

Contents

About this Report

Statement from the
Chairman

Annual Recognition and Awards

CH1 Taipower and
Sustainability

- 1-1 Taipower's Management Strategy
- 1-2 Corporate Governance
- 1-3 Sustainability Strategy
- 1-4 Climate Action
- 1-5 Sustainable Supply Chain

CH2 Provider of Sustainable
Power

CH3 Agent of Environmental
Friendliness

CH4 Leader of Smart Grid
Development

CH5 Provider of Services for
Smart Living

CH6 Practitioner of Corporate
Social Responsibility

Appendix

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:



● 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.

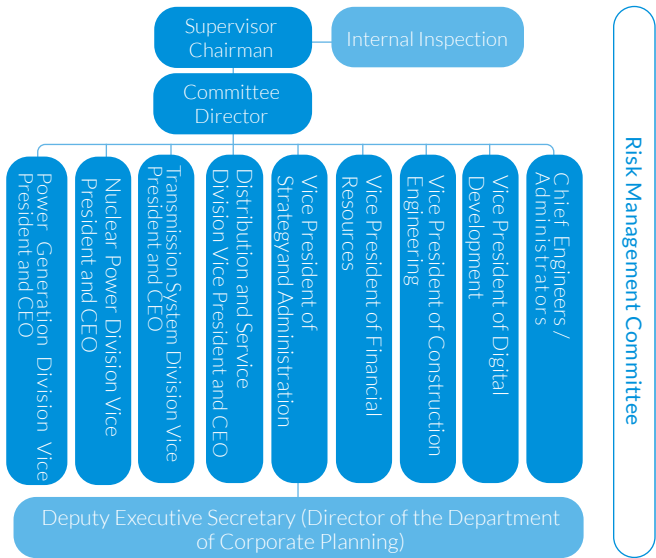
● Risk Management System and Process

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.



Taipower's Risk Management Organization Structure



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).

Contents

About this Report

Statement from the
Chairman

Annual Recognition and Awards

CH1 Taipower and
Sustainability

- 1-1 Taipower's Management Strategy
- 1-2 Corporate Governance
- 1-3 Sustainability Strategy
- 1-4 Climate Action
- 1-5 Sustainable Supply Chain

CH2 Provider of Sustainable
Power

CH3 Agent of Environmental
Friendliness

CH4 Leader of Smart Grid
Development

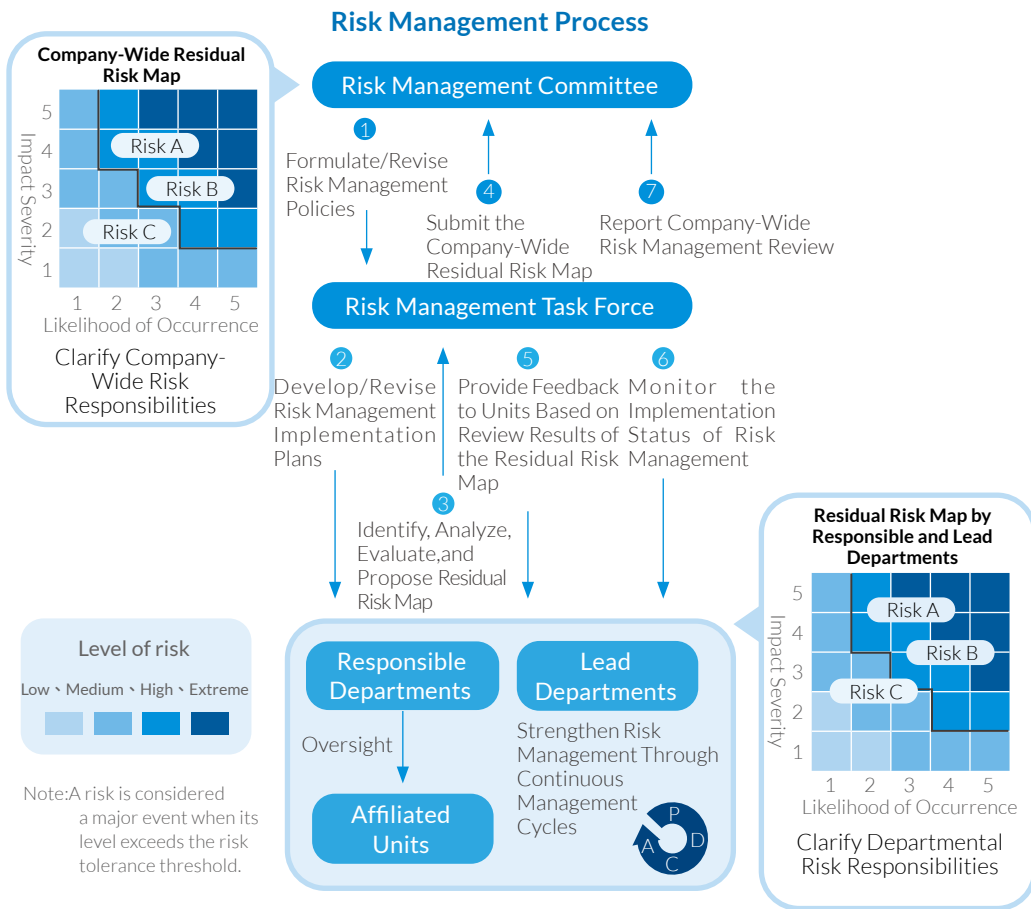
CH5 Provider of Services for
Smart Living

CH6 Practitioner of Corporate
Social Responsibility

Appendix

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

Contents

About this Report

Statement from the
Chairman

Annual Recognition and Awards

CH1 Taipower and
Sustainability

- 1-1 Taipower's Management Strategy
- 1-2 Corporate Governance
- 1-3 Sustainability Strategy
- 1-4 Climate Action
- 1-5 Sustainable Supply Chain

CH2 Provider of Sustainable
Power

CH3 Agent of Environmental
Friendliness

CH4 Leader of Smart Grid
Development

CH5 Provider of Services for
Smart Living

CH6 Practitioner of Corporate
Social Responsibility

Appendix

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.

Strengthening Power Supply Stability



Implement a three-layer, five-level control mechanism to prevent large-scale blackouts caused by human error or protection system failure.

Controlling Horizontal Communications



The Risk Control Center convenes daily company-level risk control meetings to coordinate and communicate high-risk tasks scheduled for the next 24 hours (including holidays).

Focusing on On-Site Operations



Before work: Identify and manage daily potential risks
During work: Prevent operational errors by frontline personnel
After work: Provide immediate feedback, conduct reviews, and offer guidance



Managing Real-Time Risks

A dedicated risk communication group has been established for 24/7 real-time monitoring, with direct oversight and guidance provided by responsible business divisions and the Risk Control Center.

Risk Control Activities

2024 Risk Control Activities

2,045
times

Spot checks on risk control cases by the Center

48
times

Audits conducted on business units or field sites

245
meetings

Daily company-wide risk control meetings held

50
meetings

Weekly risk review meetings for busbar outage-related work

245
sessions

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