

Chapter

# 02 Stepping toward Net Zero Emissions



In the face of climate change and the deteriorating natural environment, enterprises shall embrace the concept of environmental sustainability for the co-existence with the earth. Chunghwa Post is therefore committed to promoting more green innovative services to enhance customers' awareness of energy conservation and carbon reduction that will also help reduce the operating costs while enhancing the competitiveness of the Company in terms of sustainability issues. Chunghwa Post also works in line with the government in the promotion of green energy industries and energy conservation and carbon reduction policy by purchasing a large number of e-vehicles and eliminating fuel vehicles to establish green energy logistics and enhance Chunghwa Post's positive image of environmental protection.

The Company's investment funds mainly come from public deposits and simple life insurance premium income. The personnel using funds should be self-disciplined to ensure the sustainable and stable operation of the Company. Chunghwa Post invests in the stocks of TWSE listed companies that comply with social responsibility. The shareholder activism is implemented to urge the investee companies to prioritize operational concerns within their companies for the improvement of the well-being of the people. In the long run, the stock price of a TWSE listed company with good corporate governance and fulfillment of social responsibilities is more likely to rise. In addition to protecting the Company's source of profit, serving as a major shareholder of these TWSE listed companies also helps enhance the corporate image of Chunghwa Post.

### Material Topics Included

- Energy(302)
- Greenhouse Gas Emissions (GRI 305)
- Active ownership (GRI G4 Supplementary Topics)
- Audit (GRI G4 Supplementary Topics)

### Corresponding SDGs



### Sustainable Management

#### Policies

- Developing a sustainable environment
- Establish green energy logistics
- Continue to invest in stocks of TWSE/TPEX listed companies that comply with ESG sustainable development
- Strengthen asset management and utilization, actively activate real estate assets, and improve asset operation performance"

#### Management process

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

- ISO 14064-1 Greenhouse Gas Inventory System
- ISO 50001 Energy Management System
- Stewardship Principles for Institutional Investors
- Regulations Governing Investment of Postal Savings in Bonds, Bills and Notes
- Regulations Governing Postal Savings Investment in Beneficiary Certificates and Publicly Listed or OTC Traded Stocks
- Notes on Lending Operations of Chunghwa Post Co., Ltd. for buying and selling domestic stocks, ETFs, beneficiary securities, beneficiary certificates, convertible bonds, and stock securities

#### Preventive or remedial measures

- Establishment of Customer Suggestion Box and 24-hour customer service hotline: 0800-700-365
- At each post office, there are "Customer Opinion Forms" with free return postage for customers to express their opinions



April 22, 2024  
Sustainability-  
Environmental Protection

## 2.1 Climate Change

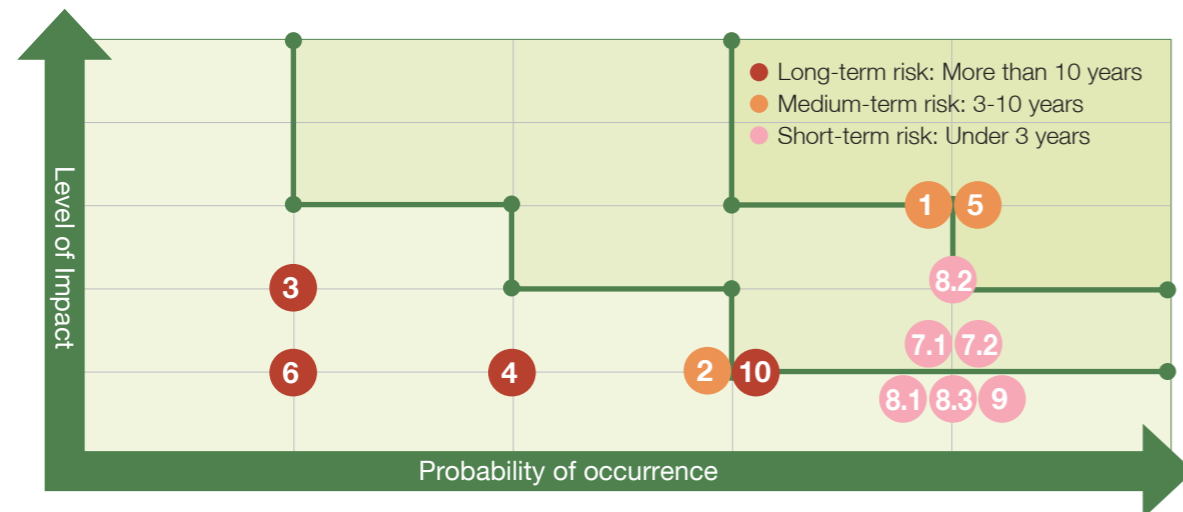
Starting from 2022, Chunghwa Post organizes education and training on climate-related risks for directors, supervisors, and senior management every year. In 2023, climate and nature-related issues were incorporated into the courses to tailor the contents for the senior management for them to be equipped with sufficient and appropriate capabilities to address climate-related risks and make the best decisions.

In 2024, a new online course on climate change risk management is added to the E-Learning mechanism to enable all employees to enhance their climate risk awareness through course training, so as to effectively implement relevant risk control measures.

### Strategies

#### Identify climate change risks :

The Company identified the physical risk and transition risk of climate change risks, and there are a total of 13 risk events.



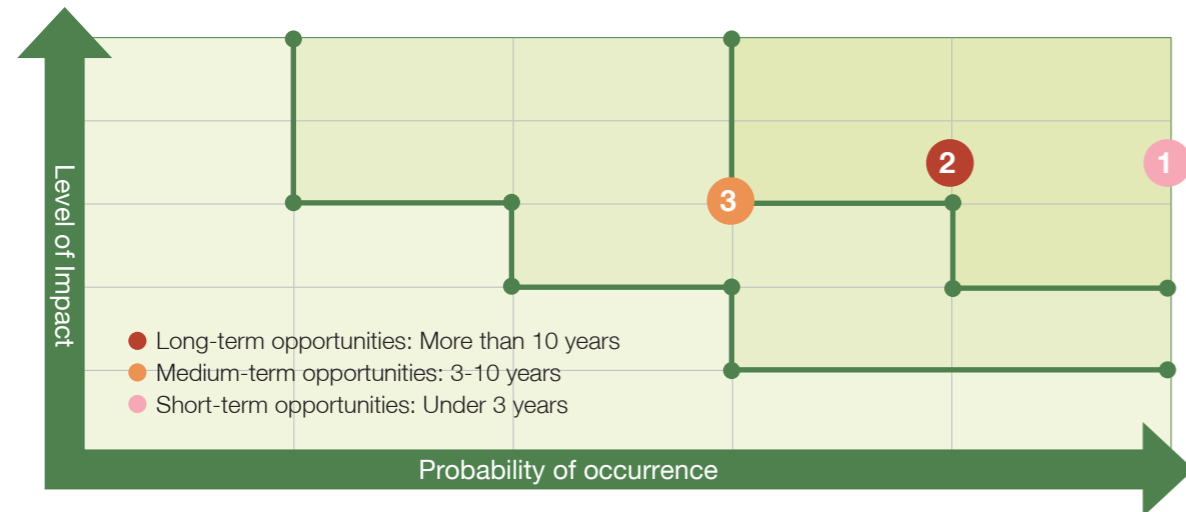
- |   |   |   |
|---|---|---|
| 1 Regulations and policies                          | 2 Suppliers transfer carbon costs                       | 3 New technology investment                               |
| 4 Demand for low-carbon products and services       | 5 Low-carbon economy investment environment             | 6 Corporate image of sustainability                       |
| 7.1 Immediate risks of self-owned operating sites   | 7.2 Immediate risk of leasing operating sites           |   |
| 8.1 Asset impairment risk of investment real estate | 8.2 Asset impairment risk of self-owned operating sites | 8.3 Asset impairment risk of other self-owned real estate |
| 9 Immediate risk of collateral                      | 10 Long-term risk of policyholders                      |   |

Based on the assessment results of “probability of occurrence” and “degree of impact”, there were three major climate risk events. Chunghwa Post faces climate risk events in a proactive manner. The climate risks faced by investment positions and self-owned real estate are regularly reviewed from the perspectives of capital utilization and asset management. In addition, relevant coping strategies are also developed to control the impact brought by climate risks for Chunghwa Post to stabilize the corporate operations and market development.

Materiality prioritization	Risk event	Risk description/ Potential financial impact	Countermeasures	Corresponding existing risk
1	<b>Changes of regulations and policies</b>	The governments have strengthened their supervision on carbon emissions, resulting in the loss of profits of the investment target issuers due to carbon taxes (fees) or increased risk of default, leading to the drop of the value of securities invested by the Company or the decrease in the credit rating of the issuers.	(1) Regularly review the proportion of existing investment positions in petrochemical-related industries, and the changes in carbon emissions and ESG performance of the issuing companies. (2) Observe the actual actions of high-risk investment targets regarding carbon emission issues and use it as a reference for continuous optimization of investment portfolios.	Credit Risk Market Risk
2	<b>Low-carbon investment environment</b>	The market is making transition to low-carbon economy, and the original risk assessment method for investment targets may gradually become inapplicable, which further brings about the risk of investment losses.	(1) Strengthen due diligence and ongoing management post-investment. (2) Incorporate climate change risk assessment into the investment business review mechanism.	Credit risk Market risk
3	<b>Risk of asset loss in self-owned operating sites</b>	Flooding disasters and slope disasters caused by extreme weather result in the loss of the value of the real estate of the self-owned operating sites.	(1) Regularly review and assess the risk of property value impairment caused by climate change. (2) If the piece of real estate is in an area with high risk of disasters, it is then advisable to assess the feasibility of asset disposal or enhance the coverage of commercial insurance protection.	Operational risk

### Identify climate change risks :

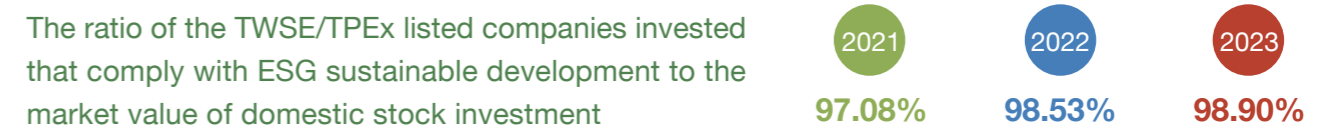
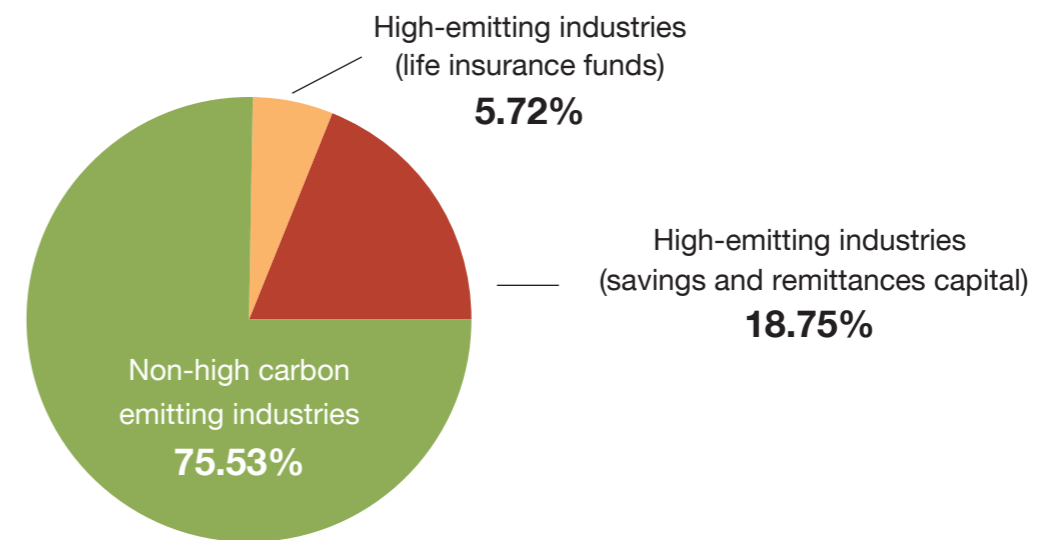
In the sustainable environment of climate change, besides the climate risks, there are also climate opportunities the Company can develop based on its own business and corporate & social positioning so that Chunghwa Post can play the role as a promoter of green transition and supporter of the country's policy of net zero transition.



Number	Opportunity event	Opportunity type	Opportunity description/ Potential financial impact
1	<b>Diversification of the financial markets</b>	Market	Actively seek opportunities in new markets or new types of assets, invest in green bonds and green infrastructure in this diversified financial market to achieve the diversified business goals.
2	<b>Turn to use more efficient buildings</b>	Resource Efficiency	New buildings are built in accordance with the green building labels and smart building standards. In addition, renewable energy equipment is also installed to achieve the goal of energy conservation and carbon reduction.
3	<b>Use low-carbon energy/incentive policy</b>	Energy Source	Transition to low-carbon energy sources to save annual energy costs.

## 2.2 Green Investment

Chunghwa Post incorporates environmental protection, social responsibility, and corporate governance (ESG) and climate factors into the decision-making process for investment and actively invests in targets with sustainable value, including stocks, bonds, funds, and other types of assets. It is prohibited to invest in companies classified as tobacco, alcohol, and gambling industries in the Global Industry Classification Standard (GICS) developed by MSCI. In addition, due diligence is conducted proactively on investment targets and management is continued after investment for the grasp of changes in climate change risks so as to take countermeasures in a timely manner.



### Investment in Green Bonds to Support Sustainable Development

**Domestic investment:** The total amount of investment in seven green bonds including Taiwan Power Company, UMC, TSMC, etc. amounted to NT\$8.26 billion.

**Foreign investment:** Purchased one green bond issued by Credit Agricole Corporate & Investment Bank with the amount of US\$ 30 million (approximately NT\$ 943 million).

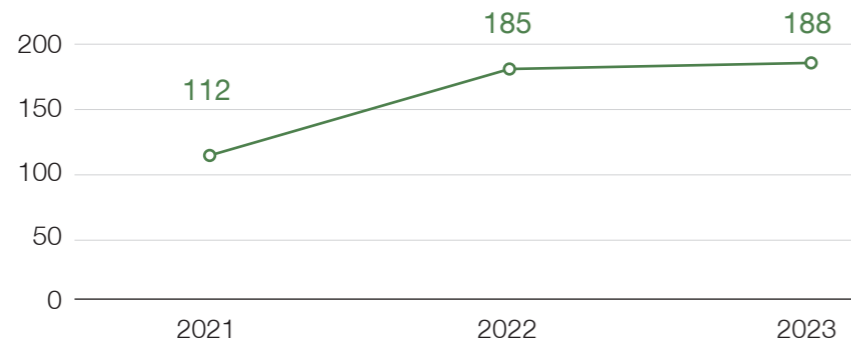
### Investment in Green Power and Renewable Energy Industries to Facilitate Industrial Transformation

As of the end of 2023, the amount of investment in green power and renewable energy industries related stocks and bonds amounted to approximately NT\$61.102 billion to assist with the smooth industrial transition to clean energy.

### Corporate Engagement

In 2023, Chunghwa Post participated in 188 shareholders' meetings or special shareholders' meetings of TWSE listed companies by dispatching personnel or exercising e-vote. Before attending these shareholders' meetings of the investee companies, we prudently evaluated the various proposals, prepared evaluation reports and exercised voting rights to express the attention paid to the corporate governance of the investee company. After each shareholders' meeting, written records of the exercise of voting rights will then be submitted to the board of directors.

#### Participation in shareholders' meetings or special shareholders' meeting of TWSE/TPX listed companies by dispatching personnel or exercising e-vote



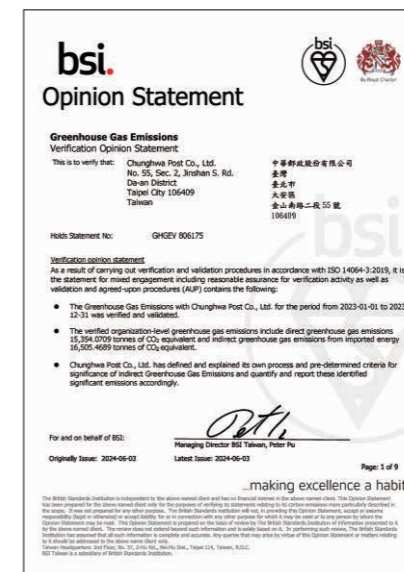
When the corporate governance of the investee company is flawed or does harm to the social environment, Chunghwa Post will perform shareholder activism to urge the investee company to attach importance to ESG-related issues by making use of the rights as the shareholder to communicate with the investee company and urge it to make improvements to meet the goals of corporate governance and fulfill the corporate social responsibility. In 2023, Chunghwa Post conducted communication with 3 companies concerning ESG-related issues, including the prevention of insider trading, the introduction of green products, energy management and energy-saving measures, employee health and safety related protection measures, greenhouse gas reduction plans, and enhancement of corporate governance to reduce negative news, improve grassroots salary benefits and gender pay equality, and promise or pass the Science Based Targets initiative (SBTi) review.

## 2.3 Energy Conservation and Carbon Reduction

To actively introduce GHG inventory, it was planned to introduce ISO 14064-1 inventory in a phased manner in 13 operating locations from 2019, including Head Office buildings (Jinshan and Aiguo Buildings), Taipei Post Office, Banqiao Post Office, Sanchong Post Office, Taipei Mail Processing Center and so on. In 2021, the scope of inventory operations was expanded to 21 operating locations and external verification was also passed. Starting from 2023, the scope of inventory expanded to designated branches and the 2022 GHG inventory and verification project for post offices and their branches at all levels (a total of 36 branches) was conducted. Special branches that have not yet conducted GHG inventory and one branch each from Class A to Class D branch offices under the jurisdiction of Taipei Post Office, Taichung Post Office and Kaohsiung Post Office were the targets of the inventory. GHG protocol was used for the content disclosure of Scope 1 and Scope 2 data, and the third-party verification statement of this project was obtained on December 14, 2023. The total GHG emissions of the designated branches (36 branch offices in total) amounted to 9,568.84 tonnes of CO<sub>2</sub>e.

The carbon dioxide generated by Chunghwa Post mainly comes from the gasoline and diesel used for transportation and the purchased electricity of each operating bases. ISO 14064-1 verification was applied and the GHG emissions of 21 operating bases in 2023 totaled 40,845.573 tonnes of CO<sub>2</sub>e, with the GHG emission intensity of 0.18 tonnes of CO<sub>2</sub>e/NT\$ million. To cope with the international trends and to work in line with the national policy to move toward zero emissions by 2050, it is planned to launch the GHG inventory at all Chunghwa Post's operating locations in Taiwan to facilitate the development of carbon reduction action plans and milestones in the future.

#### 2023 GHG inventory certificates of 21 operating locations



### 2.3.1 Energy-saving Measures of Operating Locations

To effectively gather the statistics of the energy usage to further improve energy use efficiency to achieve energy conservation and carbon reduction, the energy-saving measures implemented in 21 operating locations in 2023 mainly included the replacement of the lighting equipment and the air conditioning systems. It is estimated to save energy by approximately 750,656 kWh/year, reducing the GHG equivalent by about 370,824.06 kgCO<sub>2</sub>e.

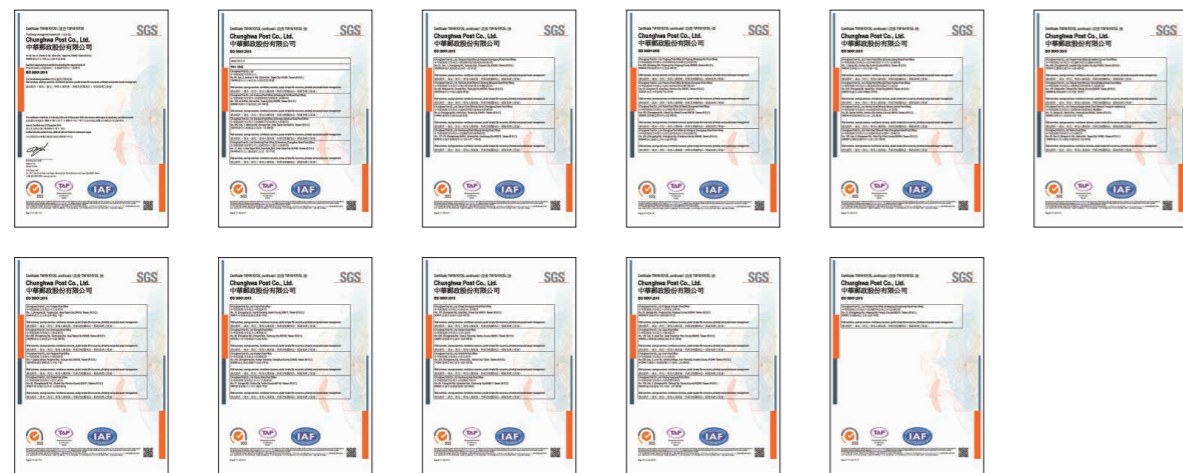
#### Introduced ISO 50001 Energy Management System

To improve energy efficiency, Chunghwa Post planned phased establishment of the ISO 50001: 2018 Energy Management System in post offices from 2019. In 2022, a total of 19 operating locations established the Energy Management System that passed the verification and obtained the certificate, including Jinshan Building, Keelung, Banqiao, Sanchong, Taoyuan, Hsinchu, Miaoli, Taichung, Changhua, Yulin, Chiayi, Nantou, Tainan, Kaohsiung, Pingtung, Yilan, Hualien, Taitung Post Offices (including 901 post office branch) and Taipei Xinyi Post Office.

In 2023, the scope of verification included all post offices (including 901 branch), and the self-owned buildings of the post offices were assessed. The ones in high energy consuming areas, the ones with equipment that had not been repaired or replaced for long and were in urgent need of energy conservation improvement were prioritized, and eventually one branch was selected as the new counseled branch for establishment. Taipei Post Office uses Neihu Post Office, Penghu Post Office, and the 901 branch as the establishment base, and a total of 37 bases have established the energy management system, passed the verification, and obtained certificates.

To reduce the GHG emissions and realize sustainable development, starting from 2024, aside from the 19 post offices, the ISO 50001 international standards will continue to be introduced and will be expanded to Special Class and Class A post office for the establishment of the energy management system.

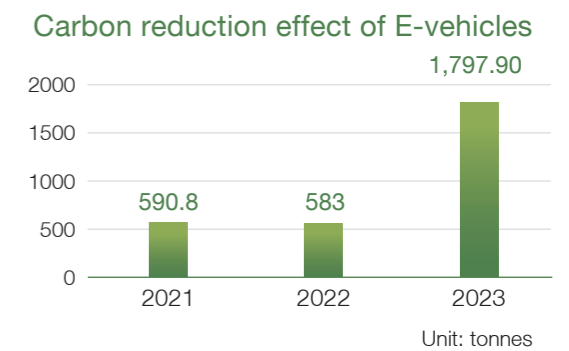
In 2023, 37 operating locations obtained the ISO 50001 Certificate



### 2.3.2 Carbon Reduction in Transport

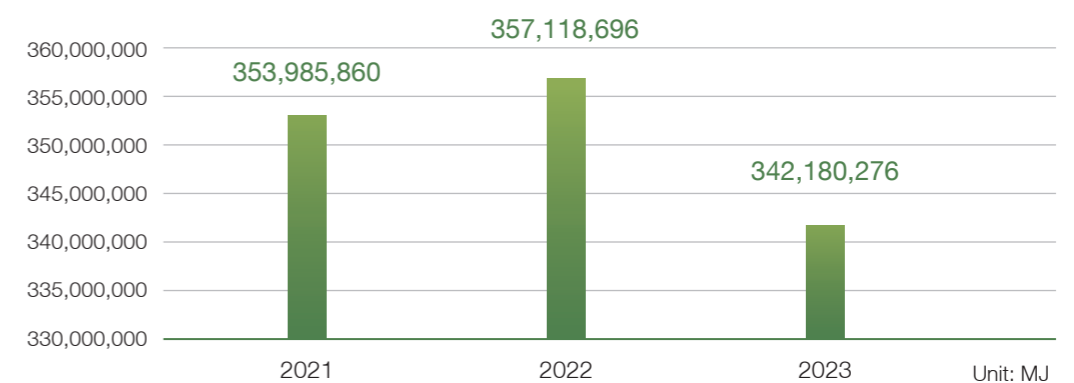
Chunghwa Post puts into consideration number of the delivery sections of each post office, the service life of the existing scooters, the mileage and annual budgets every year to plan the number of vehicles to purchase and the quotas for each unit for the following year. However, due to the fact that the current transportation capacity of e-scooters cannot completely replace the fuel-powered scooters yet, we will continue to pay attention to the development of relevant technology for the replacement of old scooters to meet the needs of the postal business while taking into account energy conservation and carbon reduction.

To respond to the green energy policy, Chunghwa Post started to purchase e-vehicles in 2017. As of the end of 2023, we have used 3,241 e-scooters and 54 e-vans, accounting for over 41% of the overall postal vehicles, saving approximately 467,820 liters of fuel consumption, and the estimated annual reduction of carbon emissions is 1,798.52 tonnes of CO<sub>2</sub>e. As technology advances, the endurance and loading capacity of e-scooters gradually increase. It is planned to increase the proportion of e-scooters to 50% before 2030 and to 100% by 2040.



To improve the efficiency of postal delivery, the number of vehicles used has continued to increase in recent years. In 2022, the number of postal vehicles with more than four wheels increased, leading to a slight increase of energy consumption compared with 2021. In 2023, with the use of electric vehicles and the continuous promotion of carbon reduction measures in transport, energy consumption decreased by 4% compared with 2022.

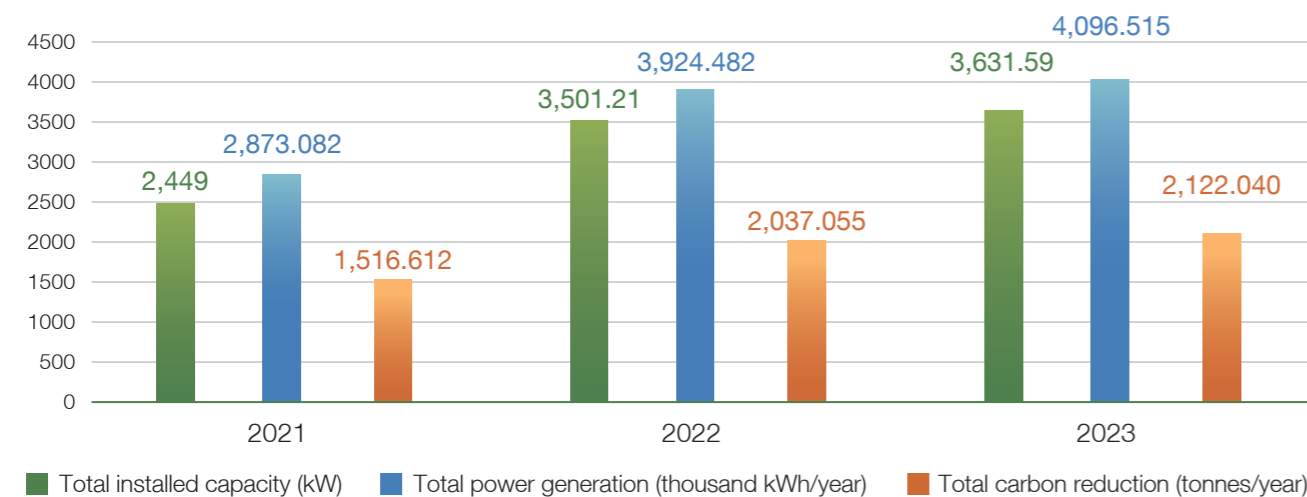
#### Energy use for postal delivery



### 2.3.3 Installation of Solar PV System

Starting from 2015, Chunghwa Post has successively installed solar PV power generation systems on the roofs of the buildings of its post offices to increase the use of renewable energy. In 2023, 130kW of rooftop solar PV equipment was installed, with an annual power generation of about 172,033 kWh, with an annual carbon reduction of 85 tonnes. In addition, it is planned to install solar PV power generation system on the roofs of the North Taiwan Mail Operating Center (under construction) in the Post Logistics Park in 2024. A total of 374 solar power modules (size: L1650 × W992 × H40) will be installed, with a total installed capacity of 117.81KW. It is estimated to generate 138,000 kWh of electricity annually. In the future, we will gradually increase the proportion of renewable energy use by installing solar power generation systems on the roofs of the building of every post office. Chunghwa Post Installed solar PV power generation system with the total capacity of 3,631 kWh from 2015 to 2023, producing 4.09 million kWh annually, reducing carbon emissions by approximately 2,122 tonnes.

#### Benefits of Solar PV Equipment Installation



## 2.4 Low-carbon Operations

### 2.4.1 Reduction of Resource Consumption

The postal, saving and life insurance business processes of Chunghwa Post all require documents and receipts. To reduce the consumption of paper, digital services are provided to replace physical paper consumption. Our customers are also encouraged to reuse postal convenience boxes while enjoying postage discounts. In 2023, 4,034,859 convenience boxes were used for the first time, and 601,518 were recycled, with the reuse rate of 12.97%.

Note: Reuse rate (%) = Number of boxes reused/ (number of boxes used for the first time + the number of reused boxes).

Insurance Service							
2023	Mobile Device Insurance	Online Insurance	E-insurance policy	Electric annotation sheet	Insurance/ Claims alliance chain	i Post/ POST APP	E-statements/ E-notes
Number of transactions	25,136	8,948	9,766	456	7,917/671	9,221/12,536	321,636
Amount of paper saved per transaction	1 piece of A3/ 3 pieces of A4	1 piece of A3/ 3 pieces of A4	15 pieces of A4	1 piece of A4	2 pieces of A4	2 pieces of A4	1 piece of A4
Carbon reduction benefit (kgCO <sub>2</sub> e)	945.11	336.44	1,054.73	3.28	123.67	313.30	2,315.78

Savings and Remittances						
	E-statements	Electronic Heritage Financial Services	Electronic official documents on seizure	E-report	Income and expense tracking worksheet	Letter checking blockchain
Number of transaction	21,500,000	220,000	650,000	Daily report: 1,460 Monthly report: 36 Reporting Info: 760	760,000	2,189
Amount of paper saved per transaction	2 pieces of A4	2 pieces of A4	1 piece of A4	Daily report: 1 piece of A4 Monthly report: 195 pieces of A4 Reporting Info: 1 piece of A4	3 pieces of A4	2 pieces of A4
Carbon reduction benefit (kgCO <sub>2</sub> e)	309,600	3,168	4,680	66.53	16,416	31.52

### Postal Services

The PDA signature Service has been officially implemented since July, 2022, and as of December, 2023, a total of 2,346,866 pieces of A4 paper have been saved, with the carbon reduction benefits of approximately 16.9 tonnes of CO<sub>2</sub>e.

### E-commerce service

PostMall provides e-invoice to reduce physical printing and mailing of invoices.

## 2.4.2 Low-carbon Facilities

To actively respond to the green building promotion policy, low-carbon design is introduced for the renovation of old buildings. It is hoped that our new buildings will meet the daily energy conservation and water resources indicators in the future. In 2023, one Green Building Label was obtained (Postal Logistic Center), and the number of approved Green Building Candidate Certificates was three (Taitung Fengtian Post Office, Yulin Mailiao Post Office, and Tainan Madou Post Office). From 2003 to 2023, the cumulative number of Green Building Label was 21, among which 12 met the Carbon Dioxide Reduction Index; the cumulative number of Green Building Candidate Certificate was 36, among which 18 met the Carbon Dioxide Reduction Index.



Green Building Certification

### Smart Energy-saving and Environmentally-friendly Park

The postal logistics park will make full use of renewable energy such as wind and solar energy and combine smart energy management and smart sensing to plan to obtain the Green Mark and Smart Building Label. In addition, the functions and life of the buildings in the park are improved based on the Building Information Modeling (BIM). Incorporated with the design concept of humanization and sustainability, multi-functional intelligence management systems with the functions of safety monitoring, traffic guidance, park management, personnel control, intelligent lighting and intelligent conference rooms are planned to achieve a smart green building with environmental protection, energy saving and humanity, and the energy saving potential of the buildings is estimated to be more than 30%.

The first landmark building in the park- the Postal Logistics Center was completed at the end of 2022 and was officially commenced in 2023. The center is compliant with smart building and green building regulations in terms of architectural design, and 30 sets of 3kw wind power generation facilities have been installed on the roof, that can be used to assist and support public facilities and

power consumptions in the basement floor. It is planned to install 374 solar power modules (size: L1650 \* W992 \* H40) on the roofs of the North Taiwan Mail Operating Center (under construction), with a total installed capacity of 117.81KW. It is estimated to generate 138,000 kWh of electricity annually. Charging equipment for electronic vehicles has also been installed. With the combination of information technology and the concept of green energy, coupled with the comprehensive use of smart sensor network control and high-efficiency electromechanical integration technology, the quality and function of the building can be effectively improved. At the same time, we cooperate with Taoyuan City Government's sustainable environment policies and inform the tenants and contractors of relevant air quality control measures and prohibit vehicles that have not yet passed exhaust emission tests from entering the park facilities to create a safer, more comfortable, convenient, energy-saving, and high-quality working environment.



Wind power generation facilities in the Postal Logistics Center

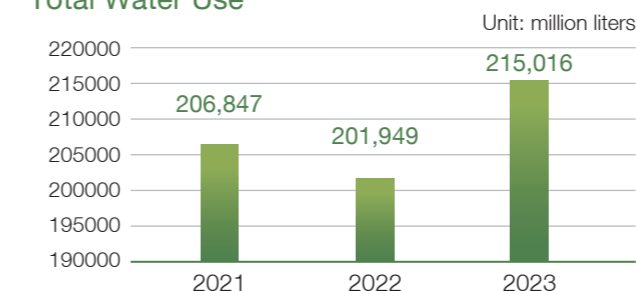


## 2.4.3 Water Use and Water Conservation Measures

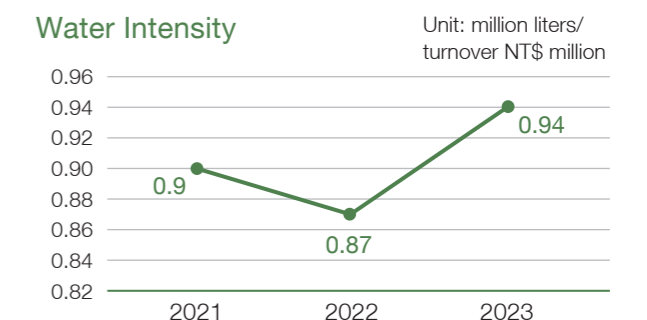
Water use at Chunghwa Post is mainly for daily use in the offices, and the source is all from the tap water, which would not cause a major impact on the water intake. In 21 operating locations including Jingshan Building, due to the easing of the epidemic, various meetings, activities, and training courses were gradually resumed in 2023, leading to the increase of water consumption. The total water consumption in 2023 totaled 215,016 million liters, a 6% increase compared with 2022, with the water intensity of 0.94 million liters/NT\$ million dollars.

### The total water consumption in 21 operating locations

Total Water Use



Water Intensity



## 2.5 Green Behavior

### Support for Sustainable Consumption

#### Start from Me, Loving the Earth with Ease-Chunghwa Post's Response to Earth Day

Chunghwa Post actively promotes ESG sustainable development, fulfills its corporate social responsibility, supports local small-scale farmers, and carefully controls green products to enable customers to purchase with peace of mind and continues to step toward the goal of net-zero life. To respond to the Earth Day, the press conference entitled “i-Sustainability, Make a Purchase with Peace of Mind”- Start from Me, Loving the Earth with Ease” was held on April 18, 2023. At the same time, it was also announced that the “i-Sustainability, Make a Purchase with Peace of Mind” activity on PostMall was officially launched to encourage the public to support environmental sustainability and love the earth with ease from simple consumption behavior in the daily life. The public can download PostMall or the POST APP to make a quick purchase of products with environmental labels, eco-friendly products or local green products.



### Beach Cleanup for the Love of the Earth

Chunghwa Post takes specific actions to make contributions to environmental protection. To jointly protect the marine environment and the ocean, 2 sessions of beach cleanup activities were held in 2023, with a total of 180 participants, and the marine debris cleaned totaled 43 bags (515 kilograms).

To respond to the 2023 Earth Day, Yong-Han Jian, the Director of Life Insurance Dept. attended the launching ceremony of the Insurance for the Earth- Life Insurance Industry Relay Beach Cleanup Event organized by the Life Insurance Association of the Republic of China on behalf of Chunghwa Post Co., Ltd. At the launching ceremony, the Vice President William Lai, the Legislator Michelle Lin, and representatives from the life insurance companies jointly announced to hold the beach cleanup relay activities in 22 counties and cities across Taiwan to declare their determination to actively promote net-zero carbon emissions.



### Advocacy for Ecological Conservation

To arouse the public' care about ecology and attention to nature conservation, Chunghwa Post has issued multiple sets of ecology-related themed stamps and postage labels. On June 6, 2023, the Alpine Plants Postage Stamps (II) and on August 11, the TAIPEI 2023 – 39<sup>th</sup> Asian International Stamp Exhibition Commemorative Issue and Purple Crow Butterfly Postage Label with the theme of Taiwan's famous scenic spots were issued. For the public to know more about the protected species endemic to Taiwan, themed stamps, postage labels, and postcards are planned to be issued to showcase the unique ecological beauty of Taiwan and promote the importance of environmental conservation.



Sp.736 Alpine Plants Postage Stamps (II)



Com. 348 TAIPEI 2023 – 39<sup>th</sup> Asian International Stamp Exhibition Commemorative Issue



LD025 Purple Crow Butterfly Postage Label