Taya Group Climate Action Guideline

Purpose:

To drive climate change mitigation and adaptation in line with the Paris Agreement's 1.5°C goal, and to meet regulatory requirements and customer decarbonization demands, the Taya Group has established the Climate Action Guideline as a framework for action. This Guideline references the Exponential Roadmap Initiative's ***1.5°C Business Playbook Version 3.0*** and integrates Taya Group's Decarbonization Blueprint for implementation across all subsidiaries. Taya Group is committed to following this Guideline to achieve its 2050 net-zero target, while reducing climate change impacts on operations, the value chain, and society.

Scope:

This Guideline applies to the parent company and all subsidiaries of Taya Group.

Governance:

Sustainability Committee:
Oversees and periodically reviews climate action implementation, including Group decarbonization progress and climate-related risk management. The Committee Chair (Independent Director) serves as the highest-level overseer of climate action. The Committee member – General Manager of Corporate Management Office – reports annually to the Board of Directors on progress.

Corporate Planning Office:
Develops policies, metrics, and targets in line with regulatory requirements and customer decarbonization goals, and leads the implementation of climate actions.

General Affairs Department and Subsidiary Procurement Units:
Implement supplier decarbonization and emissions disclosure in line with supplier carbon management objectives (see Guideline Action 2).

Action Guideline:

1. Reduce the Group's Own Emissions:

Set reduction targets for Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity), and implement decarbonization measures.

Target Setting:
Taya Group has set a medium-term target to reduce Scope 1 & 2 emissions by 40% by 2030, using 2021 as the base year, in alignment with the IPCC 1.5°C pathway. The long-term target is to reach net-zero Scope 1 & 2 emissions by 2050.

Reduction Measures:
In 2023, Taya Group formulated its Decarbonization Blueprint. All subsidiaries must implement measures aligned with this Blueprint, including:

- Energy Transition: Increase renewable electricity share to replace grid electricity. Parent company renewable energy usage targets: 10% by 2025; 40% by 2030. Subsidiaries are encouraged to adopt corresponding targets.
- SF6 Leakage Management: Replace SF6 with alternative insulation materials; implement leak detection and repair (applicable to Union Electric).
- Gas Boiler Improvements: Apply waste heat recovery, improve combustion efficiency, and explore carbon capture solutions (applicable to Dazhan).

2. Reduce Value Chain Emissions:

Establish reduction targets and strategies for Scope 3 emissions, including supplier engagement and supplier carbon management.

Target Setting:
Scope 3 reduction targets are not yet established. Taya Group will evaluate the need to set such targets based on regulatory and customer requirements.

Reduction Measures:

- Supplier Carbon Management: Procurement units must drive supplier decarbonization and require suppliers to disclose emissions data.
- Procurement Criteria: Give priority to low-carbon products and raw materials with carbon labels, carbon reduction labels, ISO 14067 carbon footprint certifications, or ISO 14044 life cycle assessment verifications.
- Circular Use of Waste: Recycle and reuse waste copper wires, scrap cables, PVC, and other waste materials to reduce raw material demand and emissions from procurement.

3. Integrate Climate Issues into Business Strategy:

Through climate governance, senior management must oversee climate-related risks and opportunities and integrate potential financial impacts into decision-making and enterprise risk management frameworks.

Senior management should embed climate and nature considerations into business strategy, product development, and investment evaluation, ensuring the 1.5°C goal is integrated into long-term planning.

The Group must incorporate carbon pricing, low-carbon investments, and link business activities to the 1.5°C goal by providing renewable energy services, energy storage systems, and low-carbon products that contribute to net zero.

4. Accelerate Climate Action in Society:

Collaborate with customers, suppliers, government, and research institutions to accelerate collective climate action.

Raise awareness of climate mitigation and adaptation among stakeholders including customers, suppliers, and employees.

Exchange climate-related knowledge and best practices across industries and supply chains to accelerate sector-wide action.

This Guideline was established by the Corporate Planning Office of the General Management Division on October 28, 2024.