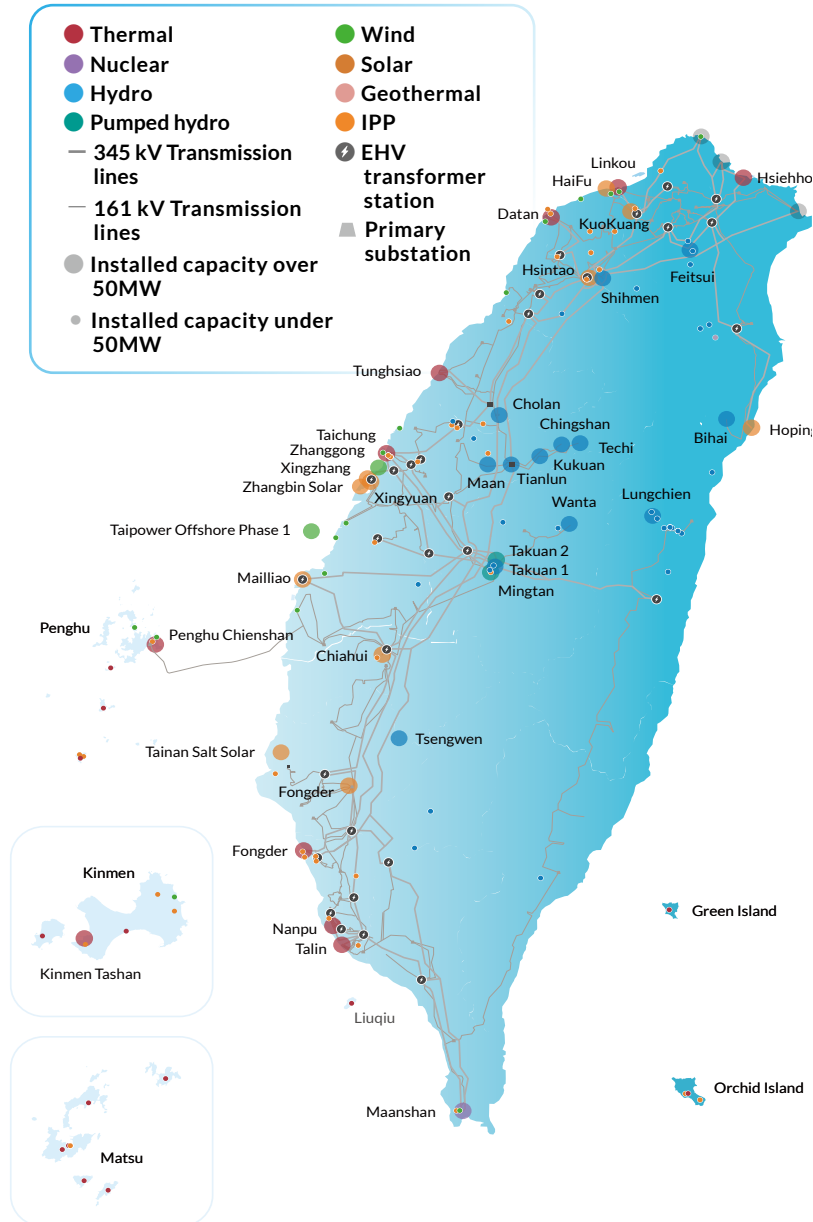
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Taipower's Power Plants and Power Grid



1.1.2 Operational Performance

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Material topics: Operational and Financial Performance

Policy	<ul style="list-style-type: none"> Ensure a stable power supply while enhancing financial resilience to achieve long-term sustainable development.
Management Approach	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Seek reasonable adjustments to electricity tariffs. Actively promote business diversification and asset revitalization. Expand financing channels and lower capital costs.
Actual Performance in 2024	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

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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.

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.

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

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.

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.

● 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.

● 2024 Tariff Adjustments

- 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.
- 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.



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.

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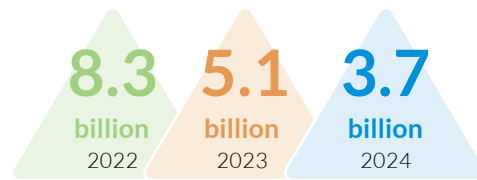
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Diversified Management and Strategies

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 company, 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.