

Cathay United Bank Hong
Kong Branch Sustainable
Time Deposit Framework
July 2025

Important Message

Important message to any person not authorized to have access to this report.

Any person who is not an addressee of this report or who has not signed and returned to PricewaterhouseCoopers Limited, a Release Letter is not authorized to have access to this report.

Should any unauthorized person obtain access to and read this report, by reading this report such person accepts and agrees to the following terms:

1. The reader of this report understands that the work performed by PricewaterhouseCoopers Limited was performed in accordance with instructions provided by our addressee client and was performed exclusively for our addressee client's sole benefit and use.
2. The reader of this report acknowledges that this report was prepared at the direction of our addressee client and may not include all procedures deemed necessary for the purposes of the reader.
3. The reader agrees that PricewaterhouseCoopers Limited, its partners, principals, employees and agents neither owe nor accept any duty or responsibility to it, whether in contract or in tort (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by any use the reader may choose to make of this report, or which is otherwise consequent upon the gaining of access to the report by the reader. Further, the reader agrees that this report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the report without PricewaterhouseCoopers Limited's prior written consent.

1. Preface

This report included the Branch's sustainability frameworks for Sustainable Deposits, Green Loans, Sustainability-linked Loans, Green Bonds, Sustainability-linked Bonds, and Sustainability-Linked Deposits. These frameworks demonstrate the Branch's commitment to responsible and sustainable business by aligning with industry best practices. Each framework plays a unique role in driving environmental and social impact, integrating sustainability into the Branch's operations, and supporting projects with clear sustainability objectives. Through this report, we provided a concise overview of each framework's key features, objectives, and contributions to sustainable development, highlighting the positive outcomes achieved.

The implementation of the six frameworks by the Branch is mainly guided by the international guidelines issued by leading organizations in the industry, including *the International Capital Market Association (ICMA)*, *the Asia Pacific Loan Market Association (APLMA)*, *the Loan Market Association (LMA)*, and *the Loan Syndications and Trading Association (LSTA)*. These respected organizations have developed essential guidelines and best practices that ensure the effectiveness, credibility, and alignment of the Branch's sustainability initiatives with globally recognized standards. Upholding these frameworks allows the Branch to promote transparency, consistency, and collaboration within the sustainable finance landscape, propelling positive change on a broader scale.

Furthermore, the Branch's sustainability frameworks are firmly rooted in industry-leading principles. The Sustainable Deposit Framework is adhered to the *Green Bond Principles 2022*¹, *Social Bond Principles 2023*², and *Sustainability Bond Guidelines 2021*³ while the Green Bond Framework is adhered to the *Green Bond Principles 2022*, as suggested by HKMA, to facilitate the financing of environmentally friendly projects. The Green Loan Framework operates in accordance with the *Green Loan Principles 2023*⁴, guaranteeing that funds are devoted to sustainable initiatives. In the case of Sustainability-Linked Loans, which alignment with the *Sustainability-Linked Loan Principles 2023*⁵ incentivizes borrowers to align themselves to predefined sustainability targets. Lastly, Sustainability-Linked Bond Framework and

¹ ICMA. (2022). *Green Bond Principles*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

² ICMA. (2023). *Social Bond Principles*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

³ ICMA. (2021). *Sustainability Bond Guidelines*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁴ LMA. (2023). *Green Loan Principles*. <https://www.lsta.org/content/green-loan-principles/>

⁵ LMA. (2023). *Sustainability Linked Loan Principles*. <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

Sustainability-Linked Deposits Framework are guided by the *Sustainability-Linked Bond Principles 2024*⁶, intricately linking the bond's financial and structural aspects to the Branch's sustainability performance. Transition Finance is referenced to *Climate Transition Finance Handbook*⁷. Embracing these principles reinforces the Branch's unwavering commitment to sustainable finance and responsible investment practices, propelling positive environmental and social impact.

The frameworks outlined in this report are intended for reference purposes within the Branch. The Branch and the relevant product owners could adapt and modify these frameworks based on the specific circumstances of product development, the appetite of the Branch, and any guidance provided by the Head Office.

The following provides a summary of the products featured in this report and the corresponding industry guidance that has been referenced:

Product	Industry Guidance
Sustainable Deposit	ICMA: Green Bond Principles 2022 Social Bond Principles 2023 Sustainability Bond Guidelines 2021
Green Loan	APLMA / LMA / LSTA: Green Loan Principles 2023
Sustainability-Linked Loan	APLMA / LMA / LSTA: Sustainability-Linked Loan Principles 2023
Green Bond	ICMA: Green Bond Principles 2022
Sustainability-Linked Bond	ICMA:

⁶ICMA. (2024). *Sustainability Linked Bond Principles*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf>

⁷ ICMA. (2023). *Climate Transition Finance Handbook*. <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Climate-Transition-Finance-Handbook-CTFH-June-2023-220623v2.pdf>

	Sustainability-Linked Bond Principles 2024
Sustainability-Linked Deposit	ICMA: Sustainability-Linked Bond Principles 2024
Transition Finance	ICMA: Climate Transition Finance Handbook 2023

2. Sustainable Deposit

Sustainable deposit is a type of fixed deposit that is pooled together to finance or refinance activities that support green and social economic projects and the scope of sustainable deposits includes green, social and sustainability deposits. It collects funds to help clients participate in and promote environmental and social sustainability.

To achieve the group's sustainable finance goals, Cathay United Bank Hong Kong Branch (“the Branch”) has formulated the “Sustainable Deposit Framework” with the aim of broadening the Branch’s sustainable finance product scope, exerting financial influence, and working with customers to move towards corporate sustainability.

This Framework has been prepared with reference to the Green Bond Principles 2022 (GBP), Social Bond Principles 2023 (SBP) and Sustainability Bond Guidelines 2021 (SBG) published by the International Capital Market Association (ICMA) to govern how the Branch will issue sustainable deposits to finance and / or refinance eligible sustainable assets. The Framework was developed with the objective of strengthening the Branch’s capabilities in financing eligible sustainable assets defined under GBP, SBP and SBG, including but not limited to renewable energy, pollution control, affordable housing etc.

The Framework clearly illustrates the intended use of proceeds, establishes a thorough internal process for Project Evaluation and Selection, establishes an appropriate tracking process for the Management of Proceeds and annually performs and keeps readily available up-to-date report on the use of proceeds and the performance of the projects.

2.1. Use of Proceeds

In accordance with the GBP, SBP and SBG, the Branch’s sustainable deposits will allocate the net proceeds to be used exclusively in “Eligible Projects” (including other related and supporting expenditures such as Research and Development), as identified below (i.e. the net proceeds of any green deposit will be allocated to fund “Eligible Green Projects”, the net proceeds of any social deposit will be allocated to fund “Eligible Social Projects” and the net proceeds of any sustainability deposit will be allocated to fund a combination of “Eligible Green Projects” and “Eligible Social Projects” (collectively, “Eligible Projects”). The lookback period for refinanced

eligible green and social projects will be 7 years. The total amount of sustainable deposits that the Branch can undertake will be determined based on the sustainable asset-related quota planning for the Branch specifically. Eligible Projects encompass the following categories and themes:

Eligible Green Projects:

- Renewable energy (including production, transmission, appliances and products).
- Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products).
- Pollution prevention and control (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy / emission-efficient waste to energy).
- Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes).
- Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments).
- Clean transportation (such as electric, hybrid, public, rail, non-motorised, multimodal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions).
- Sustainable water and wastewater management (including sustainable infrastructure for clean and / or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation).
- Climate change adaptation (including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems).
- Circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services; and / or certified eco-efficient products).
- Green buildings (that meet regional, national or internationally recognized standards or certifications for environmental performance).

Eligible Social Projects:

- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy).
- Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services).
- Affordable housing.
- Employment generation and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition” (such provision and/or promotion could include SME financing and microfinance).
- Food security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers).
- Socioeconomic advancement and empowerment (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality).
- Furthermore, to avoid supporting activities that are illegal, harmful, or exploitative, eligible Green Projects will exclude the project types listed on the Exclusion List recommended by the International Finance Corporation (IFC) in 2007.

2.2. Project Evaluation and Selection

In accordance with the GBP, SBP and SBG, the Branch shall conduct project evaluation and selection with regard to the criteria and standards of Eligible Project categories defined in the “Use of Proceeds” section.

The Branch shall map the potential projects to the Use of Proceeds aforementioned to determine the eligible businesses and projects that fulfil the criteria and form an Eligible Projects list. The list will be used by Global Transaction Service and Risk Management of the Branch to allocate proceeds accordingly and to effectively conduct post-monitoring of the eligible projects.

Business Units of the Branch and Capital Solutions Department of Head Office should ensure associated risks of the selected projects (including but not limited to environmental and social risks) are fully understood, assessed and controlled. Eligible Projects selected shall comply with the relevant

requirements as defined in GBP, SBP and SBG. Wherever relevant and applicable, the Branch will consider the following:

- The environmental and social impact assessment / certification / report of the nominated eligible sustainable asset.
- The alignment of the nominated eligible sustainable asset with the Branch or the Branch's sustainability policies / strategy.
- The nominated eligible sustainable asset's compliance with relevant local, national, and / or international environmental, social standards and regulatory requirements.

Until the maturity of the sustainable deposit, the Branch shall review the Eligible Projects list on a regular basis and determine if any changes are needed (for example, if a project has become ineligible due to prepayment, sale or otherwise become ineligible). In case of divestment or cancellation of an allocated asset, or the allocated asset becomes ineligible, the Branch shall delete the ineligible assets and nominate new assets within 1 month as a replacement and reallocate the proceeds to other eligible assets. The unallocated proceed will keep as same during the transition period.

2.3. Management of Proceeds

The Branch will allocate the net proceeds of the sustainable deposit to the Eligible Projects accordingly. The Branch shall establish an effective mechanism to manage the proceeds, ensuring all net proceeds of the sustainable deposits are used to finance and / or refinance the eligible assets.

The total amount of sustainable deposits booked at the Branch as well as the total value of eligible assets will be monitored on a regular basis, for the purpose of ensuring total amount of the sustainable deposit will not at any time exceeding the total scale of eligible assets. The balance of the sustainable deposit should be less than 80% or equal to the year-end balance of the eligible assets at the time of the yearly settlement. If there is a possibility that the balance of the sustainable deposit may exceed the balance of eligible assets by 80% (as evidenced in the regular monitoring statement), the Branch reserves the right to suspend or terminate the acceptance of new applications for the sustainable deposit at any time.

In case any proceeds which are temporarily unallocated to Eligible Projects will be held in cash or invested in money market instruments with good market liquidity, subject to exclusion criteria.

2.4. Reporting

The Branch is committed to maintaining the transparency of information disclosure following international best practices. Following contents will be disclosed annually on the Branch's website:

1. Annual allocation report of the sustainable deposit, where the content includes but is not limited to the following information:
 - A brief description of the Eligible Projects to which the proceeds were allocated, and the breakdown in terms of amount and percentage allocated to each of the eligible sustainable asset categories, as well as the expected impacts.
 - The unallocated proceeds amount and how they are invested temporarily.
 - Appropriate case information of the selected Eligible Projects.
 - The environmental and / or social impact of each category of the Eligible Projects where the proceeds were allocated.
 - The proportion between financing and refinancing
 - The amount of unallocated proceeds and their temporary treatment, if any; and
 - The listed KPIs for each example project.
2. An attestation report for the annual report issued by a qualified third party.
3. An attestation report for the use of proceeds issued by a qualified third party.

2.5. External Review (if applicable)

The Branch has engaged a third-party, which an organization with expertise in the fields of environmental protection, social responsibility, and corporate governance, to review this Framework and provide Second Party Opinion. The relevant external review reports will be made publicly available via annual updates on our official website.