

## 2.5.1 TCFD Disclosure

### 1. Governance

(a) The Risk Management Committee reports the Company's risks (including climate risks) to the board of directors on a non-regular basis to enable the board to understand and monitor the risks faced by TWM and make informed decisions on climate risk management.

(b) The identification, assessment and management of climate change risks and opportunities are handled by the Environmental Management Committee, climate risk issues & environmental risk issues are reported to the Risk Management Committee on a regular basis in accordance with the TWM's risk management system. Related mitigation and adaptation projects are assessed and approved by the Risk Management Committee.

### 2. Strategy

(a) TWM has analyzed and assessed the risks and opportunities that may affect the company's business and finance according to the TCFD framework.

Considering the variation of policies, laws and technologies from the rotation of political parties, audit & management cycle in risk management, internal KPIs management and examination by TWM, the analysis and assessment of climate-related risks and opportunities are embedded with our Sustainable Strategic Vision Plan, separating our time horizons into

- (1) Short-term: less than three years;
- (2) Medium-term: between 3 and 8 years;
- (3) Long-term: between 8 and 13 years.

(b)(c) TWM has identified the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

An example of climate risk is as following:

Follow The Global 2DS Scenario and IPCC predictions, Taiwan is likely to encounter about 8 hurricanes of category 4 or higher before 2030. According to the classification standard of Taiwan, it was equivalent to 8 severe typhoons.

In the result, the estimated financial loss measurement by typhoon is 58 million in NTD for 2019 to 2030.

Mitigation actions including our own generators/backup generators provided by suppliers to generate electricity for equipment rooms, use higher temperature equipment and high weather ability power supply systems(SMR) and set the water storage tank which can provide water at least 48 hours. In 2021, for stable power supply, we have budgeted NT\$136M to purchase batteries and high weather ability power supply systems.

An example of climate opportunity is as following:

Due to the "GHG reduction and Management Act" and the European Union's draft directive on CO2 reduction, the awareness of reducing GHG emission can be viewed as a risk for growing business such

as TWM. Yet, we believe this is actually an opportunity.

TWM provides 15 low-carbon online products or services, including add-value services and e-services. These 15 low carbon online products or services increased 2.446 billion NTD revenue in 2021, total revenues from low-carbon online products or services is 3% in FY 2021 .

### **3. Risk management**

(a)(b) The risks management procedures from TWM will align with annual report and DJSI disclosure.

#### **3.1 Enterprise Risks Management (ERM)**

The Risk Management Committee is responsible for the ERM structure announced by US COSO. “Risk identification, assessment, and response” are the three important steps in the ERM cycle. The identification of climate change risks and opportunities are handled by the Environmental Management Committee, while the climate risk issues and environmental risk issues are reported to the Risk Management Committee on a regular basis in accordance with the Company's risk management system.

The meeting frequency of the committee is at least once every six months. Relevant mitigation and adaptation projects are assessed and approved by the Risk Management Committee, while Company's risks (including climate risks) will be reported to ESG Steering Committee which including CEO, CFO, CTO and other senior executives confirm the risk ranking, then will reported to the Board of Directors on an ad-hoc basis for the Board of Directors to better understand and monitor the risks faced by the Company.

#### **3.2 Climate risks identification with ERM**

Considering climate change risk material with financial impact on business operations, , TWM started in 2018 to follow the TCFD framework to identify the climate change risks and opportunities, updating climate risk matrix in 2021, enabling relevant stakeholders to understand the climate change risks and opportunities as well as financial impacts more systematically. Below are the steps of climate change risk identification we adopt from TCFD. We follow those steps with effective responses to minimize our risks. The details of our processes as the following:

**3.2.1 Risk screening:** TWM referred to TCFD, SASB, benchmark enterprises lists of risks and TCFD suggestion sources of risks to generate initial climate risks.

**3.2.2 Risk identification:** Firstly, TWM confirmed if the 22 relevant climate risks will cause impact by surveying every nodes of value chain. After that, TWM identified total of 12 major climate risks.

3.2.3 Risk prioritization: All business units in TWM were invited to re-examine the 12 climate risks and prioritize them in terms of potential impact, potential vulnerability and likelihood (Among them, the possibility of climate risk is entrusted to an external professional company to assist in the judgment).

3.2.4 Significant risk identification: For the threshold of significant risk, we multiply three prioritize factors (i.e. potential vulnerability, potential impact, and likelihood) to get the value of each risk while setting top 20% as the threshold of higher significant risk.

(c) The identification of climate change risks and opportunities are handled by the Environmental Management Committee, while the climate risk issues and environmental risk issues are reported to the Risk Management Committee on a regular basis in accordance with the Company's risk management system.

Relevant mitigation and adaptation projects are assessed and approved by the Risk Management Committee, while Company's risks (including climate risks) will be reported to ESG Steering Committee which including CEO, CFO, CTO and other senior executives confirm the risk ranking, then will reported to the Board of Directors on an ad-hoc basis to better understand and monitor the risks faced by TWM.

#### **4. Metrics & Targets**

(a) Climate risk and opportunity management objectives to improve TWM's climate change resilience are as follows:

- Strengthened financial impact disclosure(TCFD).
- Smart energy conservation in equipment rooms and base stations.
- Green energy for self-use / green energy procurement / green energy investment.

We draw up core strategies to manage regulations related to sustainability. In addition to adopting TCFD, we developed green energy consumption through substitute transmission, and have set the target to reach 20% of green energy usage by 2030. Moreover, we commit to use 100% renewables by 2040.

(b) Besides, in order to effectively manage the impact of TWM-related climate change risks and opportunities, TWM has completed Scope 1, 2 and 3 greenhouse gas inventories. Please refer to 2021 ESG report, page 110 for the disclosure of our GHG emission data.

(c) we have set short -, mid- and long-term targets for greenhouse gas reductions and renewable energy use.

-The Near-term target(WELL-BELOW 2°C) which was approved by SBTi:

The scope 1 & 2 emissions reduction 30% from 2030 compare with 2019.

The scope3 emissions reduction 15% from 2030 compare with 2019.



-The renewable energy usage is 20% by 2030, 60% by 2035, 100% by 2040.

-Net-Zero Emissions by 2050.