

2024
CATHAY UNITED BANK
CLIMATE AND NATURE REPORT

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Milestones & Achievements

🏆 1st in Taiwan 🌱 Environmental Sustainability 💰 Low-Carbon Economy

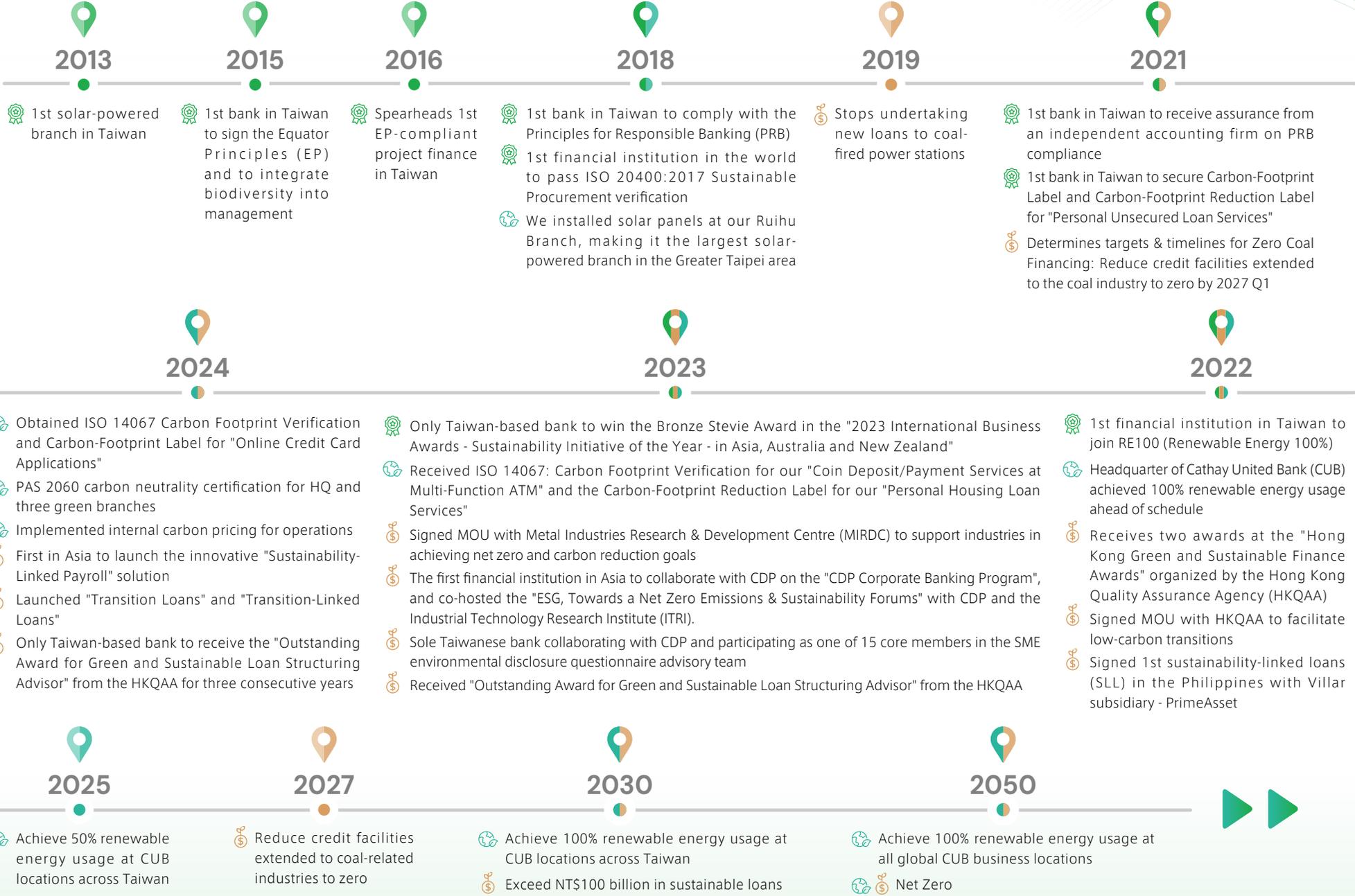
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● 2024 Highlights

Low-Carbon Economy

01 Vision and Strategic Goals

First in Asia to launch the innovative **"Sustainability-Linked Payroll" solution**.
At the initial stage, **6** renowned companies participated in, and impacted approximately **3,000** employees

Launched **"Transition Loans"** and **"Transition-Linked Loans"**

The amount of **sustainability-linked loans** grew by **49.9%**
(NT\$33.036 billion in 2023 → NT\$49.513 billion)

Green loans reached **NT\$25 billion**

02 Implementation and Engagement Strategies

Achieved **Leadership Level** from CDP

Percentage of available credits for renewable energies to the electricity generation industry reached **99.79%** marking an increase of **6.46** percentage points
(93.33% in 2023 → 99.79%)

Only Taiwan-based bank to win Hong Kong Green and Sustainable Finance Awards from the HKQAA for three consecutive years

Co-hosted the **"CDP Corporate Banking Program"** with CDP, achieving over **80%** response rate, exceeding the global average

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Environmental Sustainability

"Online Credit Card Applications" obtained **ISO 14067** Carbon Footprint Verification and Carbon-Footprint Label

Headquarters and three green branches certified for **organizational carbon neutrality under PAS 2060**

Received the **Silver Award in the 6th National Enterprise Environmental Protection Awards** by the Ministry of Environment – **fifth-time recipient**

The installed capacity of solar power systems on proprietary buildings has reached **489.6%** of the baseline year level
(80.7 kW in 2020 → 395.135 kW)

Renewable energy use increased by **27.7%**
(from 2023)

Scope 1+2 emissions reduced by **23.2%**
(from 2020)

Renewable energy use across all Taiwan operations reached **21.5%**

Announced and implemented internal carbon pricing for operations, **integrating carbon costs into operational management**

Supported tenants in adopting **green electricity** through the **"Green Landlord Mechanism"**

Sustainability procurement increased by **129%**
(NT\$192 million in 2023→NT\$440 million)
Selected as an outstanding green buyer by the Ministry of Environment



Message from the Chairman

In light of escalating climate change and the growing frequency of natural disasters, 2024 was recorded as the hottest year in history, marking the first time global temperatures surpassed the 1.5°C threshold set by the Paris Agreement. The world now stands at a pivotal moment in the climate crisis. In the same year, the United Nations Climate Change Conference (COP29) adopted a groundbreaking resolution to allocate at least USD 300 billion annually in climate financing to support developing countries in their efforts to combat climate change.

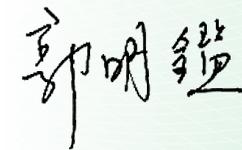
Undoubtedly, as the world confronts this climate emergency, the financial sector has become an indispensable force in driving global transformation. For the financial industry, taking action on sustainability is not only necessary—it is a responsibility.

Cathay United Bank (CUB) has long embedded sustainability into its core business philosophy. In alignment with Cathay Financial Holdings' sustainability blueprint, CUB has positioned "climate" as a central pillar of its corporate strategy. Under this pillar, CUB has formulated proactive strategies and goals across three key areas: financial assets, products and services, and business operations. With a strong sense of accountability, CUB aims to guide industries and society toward a net-zero transition, leveraging its financial expertise to become a comprehensive provider of climate finance solutions.

To support clients in their sustainability transition, CUB continues to innovate in green financial products and services, advancing shared value for society. In 2024, CUB achieved several milestones across regions. In September, CUB launched Asia's first "Sustainability-Linked Payroll" program, integrating sustainability goals with payroll incentives to encourage employee participation in sustainable actions. In the same year, CUB was invited to join the CDP SME Questionnaire Revision Core Group as one of only 15 global members—and the only non-governmental representative from Asia. In November, the Hong Kong Branch received six honors at the Hong Kong Green and Sustainable Finance Awards, becoming the only Taiwan-based bank to win "Outstanding Green and Sustainable Loan Structuring Advisor" for three consecutive years. The amount of sustainable loans reached NT\$74.5 billion in 2024, a 22% year-over-year increase and a new record high. In February 2025, CUB launched Taiwan's first "SME Sustainable Finance Partner Project," working with clients to set concrete water and electricity reduction targets, linking them with payroll and credit incentives to drive low-carbon operations.

CUB adopts a client-centric approach in its operations. Through a diverse range of financial services, CUB is proud to support clients—both domestic and international—on their low-carbon transition journeys. Looking ahead, CUB will continue to lead as a pioneer in sustainable finance, rooted in Taiwan with a global perspective. By identifying climate- and nature-related risks and opportunities, CUB will leverage its financial capabilities to help clients build resilience against climate change and natural disasters, creating long-term value for clients, shareholders, society, and all stakeholders.

Chairman



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About the Report

As a key player in the financial industry committed to fostering positive environmental and social impact, Cathay United Bank (CUB) utilizes its extensive resources and long-standing experience in social advocacy. With the vision of becoming a leading brand in green finance, CUB takes the initiative to influence its peers, raise awareness about climate change, and actively promote Taiwan's transformation towards green finance through tangible actions.

This report has been prepared and disclosed in accordance with five major frameworks: the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB); the Guidelines for Domestic Banks' Climate Risk Financial Disclosure set by the Financial Supervisory Commission (FSC); the IFRS S2 Climate-related Disclosures released by the International Sustainability Standards Board (ISSB); the Taskforce on Nature-related Financial Disclosures (TNFD); and the Transition Plan Taskforce (TPT). The objective is to provide stakeholders with comparable and reliable sustainability-related information through open and transparent disclosure, while demonstrating CUB's resilience to climate and nature-related challenges, as well as its financial impact in addressing environmental issues.

Reporting Scope: CUB and the bank's primary place of business - Taiwan - constitute the scope of this report.

Reporting Period: The report primarily covers CUB's climate and nature-related actions in 2024, supplemented by historical data.

Assurance and Verification: CUB has engaged PricewaterhouseCoopers Taiwan (PwC Taiwan) to provide independent limited assurance (LA) over selected sustainability performances in accordance with the TWSAE3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and TWSAE3410 "Assurance Engagements on Greenhouse Gas Statements" issued by the Accounting Research and Development Foundation. In this report, (LA) indicate that the data has subject to external independent limited assurance by PwC. For details of the Independent Limited Assurance Report, please refer to [Appendix 5.7 Independent Assurance Statement](#).

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Vision and Strategic Goals

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1.1 Vision

Cathay United Bank(CUB) envisions becoming a leading brand in green finance. Building on its core competencies, the Bank integrates sustainability into its business operations and actively works toward achieving environmental, social, and economic sustainability. To enhance the influence of the financial industry, the Bank has identified "climate" as one of the three pillars of its sustainability strategy blueprint. It emphasizes the concepts of a "low-carbon economy" and "environmental sustainability," incorporating climate change and ESG-related risks and opportunities into its core business practices. Through advocacy and engagement, the Bank generates a positive environmental impact while embedding green operational thinking into its daily management processes to promote low-carbon and environmentally friendly services.

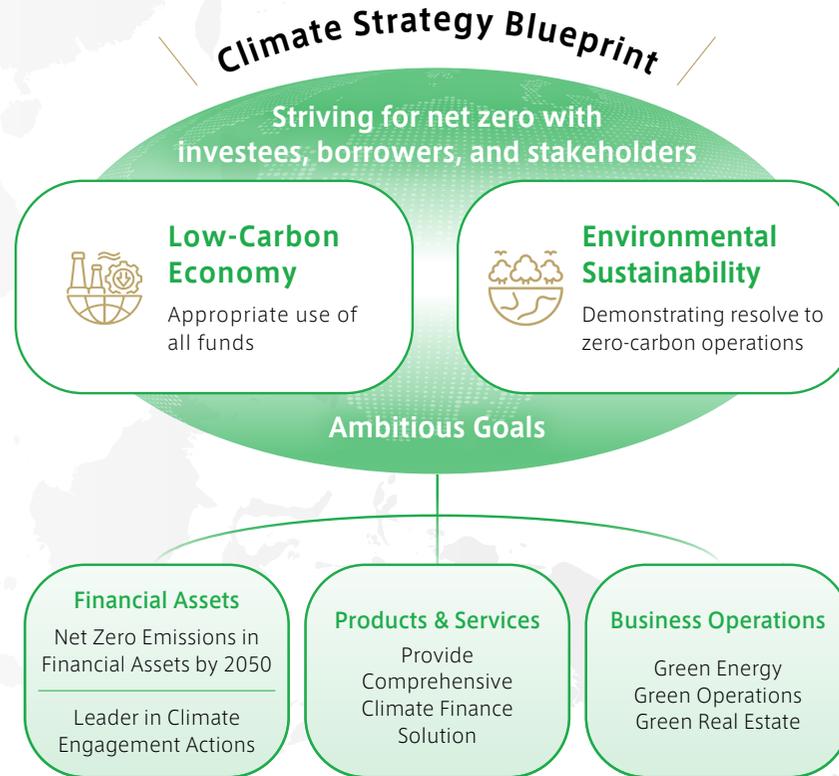
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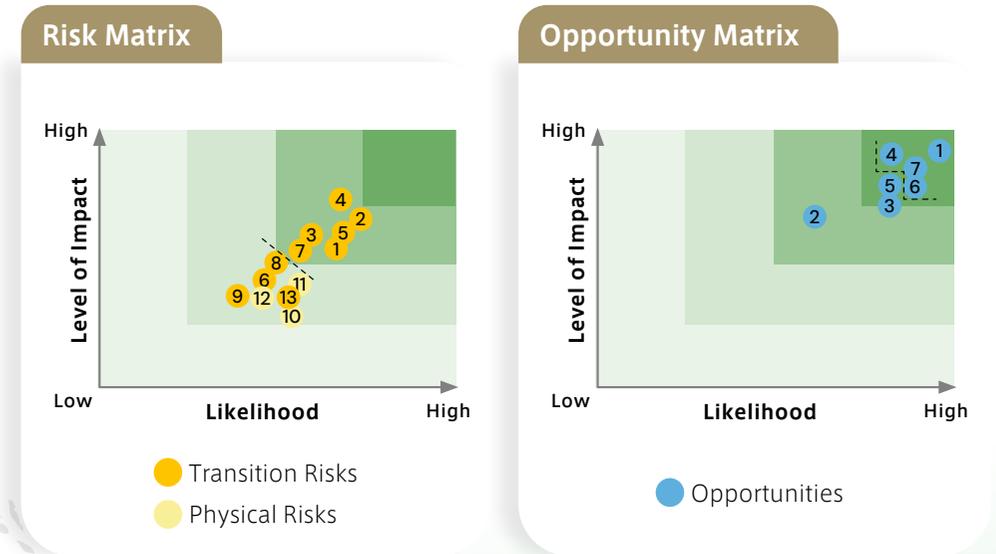


- 1 | Climate Strategies
- 2 | Climate Targets
- 3 | Climate Action
- 4 | Future Plans

1.2 Risks and Opportunities

Based on Cathay FHC's material risks, CUB has identified six risk categories: health and medical, environmental and energy, technology, politics and economy, and social and corporate governance. CUB consulted with internal experts to rank these risks according to their materiality, considering both the level of impact and the likelihood of occurrence. This approach facilitates the identification of significant risks and the implementation of necessary adjustments. The environmental and energy risk is classified as a climate and nature risk. Acknowledging the increasing focus on climate and nature issues by regulatory agencies and international frameworks such as the TCFD and TNFD, CUB and Cathay FHC have initiated a process to identify climate and nature risks and opportunities. For further details, please refer to [3.3. Climate and Nature Risk Management](#).

Based on the results of the climate and nature risk and opportunity matrix, six material risks and four material opportunities have been identified as key considerations for the Bank's risk management and strategic planning. For related response measures to these risks and opportunities, please refer to [2. Implementation and Engagement Strategies](#) and [3. Governance and Risk Management](#).



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Overview of Material Climate and Nature-Related Risks and Opportunities

Material Risks	Current Financial Impacts	Potential Financial Impacts	Impact Dimension	Time Horizon	Relevant Traditional Risks	Relevant TCFD Risks	Relevant TNFD Risks
4 Transition risks from policy uncertainty	Changes in policy standards or mechanisms may impact clients' business revenues or result in restrictions, thereby affecting the quality of our lending portfolios	Decreased earnings from investments and loans due to policy uncertainty	Investment & Lending	Mid-term Long-term	Credit risk Market risk	Policy & Legal	Policy
2 Engagement mechanism fails to meet expectations of stakeholders	No related penalties or fines incurred in 2024	Decreased revenue from negative impact on company reputation	CUB operations	Mid-term Long-term	Reputational risk	Reputation	Reputational
5 Risks for undertaking green investments and lending	Emerging low-carbon technologies are not yet mature, which may either lead to high R&D costs or the technologies may not meet market demands, which impacts the quality of our lending portfolios	Decreased earnings from investment and lending due to clients defaulting	Investment & Lending	Mid-term Long-term	Credit risk Market risk	Market Technology	Market Technology
1 Risk of litigation or penalties relating to climate change and nature	No related penalties or fines incurred in 2024	Increased operating costs from fines and rulings	CUB operations	Mid-term Long-term	Operational risk Reputational risk	Policy & Legal	Policy
3 Changes in client preferences for investment or financial products	Developed sustainable finance, with green loans reaching NT\$25.000 billion and sustainability-linked loans reaching NT\$49.513 billion by the end of 2024	Decreased revenue due to changes in client preferences	CUB operations	Short-term Mid-term Long-term	Market risk	Market	Market
7 Rising credit and market risks in carbon-intensive investment portfolios	Higher carbon costs for clients may reduce returns on the Bank's investment and lending portfolios	Expected losses from loan assets in high-carbon-emission industries due to changing costs of carbon emissions	Investment & Lending	Mid-term Long-term	Credit risk Market risk	Market	Market

Note: Definition of time frames: Short-term means likely to occur within one year; Mid-term means likely to occur in one to three years; and Long-term means likely to occur in three to five years.

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Material Opportunities	Current Financial Impacts	Potential Financial Impacts	Impact Dimension	Time Horizon	Relevant TCFD Opportunities	Relevant TNFD Opportunities
<p>1 Inspire client trust by building management mechanisms to fulfill sustainability commitments externally</p>	<p>Participated in and aligned with international initiatives; developed ESG Risk Management Model 2.0 to strengthen the Bank's ESG governance framework, with total spending of approximately NT\$5.62 million</p>	<p>Increased revenue due to rising confidence and trust in CUB</p>	<p>CUB operations</p>	<p>Mid-term Long-term</p>	<p>Resilience</p>	<p>Resilience</p>
<p>4 Develop green and innovative services to increase client adhesion and strengthen brand value</p>	<p>By the end of 2024, green loans reached NT\$25.000 billion and sustainability-linked loans reached NT\$49.513 billion</p>	<p>Increased revenue from capitalizing on business opportunities</p>	<p>CUB operations</p>	<p>Short-term Mid-term Long-term</p>	<p>Products & services</p>	<p>Products & services</p>
<p>7 Develop carbon-related business opportunities and services</p>	<p>Joined international initiatives; subscribed to research materials to identify potential business opportunities; collaborated with consultants to conduct surveys, host forums and workshops, and provide clients with carbon assessments and transition guidance, with total spending of approximately NT\$6.59 million</p>	<p>Increased revenue from capitalizing on business opportunities</p>	<p>CUB operations</p>	<p>Mid-term Long-term</p>	<p>Products & services Market</p>	<p>Products & services Market</p>
<p>6 Exert financial influence through initiatives and engagement actions and work with engagement targets to develop innovative finance for climate and nature</p>	<p>Organized ESG forums, workshops, sustainability practice lectures, and Chartered Sustainable Finance Manager (CSFM) training programs, with total spending of approximately NT\$3.98 million</p>	<p>Increased revenue from actively engaging businesses and developing business opportunities</p>	<p>Investment & Lending CUB operations</p>	<p>Mid-term Long-term</p>	<p>Resilience</p>	<p>Reputational Capital</p>

Note: Definition of time frames: Short-term means likely to occur within one year; Mid-term means likely to occur in one to three years; and Long-term means likely to occur in three to five years.

Overview of Other Climate and Nature-Related Risks and Opportunities

Other Risks		Impact Dimension	Time Horizon	Relevant Traditional Risks	Relevant TCFD Risks	Relevant TNFD Risks
11	Physical risks arising from extreme weather and climate change affecting CUB, its investees and borrowers	CUB operations Investment & Lending	Short-term Mid-term Long term	Operational risk Credit risk Market risk	Acute Chronic	Acute Chronic
8	Inconsistency between sustainability commitments and actual practices	CUB operations	Mid-term Long term	Operational risk Reputational Risk	Reputation	Reputational
6	Risk of stakeholder resistance to climate strategies	CUB operations	Mid-term Long term	Operational risk Reputational Risk	Reputation	Reputational
13	Nature-related transition risks confronting investees and borrowers	Investment & Lending	Mid-term Long term	Credit risk Market risk	Market	Market
10	Increased losses from fixed assets from climate disasters	CUB operations, Investment & Lending	Short-term Mid-term Long term	Operational risk Credit risk Market risk	Acute Chronic	Acute Chronic
12	Nature-related physical risks confronting investees and borrowers	Investment & Lending	Short-term Mid-term Long term	Credit risk Market risk	Acute Chronic	Acute Chronic
9	Low-carbon transition challenges confronting CUB operations	CUB operations	Mid-term Long term	Operational risk Market risk	Technology	Technology
Other Opportunities		Impact Dimension	Time Horizon	Relevant TCFD Opportunities	Relevant TNFD Opportunities	
5	Increase real estate value by driving net zero transitions and energy services across proprietary real estate	CUB operations	Short-term Mid-term Long term	Energy sources Resource Efficiency	Resource Efficiency	
8	Expand climate innovation and capitalize on nature-based investment and lending opportunities	CUB operations Investment & Lending	Short-term Mid-term Long term	Products & services	Capital Flows and Financing Products & services	
3	Strengthen loss control and resilience at CUB and customer locations	CUB operations	Short-term Mid-term Long term	Resilience Products & services	Products & services Reputational Capital	
2	Strengthen management mechanisms for climate and nature risks to safeguard client interests	CUB operations	Mid-term Long term	Resilience	Reputational Capital	

Note: Definition of time frames: Short-term means likely to occur within one year; Mid-term means likely to occur in one to three years; and Long-term means likely to occur in three to five years.

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1.3 Transition Plan

To address the risks and opportunities brought by climate change (see [1.2. Risks and Opportunities](#)), the Bank has developed a transition plan focused on low-carbon economy and environmental sustainability, forming a concrete climate strategy blueprint. In alignment with the Taiwan Sustainable Taxonomy and Recommended Elements for Transition Plans, this strategy has been integrated into financing assessments, decision-making processes, product design, and corporate engagement practices. The Bank aims to channel capital toward sustainable economic activities across the value chain—including downstream financial assets and products/services, its own operations, and upstream suppliers—thereby promoting corporate sustainability and enabling an orderly decarbonization transition. Furthermore, the Bank has aligned its transition plan and climate disclosures with the five key elements of the Transition Plan Taskforce (TPT) framework to ensure comprehensiveness and reliability. Progress on these strategies and targets is tracked annually and disclosed through reports to stakeholders, enhancing transparency and trust, and ensuring the effectiveness and continuous improvement of the plan.

Climate Strategies	Climate Goals	Risks & Opportunities	Climate Actions	Affected Stakeholders
Net Zero Emissions in Financial Assets by 2050	<ul style="list-style-type: none"> SBT emissions reduction targets (SBTs) for investment/lending Reduce credit facilities extended to the coal industry to zero by 2027 	1 4 6 7 8 1 2 7	1. Monitor decarbonization progress 2. Zero coal financing strategy	Clients / Government
Leader in Climate Engagement Actions	<ul style="list-style-type: none"> Engage with investment/lending targets to participate in SBTi (Science Based Targets initiative) 	2 3 6	1. Facilitate climate engagement 2. Commit to international initiatives	Clients / Government / Peers
Provide Comprehensive Climate Finance Solution	<ul style="list-style-type: none"> Exceed NT\$100 billion in sustainable loans ^{Note} by 2030 	3 5 4 8	1. Green capital 2. Green finance products/services	Clients
Green Energy	<ul style="list-style-type: none"> Achieve 50% renewable energy usage at CUB locations across Taiwan by 2025 Achieve 100% renewable energy usage in HQ by 2025 Achieve 100% renewable energy usage at CUB locations across Taiwan by 2030 Achieve 100% renewable energy usage at all global CUB business locations by 2050 	2 8 9 1	1. Increase renewable energy usage 2. Establish energy management systems 3. Implement internal carbon pricing in operations 4. Install solar panels on proprietary buildings	Employees
Green Operations	<ul style="list-style-type: none"> Achieve net-zero operations (Scope 1 & 2) by 2050 Complete carbon footprint verification for main financial products/services by 2030 Achieve 18 cubic meters per capita water consumption by 2030 Achieve 27.7 kg per capita waste by 2030 Achieve NT\$156 million in total green procurement by 2030 	2 8 9 1 3	1. Decarbonize CUB operations 2. Three workplace strategies 3. Water management 4. Waste reduction 5. Sustainable procurement	Employees / Suppliers
Green Real Estate	<ul style="list-style-type: none"> Achieve 45% of CUB branches meeting eco-friendly renovation standards by 2030 	2 8 10 11 13 1 3 5	1. Green retrofit 2. Low-carbon architectures 3. Green landlord practices	Clients / Employees

Note: In alignment with international market trends and the Group's sustainability policy, in 2024, the Bank established lending targets for "Green Loans" and "Sustainability-Linked Loans," collectively defined as "Sustainable Loans." In 2025, CUB added "Social loans" for the first time. The base year is 2023, and the target year is 2030.

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Implementation and Engagement Strategies

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2.1 Financial Assets

As a pioneer in sustainable finance, Cathay United Bank(CUB) is dedicated to maximizing the impact of every investment through responsible stewardship. By actively managing the carbon emissions of our financial assets and engaging proactively with investment and lending targets, CUB aims to guide them towards a low-carbon economy and a zero-carbon society, striving to be an influential and responsible bank.

2.1.1 Net Zero Emissions in Financial Assets by 2050

Climate Strategy

CUB has rolled out low-carbon transition plans for financial assets using science-based and quantitative decarbonization targets and a goal for zero coal financing, working steadily towards the ultimate goal of net zero emissions in financial assets by 2050.

Climate Targets

Set Science-Based Targets (SBTs)

Asset	Methodology	Base Year	Climate Target – Cathay FHC's SBT	Annual Emissions Reduction Target
Listed Equities & Bonds (Proprietary Investments)	Temperature Rating	2020	By 2026, decrease Scope 1+2 investment portfolio temperature from 3.08° C to 2.68° C	2.16%
			By 2026, decrease Scope 1+2+3 investment portfolio temperature from 3.13° C to 2.79° C	1.80%
Electricity Generation Project Finance			By 2026, decrease emissions intensity(tCO ₂ e/MWh)by 33% from base year	4.73%
Commercial Real Estate Loans			By 2026, decrease emissions intensity(kgCO ₂ e/m ²) by 39% from base year	5.56%
Long-Term Corporate Loans (Electricity Generation Industry)	Sectoral Decarbonization Approach	2019	By 2035, decrease emissions intensity(tCO ₂ e/MWh) by 69% from base year	4.30%
Long-Term Corporate Loans (Commercial Buildings)			By 2035, decrease emissions intensity(kgCO ₂ e/m ²) by 73% from base year	4.57%
Long-Term Corporate Loans (Fossil Fuel, Electrical and Electronic Equipment, Semiconductor, General Manufacturing Sectors)	SBT Portfolio Coverage Approach	-	By 2026, 33% of loan portfolio by loan value setting SBTi validated targets	4.76%

Note 1: Cathay FHC passed SBTi verification in September 2022, setting an overall target to control warming well below 2° C achieve net zero group-wide by 2050. The SBT baseline calculation and target setting for Cathay FHC include all subsidiaries.

Note 2: (1) Electricity generation project finance: Evaluates the generated capacity and carbon emissions of each power plant based on their installed capacity, using carbon intensity of electricity generation as an indicator.

(2) Commercial real estate loans: Targets leased collaterals and evaluates their total floor area and building use for GHG emissions, using carbon intensity per square meter unit as an indicator.

(3) Long-term corporate loans (excl. SMEs): GHG information primarily derived from GHG emissions data disclosed by the companies themselves or, if company does not disclose GHG emissions, estimations according to their business data. Industries/sectors are categorized into electricity generation, commercial buildings, SBT Portfolio Coverage, etc., and managed according to their characteristics.

Note 3: Annual emissions reduction targets refer to linear reduction rates required each year after the base year and target is set.

Divestment from Coal Industries

Target

"Zero Coal Financing":
By end of 2027 Q1,
reduce coal value chain credit
balance to zero.

Strategy

- (LA) Cathay United Bank has ceased to extend credit facilities for coal-related loans since April 2021. This policy covers the upstream, midstream, and downstream coal industry chains, including upstream, midstream, and downstream sectors such as coal mining, products, wholesale, and retail, all of which are added to our exclusionary screening.
- All revolving credit lines expired at the end of 2022, the designated transition period, and will not be renewed. Mid-to-long-term credit lines will not be renewed upon expiration.

Monitoring

Quarterly



Climate Actions and Progress

Monitoring SBTs

In alignment with Cathay FHC's policy, the Bank sets decarbonization pathways and targets for its investment and lending portfolios using scientific and quantitative methods. The following outlines the Bank's specific measures and strategies:



1 Reference Standards and Guidelines

- Based on the Financial Sector Science-based Targets Guidance (SBT).
- Referenced the ISO 14064-1: Greenhouse Gases.
- Utilizing the framework of the Partnership for Carbon Accounting Financials (PCAF).

2 Carbon Inventory and Emission Reduction Targets for Investment and Financing

- Investment Carbon Inventory:**
- Scope includes listed equity and corporate bonds.
 - Uses the temperature rating to assess the potential warming impact of investment assets, aiming to achieve the Science Based Targets (SBT) portfolio temperature goal.

Credit Carbon Inventory:

- Scope primarily includes project financing for power generation, commercial real estate mortgage loans, and long-term corporate loans.
- Progress is monitored based on sectoral decarbonization approaches and legally binding SBT targets.

3 Carbon Reduction Strategy

- **Emission-based and Impact-based Approaches:** Establish carbon reduction pathways using scientifically quantified methods.
- **SBT Scope 3 Financed Emissions Inventory Mechanism:** Develop and implement a carbon inventory mechanism for financed assets.

4 Ongoing Monitoring and Evaluation

- Conduct annual analysis of investment and financing positions, as well as the carbon emission distribution of companies or industries with high emission intensity.
- The results of this analysis serve as a reference for future adjustments to investment and financing strategies and positions.

5 Action Plan

- Develop carbon reduction strategies and action plans based on analysis results to achieve emission targets.

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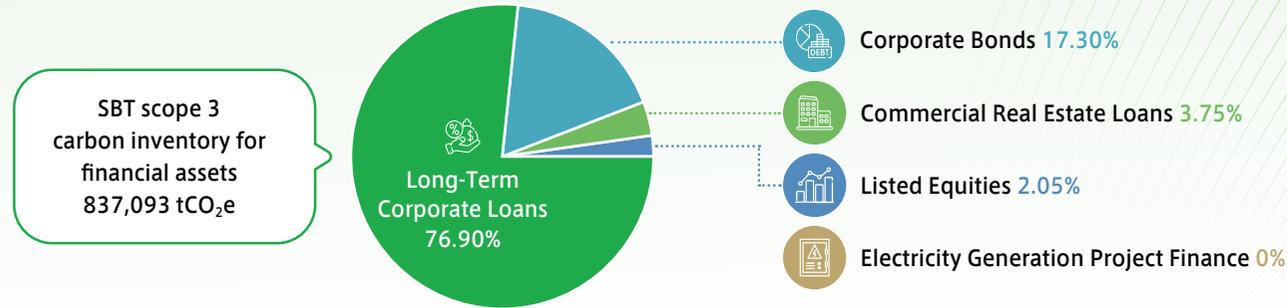
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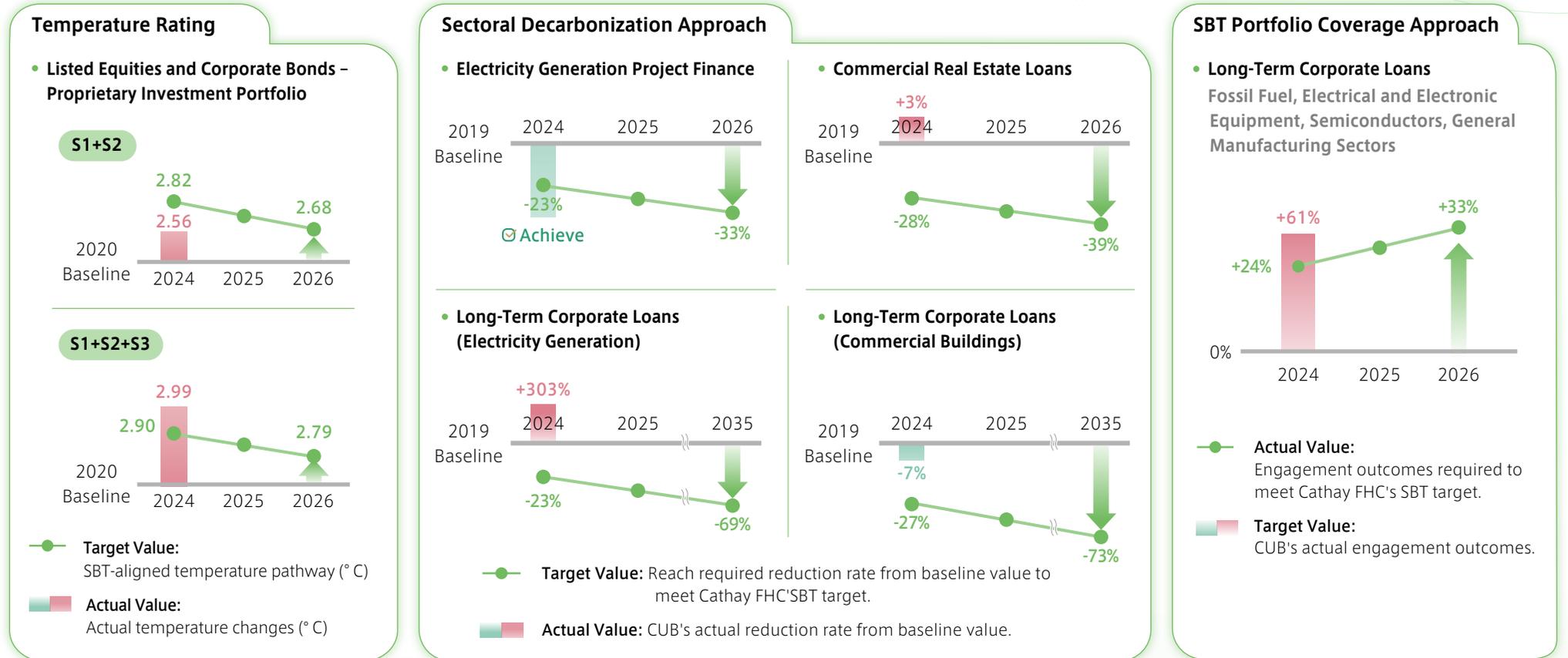


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Results from the 2024 SBT Scope 3 carbon inventory for financial assets are as follows:



2024 progress towards SBT Scope 3 emissions reduction targets for all financial assets are as follows:



Note 1: The emission intensity of commercial real estate loans has increased year by year due to the difficulty of estimating building carbon emissions. Currently, estimations are based on building area, property category, and local Energy Use Intensity (EUI).
Note 2: The emission intensity of long-term corporate loans (electricity generation sector) has shown short-term fluctuations, mainly because most electricity generation companies are not publicly listed, making it difficult to collect power generation data. The Bank will continue to improve data collection from business counterparties in the future.

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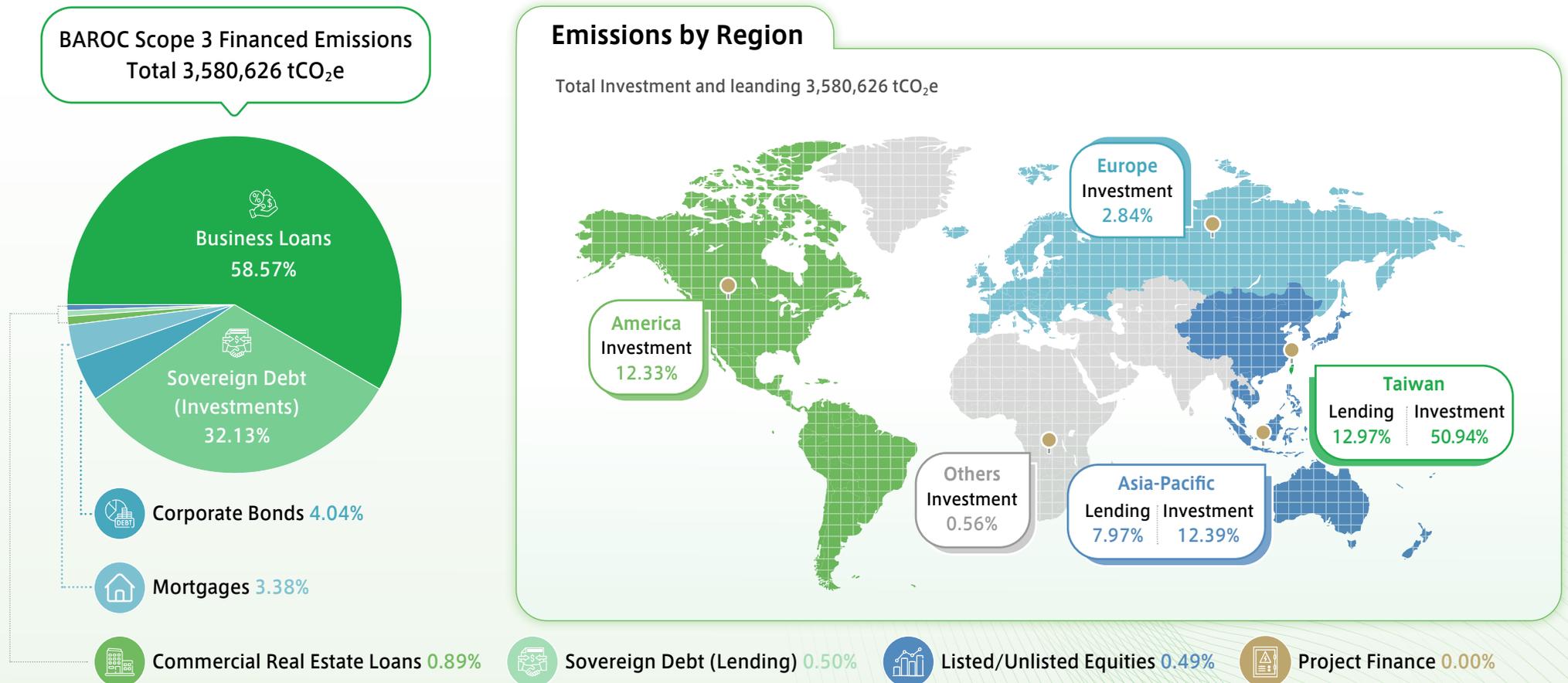
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Scope 3 inventory mechanism for financial assets in compliance with BAROC guidelines

In addition, CUB also complied with the Bankers Association of the Republic of China's (BAROC) "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks" to develop a Scope 3 inventory mechanism for financial assets in compliance with BAROC guidelines. The inventory scope is larger and more comprehensive than the Scope 3 inventory for SBT. In the future, CUB will leverage BAROC Scope 3 inventory results to develop and establish our emissions reduction strategies and targets. Using the PCAF methodology, CUB's inventory task force conducted carbon inventory for investment and lending positions as of December 31, 2024. The inventory scope covers listed and unlisted equity investments, corporate bonds investments, sovereign debt, business loans, project investments/finance, commercial real estate investments/finance, and mortgages. The inventory is then verified by our in-house verification team for accuracy and reasonableness through cross-checking inventory results, corrected, and then verified and assured by an independent third party. CUB will submit the final version in compliance with guidelines from competent authorities or BAROC.

Results from the 2024 carbon assessment for financial asset categories within the banking association's scope are as follows (For details, please refer to [5.1 Summary of Key Data](#)):



Note: The summary results of the Scope 3 financed emissions presented here exclude LULUCF (Land Use, Land-Use Change, and Forestry).

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Zero Coal Financing Strategy

The goal of CUB's zero coal financing strategy is to reduce coal value chain credit facilities to zero by 2027 Q1 through regularly monitoring remaining credit lines to coal-related businesses to track current progress toward zero coal financing goals. The following details how CUB verifies strategy resilience:

Resilience Verification of Zero Coal Financing Strategy



Next Steps

CUB will continue to comply with PCAF and SBTi methodologies to gradually expand the scope of carbon footprint verification for investment and lending portfolios to thereby strengthen carbon management of financial assets.

Low-Carbon Transition Plans for Financial Assets

Investment Assets

- (1) Conduct comprehensive evaluations by reviewing disclosures from sensitive industries on carbon emissions data, emission reduction targets, potential warming temperature under SBT, water usage, and whether companies have policies on emission reduction, water resource management, and biodiversity. Also assess participation in initiatives such as SBTi and net-zero commitments.
- (2) Engage in deep engagement with investees (e.g., setting SBT targets or joining net-zero initiatives) and thematic engagement (e.g., establishing policies on emission reduction, water resource management, and biodiversity).

Loan Assets

- (1) Establish decarbonization pathways and set emission reduction targets for the lending portfolio. Conduct annual analysis of the carbon emission distribution of financing positions or high-carbon-emission industries/companies to inform future adjustments to financing strategies and positions, and develop corresponding carbon reduction strategies and action plans.
- (2) Continue promoting the low-carbon transition of financial assets based on scientifically quantified decarbonization targets and the zero coal financing goal, steadily advancing toward net-zero emissions for financial assets by 2050.

2.1.2 Leader in Climate Engagement Actions

Climate Strategies

As one of the systemically important banks in Taiwan, CUB fully understands the importance of climate action in enhancing the resilience of financial assets. We take on the role of a leader in sustainable finance, advocating and engaging with clients to highlight the importance of corporate energy-saving and carbon reduction by supporting their climate actions. CUB communicates with investees and borrowers to encourage them to disclose carbon inventory results, set more specific medium and long-term emissions reduction targets, or join international decarbonization organizations such as SBTi/RE100.

Climate Targets

CUB actively engages with borrowers to encourage them to join SBTi. Cathay FHC commits to 33% of its other long-term corporate loan portfolio by loan value within the fossil fuel, electrical and electronic equipment, general manufacturing, and semiconductor sectors setting SBT validated targets by 2026.

Climate Actions and Progress

Promoting Climate Engagement

Leveraging the Cathay FHC's comprehensive financial industry chain, CUB is committed to bridging Taiwan's zero-carbon policies and industrial transition trends and integrating sustainable finance into our core businesses. In addition, CUB will comply with the core framework of the "Taiwan Sustainable Taxonomy" and work through various direct and cooperative engagement channels to assist and support clients in planning and executing transition action plans. We hope to support clients to mitigate or adapt to the impacts of climate change, which can ensure a competitive industry while in transition, fostering an orderly shift towards a green economy and collectively creating a net-zero future. For details on progress toward SBT targets (of the SBT Portfolio Coverage Approach) in 2024, please refer to [2.1.1 Financial Assets Net-Zero by 2050](#).

◆ Taiwan Sustainable Taxonomy

To support Taiwan's goal of Net Zero by 2050, competent authorities issued the "Taiwan Sustainable Taxonomy" in December 2022, with the second edition published in December 2024. The guidelines encourage listed companies to disclose the following in their sustainability reports, annual reports, or on their websites:

1

The eligibility and alignment of their main economic activities or projects with these guidelines

2

Specific improvement or transition plans

3

The sustainability assessment of the main economic activities. Financial institutions are also advised to refer to these guidelines for investment and lending assessments and decisions, product design, and corporate engagement when labeling investments, lending, or financial products as "green", "ESG," or "sustainable."

The Bank follows the regulatory authority's announcement of the Taiwan Sustainable Taxonomy to expand the scope of applicable industries and has established criteria to determine whether economic activities make a substantial contribution to environmental objectives, helping to define what constitutes a sustainable economic activity and to assess whether clients meet the sustainability standards set forth in the guidelines. CUB has designed related processes for engaging with investees and borrowers based on the Taiwan Sustainable Taxonomy, as detailed below.

Investment

To track and disclose the allocation of funds to economic activities that are eligible to or aligned with the guidelines, the Bank has incorporated the recognition of sustainable economic activities into its internal investment evaluation framework. The guidelines have also been integrated as a core element of corporate engagement, encouraging listed companies to fill out JCIC's "Corporate ESG Information & Sustainable Economic Activities Questionnaire." This covers GHG emissions, energy management, environmental protection, social responsibility, corporate governance, and self-assessment of applicability/compliance with the "Taiwan Sustainable Taxonomy" and their public disclosure. CUB aims to help companies and understand their current sustainable economic activities to facilitate investment assessments from the financial sectors, directing funds to sustainable economic activities and driving sustainable corporate development and low-carbon transitions. The Bank discloses the amount and sustainability ratio of its domestic investment portfolio based on the guidelines:

2024 Domestic Investment Portfolio – Amount and Sustainability Ratio	
Eligible Amount	57.586 billion
Aligned Amount	19.291 billion
Eligible Ratio	62%
Aligned Ratio	21%
Eligible / Aligned Ratio	33%

Unit: New Taiwan Dollar (NTD)

Number of Cases	OEAs / Enabling Activities	Contributes to at least one environmental objective	Do no significant harm (DNSH) to any of the six environmental objectives	Do no significant harm (DNSH) to social safeguards	Self-assessed sustainability level
21	Sustainable Development Bond	☑ Aligned	☑ Aligned	☑ Aligned	☑ Aligned



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To encourage corporate borrowers to transition to low-carbon operations and promote sustainable development, CUB has incorporated green loans¹, sustainability-linked loans², and social loans³ into its internal policies, establishing procedures for recognition, evaluation, and review to guide relevant personnel. In response to the guidelines, the Bank has also integrated them into its financing evaluation, decision-making, product design, and corporate engagement practices, aiming to channel capital toward sustainable economic activities and support an orderly corporate transition to low-carbon operations. The Bank also discloses its engagement activities with borrowing companies based on the guidelines. As of 2024, a total of 4,904 self-assessment questionnaires have been completed and successfully submitted to the JCIC. Among these, the Bank has identified 89 lending projects as Taxonomy-eligible and Taxonomy-aligned activities.

2024 Domestic Lending Portfolio – Number of Cases and Sustainability Ratio ^{Note4}		
Economic Activity	Ordinary Economic Activities (OEAs)	Forward-Looking Economic Activities (FLEAs)
Eligible Cases	2	87
Aligned Cases	2	87
Eligible Ratio	0.04%	1.77%
Aligned Ratio	0.04%	1.77%
Total Clients Assessed	4,904	4,904

Unit: Number of Cases

Number of Cases	OEAs /FLEAs	Technical Screening Criteria	Significant environmental impact?	Significant social impact?	Result of Sustainability Self-assessment
1	F03 : Installation and maintenance of high energy-efficiency equipment in buildings	☑ Aligned	☑ Aligned	☑ Aligned	☑ Aligned
1	F06 : Installation and maintenance of renewable energy technology equipment	☑ Aligned	☑ Aligned	☑ Aligned	☑ Aligned
86	Z01 : Renewable energy construction	☑ Aligned	☑ Aligned	☑ Aligned	☑ Aligned
1	Z12 : Application of other low-carbon and circular economy technologies	☑ Aligned	☑ Aligned	☑ Aligned	☑ Aligned

Note 1: Green Loans: Any types of loans made available to green projects and is based around the following core components:

- (1) Use of Proceeds: The funds are made available exclusively for green projects with substantial environmental benefits. Common uses of proceeds of green loans include renewable energy, energy efficiency, pollution prevention and control, natural resource management, biodiversity, clean transportation, water management, climate change adaptation, circular economy, and green buildings.
- (2) Environmental Benefit Objectives and Evaluations: Shall include the environmental sustainability objective(s) of the borrowers; and the environmental benefit objectives of the use of proceeds and the evaluation indicators; and if the use of proceeds relates to GHG emissions, business units shall have a process in place to identify borrower's greenhouse gas emission situation, restrictions, difficulties and action plans (including technology and financial needs, etc.) in the carbon reduction process during the KYC (Know Your Customer) stage
- (3) Management of Fund Flow: To ensure that the funds are used for expenditures for green projects, it is necessary to establish clear control methods.
- (4) Fund Utilization Report: During the loan period, borrowers shall specify the use of funds of green loans and the implementation progress or situation of the environmental benefit objectives.

Note 2: Sustainability-Linked Loans: Loans where the lending criteria are linked to predetermined sustainable development performance goals, offering economic incentives to encourage the borrower to achieve sustainability goals; is based around the following core components:

- (1) Key Performance Indicator: The Bank and the borrowers will agree on KPIs to measure the borrower's performance on environmental, social and corporate governance aspects. KPIs include GHG inventory and disclosure, emissions reduction target setting, sustainability assessment results, net zero initiatives, and water resources, etc.;
- (2) Sustainability Performance Target: Suitable quantitative targets set according to KPIs;
- (3) Economic incentives set according to credit criteria (rewards/penalties) for SPT achievement and applicable period;
- (4) Reporting: To assess progress toward SPTs, the borrower must provide annual verification data during the loan period.
- (5) Verification: Agreed format, frequency, and submission deadlines for information to be provided post-lending. The information shall be verified by a third-party institution to confirm achievement of KPIs.

Note 3: Social Loans refer to financing provided for expenditures related to social responsibility projects. Core components include:

- (1) Use of Proceeds: Must be allocated to social projects that deliver substantial social benefits. Common categories include affordable basic infrastructure, access to essential services, affordable housing, job creation, food safety and sustainable food systems, and socioeconomic advancement and empowerment.
- (2) Project Evaluation and Eligibility Process: Includes the borrower's social responsibility goals, procedures for determining eligibility under qualified social project categories, and identification and management of environmental and social risks related to the project.
- (3) Fund Management: A mechanism must be established to track and control the flow of funds for identifiable uses.
- (4) Reporting: The borrower must provide annual updates on the use of proceeds and progress toward social impact targets during the loan period.

Note 4: The sustainability ratio of the investment portfolio is calculated based on the second edition of the Taiwan Sustainable Taxonomy, while lending projects are calculated based on the first edition of the same guidelines.

The bank has planned an engagement and guidance process for those who have not reached the "aligned" level of sustainability as defined by the "Taiwan Sustainable Taxonomy." This is designed to guide clients in conducting internal reviews and formulating transition plans to gradually achieve sustainable net-zero goals.

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Narrowing Gaps and Providing Professional Guidance

The bank categorizes high-carbon-emission clients as a priority group for engagement. It assists clients in evaluating the sustainability of their economic activities, helps them understand the gaps between current status and guidelines, convenes joint meetings, and provides professional consulting services. It also aids clients in formulating transformation and improvement plans to optimize production processes, supply chain management, and energy use, thereby progressively enhancing the sustainability of their economic activities.



Encouraging Transformation Through Preferential Financing

In addition to assisting in the formulation of transformation and improvement plans, the bank also provides support through green financial products or preferential interest rates (such as green loans and sustainability-linked loans). This helps companies reduce costs during the transformation process and improves economic benefits.



Setting Targets with Regular Follow-ups

CUB assists clients in setting specific transformation timelines and establishing sustainable goals. It conducts regular inspections and follow-ups on the transformation progress at various annual stages. Adjustments are made based on market dynamics and guideline requirements to ensure companies meet sustainability standards.



Education and Training

To help clients continuously understand domestic and international sustainability trends and regulatory guidelines, the bank regularly organizes carbon reduction workshops and ESG seminars. It provides the latest sustainability development knowledge and case studies analysis to enhance companies' sustainability awareness and practical capabilities.

Engagement Case Studies

No.	Target	Topics	Content	Status	Expected Benefits
1	A company in a traditional sector	(1) Carbon emissions (2) Water resource pressure (3) Financial environment impact	The company is an electric arc furnace steelmaker, which significantly lowers the carbon emissions in the steelmaking process compared to blast furnace steelmaking. During the engagement, we discussed with the company to further establish sustainability-linked indicators related to setting targets for greenhouse gas emissions, water usage, etc.	Completed. The company has set a net-zero emissions target for 2050.	The company and the bank have established the following sustainability-linked indicators: (1) External questionnaires or ratings must reach the committed level (2) Greenhouse gas emissions, water usage reduction targets (3) Renewable energy usage, proportion of recycled raw materials used, expected to gradually achieve the 2050 net-zero emissions target.
2	A company in a traditional sector	(1) Carbon emissions (2) Product carbon footprint (3) Financial environment impact	A physical meeting was held with the company. Before the meeting, the bank analyzed the company's low-carbon transformation progress based on its investment. During the meeting, the following topics were discussed with the company: (1) The company's perspective on the concept of 'circular economy' (2) The company's response to carbon fees and transformation risks (3) The reduction quota and joint application of voluntary carbon emission reduction projects, and carbon credit issues (4) The impact of carbon fees on the company's future related plans after implementation.	Completed.	Through the physical meeting, we exchanged views and discussed future action plans. Regarding the company's net-zero transformation plans and regenerative energy needs, we suggested continued discussions with relevant departments such as the environmental protection department. The bank will continue to provide relevant information and resources to help understand domestic and foreign carbon fee/credit systems and support the orderly implementation of its carbon reduction plans to achieve carbon reduction transformation goals.
3	A Rubber Manufacturer	(1) Carbon emissions (2) Product carbon footprint (3) Financial environment impact	A physical meeting was jointly convened with the company. Before the meeting, the bank first conducted a gap analysis based on the company's level of investment in low-carbon transformation, and exchanged views and discussed the following issues with the company: (1) Current carbon fee (credit) issues and operational mechanisms, the current state of Taiwan's carbon trading market (2) The future impact of the CBAM mechanism on Taiwanese companies (3) The degree of financial impact on the company if emission reduction measures are not taken (4) The difficulties the company is currently facing in implementing voluntary reduction plans.	Completed.	Regarding the practical problems faced by the company in the carbon reduction process, challenges such as equipment replacement, and transformation plans under the implementation of the carbon fee system, it is suggested that the company should closely monitor the latest domestic and international policy trends, formulate corresponding solutions and response measures to ensure that the company's carbon reduction transformation plan can proceed smoothly and achieve carbon reduction targets as scheduled.



◆ Direct Engagement

Due Diligence as Institutional Investor

In compliance with due diligence policies, CUB actively engaged with investees in 2024, participating in votes at 79 shareholder meetings, 312 investor conferences, and 132 direct engagements on environmental issues via phone calls, emails, etc. Focus areas included energy conservation, environmental protection, climate change, and environmental impacts. Related actions are as follows:

- (1) CUB's investment team engages monthly with the investee's management team via phone calls and on-site visits, expressing CUB's opinion and gaining further insight on material issues. In addition, CUB refers to trends in industry and regulatory landscapes to evaluate whether engagement with investee is required on specific issues.
- (2) In the event of major news or announcements in contradiction with CUB's sustainability ideals, CUB will communicate with investee's management team by attending shareholder meetings, attending board of director or supervisory board meetings when applicable, and sending letters or emails to ensure investee's policies remain aligned with CUB's sustainability ideals. CUB will vote against any proposals that raise concerns regarding an investee's approach or ability to address environmental and social risks.
- (3) CUB will evaluate ESG risks based on engagement results with investees, which will serve as a reference for decisions on whether to continue investing in those companies. The bank also conducts regular reviews of investee ESG ratings and provides written recommendations to support improvements. In addition, CUB refers to information such as the "Corporate Governance Evaluation System" conducted by the TWSE, TPEX, and SFI, as well as the ESG rating database of domestic and foreign ESG rating agencies on the "ESG Investor Relations Platform" of the TDCC, to monitor ESG-related risks and opportunities of investee companies.

2024 Achievements



132 times of engagements on environmental issues

CASE STUDY

Direct Engagements on Climate Issues

CUB sustains its efforts in observing industry trends to identify changes in external environments, such as carbon taxes, stricter chemical safety regulations, and nation-wide commitments toward Net Zero, confronting investees in the future. As a responsible investor, CUB has sought insight on mid-to-long-term net-zero transition issues from two investees, encouraging them to set decarbonization strategies. In addition, CUB encourages investees to develop the following four major decarbonization strategies to achieve carbon neutrality by 2050: low-carbon energy transition, circular economy for energy conservation and decarbonization, increase renewable energy use and carbon capture, and strengthen ESG disclosure. ESG disclosure can be strengthened by providing detailed descriptions of ESG practices and improving corporate governance ratings. The climate action progress of two engagement targets in 2024 is as follows. CUB will continue to track their progress and factor the results into in-house investment decisions. (The actual engagement targets are investee companies of CUB, referred to as Company A and Company B)

Company A

1. Obtained ESG rating: Received BB rating on Taiwan Sustainability Evaluation, showing some improvement.
2. Set carbon reduction targets: Achieve scope 1+2 carbon neutrality by 2028, and scope 1+2 net-zero emissions by 2040.
3. Established carbon audit system: Conduct audits on cooperative suppliers and formulate carbon emission reduction plans based on audit results and actual situations.

Company B

1. The company's MSCI ESG rating is B. Regarding its MSCI score, the bank has conducted a comprehensive review and analysis of the rating differences.
2. Has planned to replace coal with natural gas and continues to engage with the government and CPC Corporation, while also seeking cooperation with private natural gas companies.
3. Encourages clients to reduce the use of virgin fossil fuels and switch to recycled chemical raw materials. Currently, small-scale pilot production is the main focus.
4. Due to plastic restriction trends, it will gradually shift renewable materials to more durable materials and value-added product applications, reducing the one-time use of disposable plastics, while continuing to develop new products such as fully recyclable EVA and biodegradable materials.



◆ Thematic Engagement

Thematic Engagement

◆ Engagement Topics and Scope

- Enhance internal carbon awareness and promote actions
- Improve resource management efficiency



◆ Engagement Background and Actions

CUB's Low Carbon Economy Team conducts ESG engagement meetings with high-level management or sustainability officers of corporate clients. These thematic engagements focus on companies' financial needs and equipment replacement issues during the decarbonization process. The meetings aim to assist companies in formulating action plans aligned with the 1.5°C target and provide financial support for sustainable transformation. The engagement promotes "ESG Evaluation and Disclosure" and "Climate Transition" as dual themes, driving companies to actively respond to climate change and transformation challenges.

In addition to providing sustainability-themed advisory services and customized green financial solutions, the bank also introduces external partnership resources to help companies develop appropriate solutions. This ensures that companies can smoothly proceed with their low-carbon transformation process and achieve carbon reduction targets on schedule, thereby enhancing ESG performance and creating net-zero carbon emissions value for Taiwanese companies.

Engagement Results

- Regarding engagement issues, companies have responded positively and are planning internal low-carbon transformation to capitalize on sustainable trends.
- For internal resource management efficiency, companies are implementing production optimization upgrades, improving energy efficiency, and effectively reducing regional carbon emissions and energy consumption.

◆ Collaborative Engagement

International Initiatives/Engagement

◆ CDP Corporate Banking Program

The first financial institution in Asia to collaborate with CDP on its CDP Corporate Banking Program, CUB helps clients understand the importance of net-zero emissions and managing environmental impacts by inviting them to complete CDP's questionnaires. We encourage businesses to take real action against the climate crisis, strengthen disclosure quality of carbon management, and support SMEs in receiving CDP scores and breaking into the global sustainable supply chain.

2024 Achievements

- CUB invited **150 companies** to participate in the project, of which **110 were first-time participants**. A total of **121 companies completed the questionnaire** and **received CDP environmental disclosure scores**.
- The completion rate **exceeded 80%**, which is higher than the global average response rate of about 50%.

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Forums/Workshops

◆ ESG Forum: Toward Net Zero Emissions & Sustainability

Cathay United Bank collaborated with CDP (formerly Carbon Disclosure Project), the world's largest environmental disclosure organization, and the Metal Industries Research & Development Centre to host the "CUB ESG Forum". Starting from the needs of small and medium-sized enterprises (SMEs), the forum invited CDP to share insights on climate and nature risks, as well as key points that SMEs should pay attention to when implementing environmental disclosures. The Metal Industries Research & Development Centre was also invited to share carbon inventory and carbon reduction technology applications in the metal industry. The forum attracted numerous enterprises to participate, collectively moving towards the goal of net-zero transition.



2024 Achievements

- Honored the "Best Climate Action Award", "Best Carbon Disclosure Award", and "Carbon Disclosure Pioneer Award" to **16 outstanding companies** that participated in and completed the CDP questionnaire.
- **83 people** participated in the forum in person.
- The cumulative online views on YouTube exceeded **1,785 times**.

◆ Circular Economy Exploration Workshop

CUB collaborated for the second time with Taiwan's retail industry leader "President Chain Store Corporation" to jointly organize a "Circular Economy Workshop", inviting President Chain Store Corporation's suppliers to participate. The Low Carbon Economy Team shared trends and current status of low-carbon transformation and sustainable finance and facilitated group discussions to exchange and stimulate ideas. President Chain Store Corporation also shared practical cases of circular economy and sustainable farms, enhancing mutual understanding and consensus among suppliers. Through exchange and sharing, the workshop promoted the upstream supply chain's joint efforts in low-carbon transformation, production process improvement, energy conversion, and waste valorization in the manufacturing process, exerting a sustainable influence by leveraging the power of large corporations to lead smaller ones.



2024 Achievements

- **13 companies participated** (covering the entire food supply chain, including food raw materials, food processing, food packaging, and food sales operators).
- 100% of participants believed that **the circular economy contributes to low-carbon transformation**.



Commitments to Domestic & International Initiatives

To align with global sustainable development trends and bridge the influence of financial institutions in Taiwan and beyond, CUB actively participates, signs, and complies with sustainable development standards and initiatives from Taiwan and globally. We consistently challenge and assess ourselves using the highest standards available, embracing the value of "take Taiwan into the world and bring the world to Taiwan". CUB is dedicated to gleaning from forward-looking global insights and sharing international practices with Taiwanese businesses. We hope that Taiwan's efforts toward Net Zero become visible on the world stage.

>>> CUB's Domestic/International Sustainability Standards & Initiatives



- 1st financial institution from Taiwan to join RE100
- 6th financial institution in Asia to pass SBTi verification
- Joined the Coalition of Movers and Shakers on Sustainable Finance to support the FSC
- Joined the PCAF

Note: Sustainability standards and initiatives supported by Cathay FHC are also applicable to CUB.



- 1st in Taiwan to sign the Equator Principles (EP)
- 1st bank to voluntarily comply with the Principles for Responsible Banking (PRB)
- Complies with the GRI Standards
- Sustainability Accounting Standards Board (SASB)
- IFRS S1 & IFRS S2
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- UN Sustainable Development Goals (UN SDGs)

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>>> Strengthening Client Capacity for Net Zero Transition & Working Together for Net Zero by 2050

Net-zero transition refers to actions taken to address climate change and achieve net-zero GHG emissions globally. To this end, CUB has implemented a series of mechanisms to strengthen our clients' ability to transition to Net Zero, thereby enhancing our influence on them.

- (1) CUB has adopted the Equator Principles (EPs) and voluntarily followed the United Nations' Principles for Responsible Banking (PRB). We integrate the Task Force on Climate-Related Financial Disclosures (TCFD) and the Taskforce on Nature-Related Financial Disclosures (TNFD) frameworks, aligning with CDP and Science-Based Targets (SBT) to establish internal management rules that incorporate ESG, climate risks, and response measures of clients into our investment and lending processes. This includes disclosure of environmental factor management and transition assessments of carbon emissions. Additionally, to promote clients' net-zero transition goals, we manage cases based on SBTs, setting short- and midterm emissions reduction targets for different types of financial assets. CUB also designs "carbon emission calculators" for various asset types to estimate carbon emissions of lending cases, assessing their contribution to our overall carbon emissions and impact on our SBTs. This aligns with our commitment to achieving net-zero emissions for financial assets by 2050.
- (2) As an EP bank, CUB commissions independent third-party professional institutions to assist in evaluating the environmental and social risks of projects and to propose mitigation measures, requiring clients to comply with EP requirements to ensure the implementation of plans and actions that protect natural ecosystems. In accordance with EP Principle 2, for all projects in all locations where combined Scope 1 and Scope 2 Emissions are expected to be more than 100,000 tCO₂e annually, CUB must consider the relevant transition risks and complete an assessment to reduce greenhouse gas emissions. Alternative analysis of GHG emissions is required for eligible project borrowers to follow. CUB leverages Principle 2 to influence clients, requiring them to strengthen contributions to net-zero transition.
- (3) Following the third principle of the UN PRB, we strengthen cooperation with clients, encouraging practices that support sustainable net-zero transition and promote the development of economic activities that create shared prosperity for current and future generations.
- (4) As a pioneer in sustainable finance within Taiwan's financial sector, CUB collaborates with clients and encourages them to commit to climate engagement and support international climate initiatives. CUB lends full support to investees and borrowers in planning and rolling out low-carbon transition action plans. We also leverage funds (e.g., SLLs, green loans, green deposits, etc.) to direct industries and society to net zero and strengthen the quality of green financial products and services, positioning ourselves as a crucial partner in the sustainable financial value chain and encouraging clients to actively strive toward Net Zero by 2050.
- (5) If the investment or financing clients or engagement targets are listed companies, the bank will refer to external ESG databases, including the Taiwan Depository & Clearing Corporation's ESG IR Platform, to evaluate their ESG performance. If areas for improvement are identified, these will be incorporated into engagement themes or proposed as one of the KPIs for sustainability performance-linked loans.

Next Steps

As a pioneer in Taiwan's financial sector, CUB remains committed to participating in climate engagement campaigns and international climate initiatives. We assist and support our investees and borrowers in planning and implementing low-carbon transition action plans, positioning ourselves as a crucial partner in the sustainable financial value chain. Our efforts aim to help Taiwan achieve Net Zero by 2050.



Leading Climate Engagement and Sustainable Partnerships for Low-Carbon Transitions & A Better Future

- **Creating a One-Stop Transformation Financial Platform:** Through collaboration with various professional and authoritative institutions, CUB customizes engagement strategies based on enterprise characteristics and needs, coupled with government support programs, to support clients in investing in carbon reduction and driving industry participation in net-zero transformation. By 2025, Cathay United Bank will continue to invite more sustainable strategy partners, integrating resources from industry, government, and academia to help clients enhance climate resilience and deepen CUB's influence in the sustainable finance market.



2.2 Products and Services

As the leading brand in green finance, CUB actively pursues to focus on our core business and leverage our funds to lead industries and society to net-zero transition. We continue to develop more accessible digital services and enhance the quality of our green financial products and services to create a future where both our environment and economy thrive.

2.2.1 Provide Comprehensive Climate Finance Solution

Climate Strategies

Support businesses and industries through funding, financial products, and financial services to generate opportunities for low carbon transition, mitigate or adapt to climate change to ensure competitiveness of industrial transformation and promote an orderly societal shift towards a green economy.

Climate Targets

Climate Finance Solution Targets



Unit: New Taiwan Dollar (NTD)

Green Financial Products & Services	Details	Key Climate Indicator(s)	2023	2024
Environmental Investment & Lending	Cathay FHC offers sustainability-themed investment and lending to ensure our environment and society can both flourish. Low carbon and energy storage domains are particularly relevant to the low-carbon transition, representing an important direction for sustainable environmental development. CUB follows Cathay FHC's vision and has defined related services as environmental financing and environmental investments, taking stock of progress in each category to hopefully contribute to the vision of sustainable environmental development. In 2024, the amount of environmental investment and financing increased by 14.2 billion TWD compared to 2023. We hope to exert financial influence through increased capital injection, supporting enterprises in creating low-carbon transformation opportunities or mitigating and adapting to climate change, making industrial transformation more competitive. For more information on sustainable investment and lending, please refer to Appendix 5.1 Summary of Key Data .	Amount of environmental financing	41.3 billion	514.21 billion
		(Amount of environmental financing) / (Total amount of corporate lending) × 100%	LA 5.43%	LA 6.07%
		Amount of environmental investments	25.7 billion	29.81 billion
		(Amount of environmental investments) / (Total investment) × 100%	2.14%	2.70%

Note: In alignment with international market trends and the Group's sustainability policy, in 2024, CUB established lending targets for "Green Loans" and "Sustainability-Linked Loans," collectively defined as "Sustainable Loans." In 2025, CUB added "Social Loans" for the first time. The base year is 2023, and the target year is 2030.

Climate Action and Progress

Green Financial Products & Services

CUB has adopted Cathay FHC's dual-track transformation strategy to optimize our business strengths while also building a data driven culture through digitalization, data, and technologies. CUB is seeking to subvert the digital development process and encourage corporate borrowers and general customers to transition to low carbon by enhancing the quality of our green financial products and services. We are bridging financial activities with environmental and social concerns to direct investments and funding to green domains and sustainable development. In addition, CUB is developing personalized sustainable financial services to encourage the public to engage in green finance, thereby expanding our influence as a responsible bank.

Green Financial Products & Services	Details	Key Climate Indicator(s)	2023	2024
Investment & Lending in Industries Important to Taiwan's 12 Key Strategies	Taiwan established action plans in the "Taiwan's Pathway to Net-Zero Emissions in 2050 " for 12 key domains critical to energy, industry, lifestyle, and social transition policies. The government issued the "12 Key Strategies" to integrate inter-agency resources and show support to all contributing individuals, businesses, and NGOs. The capital market serves a critical role in this process as a major driving force for net-zero transition that can contribute to the development and breakthroughs of new technologies. To exert financial influence, the bank also supports the development of relevant industries with funding, investing in wind power and energy-saving industries, responding to government initiatives and supporting enterprises in the development of green energy and energy-saving industries, moving towards the positive goals of a green electricity home and optimal energy efficiency. For more information on investment and lending in industries critical to the "12 Key Strategies," please refer to Appendix 5.1 Summary of Key Data .	Investments and lending in industries critical to the "12 Key Strategies" listed in the "Taiwan's Pathway to Net-Zero Emissions in 2050"	33.212 billion	47.000 billion
Renewable Energy Loans	CUB focuses on supporting Taiwan's green electricity and renewable energy policies and has set a goal to continue increasing the percentage of renewable energy loans to electricity supply loans until we reach 85% in 2025. This is a measurable goal that helps us monitor the outcome of the bank's support for renewable energy loans. Through technology cultivation, industry upgrading, and attracting external investment, CUB promotes industrial transformation, enhance Taiwan's energy independence and competitiveness, and achieve multiple goals of environmental and energy transition.	Percentage of renewable energy loans to total electricity supply loans	93.33%	99.79%
Sustainable Loans	Green Corporate Loans The use of funds is restricted to specific green projects, including renewable energy, energy conservation and efficiency improvement, clean transportation, water treatment, etc., supporting borrowers in achieving environmental benefits such as carbon reduction and water purification.	Outstanding amount of green corporate loans (Outstanding amount of green corporate loans) / (Total outstanding amount of corporate lending) × 100%	(LA) 28.080 billion 3.69%	(LA) 25.000 billion 2.95%
	Sustainability-Linked Loans (SLL) Commercial terms of corporate loans are linked to pre-determined sustainable key performance indicators of the borrower or its controlled and affiliated companies. Currently, most of CUB's sustainability-linked loans have environmental KPIs, encouraging clients to achieve the quantifiable environmental outcomes such as carbon reduction, electricity saving, use of green energy, and water conservation.	Outstanding amount of SLL (Outstanding amount of SLL) / (Total outstanding amount of corporate lending) × 100%	(LA) 33.036 billion 4.34%	(LA) 49.513 billion 5.85%
Sustainable Investment	The bank's sustainability-related investments include investments in domestically and internationally issued green bonds, social bonds, sustainable bonds, and sustainability-linked bonds.	Amount of sustainable investment (Amount of sustainable investment) / (Total amount of investment) × 100%	25.041 billion 2.09%	43.907 billion 3.97%
		Investment amount in sustainability-related bonds recognized by the TPEx (Amount in sustainability-related bonds recognized by the TPEx) / (Total amount of investment) × 100%	14.023 billion 1.17%	19.291 billion 1.75%

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Green Financial Products & Services	Details	Key Climate Indicator(s)	2023	2024
Renewable Energy Industry Insurance	<p>The renewable energies sector, specifically investments and operations, is susceptible to various risks such as equipment malfunctions, natural disasters, etc. However, insurance products can provide protection against risks, lower investor concerns, and encourage the development of renewable energy projects.</p> <p>CUB and Cathay Century Insurance are collaborating together on Cross-Selling to offer applicable insurance to green energy industries in support of their sustainable development and operations.</p>	Insurance premium of green energy industry clients	18.68 million <small>Note 4</small>	16.24 million
Green Consumer Loans	<p>The bank has launched green consumer loan schemes, covering green building-certified property loans and pure electric vehicle purchase loans, offering diverse preferential interest rates and flexible repayment terms. These schemes contribute to the development of the green economy and reduce negative environmental impacts. Positive environmental benefits include promoting green building development, improving energy efficiency, and reducing transportation emissions. This not only raises environmental awareness in the financial system but also broadly promotes sustainable social development, allowing financial institutions to make positive contributions to protecting the planet while supporting economic development.</p>	Amount of green consumer loans (Amount of green consumer loans) / (Total amount of consumer lending) × 100%	567 million 0.04%	1.196 billion 0.06%
Green Time Deposit	<p>CUB's guidelines for Green Time Deposit products are designed based on the Green Bond Principles (GBP) established by the International Capital Market Association (ICMA). We also engaged third-party accounting firms to audit and issue limited assurance reports on the use of funds for this program. Green Time Deposit product is offered to enterprise clients to fund green projects in renewable energy and sustainable water sources. Launched in July 2022, the scale of the program has grown to NT\$38 billion.</p>	Green time deposit balance	2.394 billion	1.007 billion
Digitalization of Insurance Policies & Documents	<p>The life insurance application process is primarily electronic, with customers signing policy documents on mobile devices and transmitting images of application documents via digital systems, enhancing paperless applications and reducing resource waste.</p>	Ensure 85% of life insurance enrollment are conducted digitally	93.96%	95.08%
ESG Funds	<p>The bank has listed over 50 ESG funds, allowing clients to contribute to the environment, society, and corporate governance while pursuing financial returns. Through ESG fund investments, we hope to work hand in hand with clients to create a better future.</p>	Scale of ESG funds Number of ESG fund clients	5.780 billion 20,059 people	10.370 billion 24,604 people

Note 1: The 2023 column figures are statistics as of December 31, 2023, and the 2024 statistics are as of December 31, 2024.

Note 2: 2025 targets for renewable energy loans were met ahead of schedule in the end of 2022. Considering that energy transition is an important strategy for Taiwan's goal of Net Zero by 2050 and that there is still a significant domestic demand for related funding, CUB will continue to track progress until 2025.

Note 3: Total amounts of corporate lending (includes domestic and foreign borrowers but excludes closed accounts, dormant accounts, collections, bad debts, and frozen accounts) were NT\$760.978 billion in 2023 and NT\$846.894 billion in 2024. Total outstanding consumer loans were NT\$1,459.992 billion in 2023 and NT\$1,751.016 billion in 2024.

Note 4: The calculation method for 2024 has been adjusted and the disclosure revised, using the premium volume confirmed by Cathay Century Insurance as produced by Cathay United Bank.



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◆ **Transition Loans & Transition-Linked Loans**

CUB launched Transition Loans and Transition-Linked Loans in 2023, referencing the Climate Transition Finance Handbook issued by the International Capital Market Association and the Basic Guidelines on Climate Transition Finance issued by Japan's Ministry of Economy, Trade and Industry, and promoted these to potential clients. In addition to the requirement of green loans (which proceeds are restricted to specific uses) and sustainability-linked loans (where commercial terms such as interest rates are related to the borrower's sustainability performance) which focus on adding sustainable attributes to the facility, transition loans and transition-linked loans further require the fund seekers to present enterprise-level carbon reduction plans that are material to their business operations and science-based. Companies need to commit to regularly publishing carbon reduction results, invested amounts, and future expenditure plans. Therefore, the bank prioritizes high-carbon-emission industries with willingness to plan carbon reduction pathways as potential clients. The bank's first case was for a transportation operator, which was also the client's first transition-linked financing. The client's science-based carbon reduction plan has been approved by SBTi, and they regularly and irregularly announce low-carbon transition capital expenditures and plans. This financing case sets several carbon reduction-related targets, and if the client achieves them, the bank will provide corresponding interest rate reductions.

◆ **Sustainability-Linked Payroll Innovative Solution**

This is a new sustainable finance solution pioneered by the bank. Corporate clients can jointly set goals with the bank based on industry characteristics, focused ESG development items, and sustainability indicators related to operational activities, such as controlling greenhouse gas emissions, carbon reduction performance, power management, energy consumption, and waste reduction. This changes the traditional model of payroll services being merely cooperation between companies and banks. Through diverse performance goal setting and

customized payroll privileges, it encourages companies to engage employees in participation. Achieving targets allows enjoyment of various payroll financial benefits such as deposit interest rates, monthly inter-bank transfer, and withdrawal fee waivers. The first batch of responding companies includes six well-known enterprises such as Chi Mei Food, Ford Lio Ho Motor, and My Humble House Hospitality Management, affecting approximately 3,000 payroll employees.

◆ **"Online Credit Card Applications" Obtained ISO14067 Carbon Footprint Verification Statement and Carbon-Footprint Label**

In 2024, the bank obtained the ISO14067 carbon footprint verification statement for its "Online Credit Card Applications" and received the "Carbon Footprint Label" certification from the Ministry of Environment. This implements the introduction of carbon inventory calculation in financial products and services, recording carbon emissions generated from stages such as raw material input, service, and waste treatment, and examining sustainable strategies such as product life cycle carbon footprint.

◆ **Trust Services for Carbon Credit Prices**

In response to the establishment of Taiwan Carbon Solution Exchange (TCX), at the end of 2023, CUB developed a "Trust Services for Carbon Credit Prices" and integrated settlement mechanisms, taking on the role of clearing bank. This initiative aims to enhance the domestic carbon credit trading system, empowering clients' decarbonization efforts and prioritizing the promotion of low-carbon transitions across industries.

◆ **Encouraging Clients to Follow UN Sustainable Development Goals Through Financing and Promoting Actions for Natural Ecological Conservation**

Last year, the bank undertook financing for a shipping company's new ship construction. Not only is the fuel efficiency higher, but it's also a dual-fuel vessel that can use LNG, which

has lower carbon emissions than fuel oil, to mitigate climate change and thereby protect biodiversity. Moreover, through ballast water filtration and disinfection equipment, it prevents the transfer of marine organisms, bacteria, and viruses from one place to another due to the intake and discharge of ballast water, avoiding ecological damage. This case is also designed as a sustainability-linked loan, setting carbon emission intensity as a KPI to encourage clients to promote enterprise-level carbon reduction.

◆ **SME Sustainable Finance Partner Project**

The bank launched the SME Sustainable Finance Partner Project, combining payroll, loan, and foreign exchange benefits to support SMEs in carbon reduction transformation with tailored solutions. When enterprises achieve electricity or water usage targets, they can enjoy loan interest rate discounts and various financial service benefits, raising environmental awareness and promoting sustainable development.

◆ **CUBE App's One-Stop Services**

CUB's CUBE App consistently integrates digital financial services with environmental sustainability ideals, offering one-stop green financial services. For instance, an annual review feature called Cathay Wealth Oasis was launched in 2024, integrates users' annual credit card, account, and wealth management financial records, offering customers convenient management services. This service also helps reduce the carbon footprint associated with transportation and paper usage, making sure our customers' financial activities are eco-friendly as well.

◆ **Ongoing Implementation of RPA for Process Automation**

In 2024, CUB continued to implement Robotic Process Automation (RPA) to reduce paper usage and enhance operational speed and accuracy. The newly added RPA processes in 2024 resulted in an annual savings of over 500,000 sheets of A4 paper, successfully optimizing our operational processes and reducing carbon emissions.

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Next Steps

As a comprehensive climate financial solutions provider, CUB will continue to exert influence as a financial institution, directing funds into low carbon transition plans. CUB seeks to support sustainability and lead clients to contribute to climate- and nature-positive goals.

Directions

- For six major product and service categories including personal loans, mortgage loans, wealth management, credit cards, deposits, and ATM services, CUB plans to obtain carbon footprint verification by 2030 and aims to receive the Carbon-Footprint Label from the Ministry of Environment.
- CUB will underwrite green bonds for major enterprises and its affiliates committed to the research and development of negative emissions technologies, forward-looking energies, and the circular economy.

2.2.2 Quality control of information disclosure for financial products and services

Before releasing information about sustainable financial products, promotions, and results, the bank conducts cross-departmental confirmations to avoid conflicts with the "Guidelines for Financial Institutions on Greenwashing Prevention". This includes ensuring the accuracy and completeness of disclosed information, not hiding information that could lead to reader misunderstanding, using easily understandable terminology, and complying with sustainability regulations. However, most qualitative information is not certified by independent third-party institutions before release.

2.3 Business Operations

On environmental issues, CUB is spotlighting green operations, green energy, and green real estate, working step by step to fulfill our "Zero-Carbon Operation Transition Plan" to achieve Net Zero by 2050. CUB is also dedicated to creating an agile workplace and work culture to reduce operational emissions and promote renewable energy use. In 2022, Cathay FHC became the first financial institution in Taiwan to join the RE100, further exerting Cathay FHC's influence to support sustainability in real estate ecosystems by offering accessible renewable energy and working with stakeholders to strive toward a net-zero economy and sustainability goals.

2.3.1 Green Energy

Climate Strategies

As around 90% of CUB's carbon emissions from business operations derive from purchased electricity, CUB is spotlighting four areas - "Increase Use of Renewable Energies," "Deploy Energy Management Systems," "Implement Internal Carbon Pricing Mechanisms from the Operations Side," and "Install Solar Panels on Proprietary Buildings" - to promote energy transitions, reduce environmental impacts, and commit fully to RE100. Ultimately, the goal is to achieve Net Zero by 2050.

Climate Targets

Targets	Short-Term Targets (2025)	Mid-Term Targets (2027)	Long-Term Targets (2030/2050)
Increase Use of Renewable Energies	Achieve over 50% renewable energy usage across all CUB locations in Taiwan; 100% renewable energy usage in headquarters.	Achieve over 50% renewable energy usage across all CUB locations in Taiwan	2030: Achieve 100% renewable energy usage across all CUB locations in Taiwan. 2050: Achieve 100% renewable energy usage in CUB locations around the world.
Deploy Energy Management Systems	Through energy management systems (EMS), grasp and manage 62% of the total electricity usage in the base year (2022), strengthening electricity-saving intensity.	Existing effective monitoring locations have all been incorporated; future new and relocated locations will continue to be incorporated.	
Implement Internal Carbon Pricing Mechanisms from the Operations Side	Adopt internal carbon pricing (ICP) mechanism; begin collecting "basic carbon fees" quarterly.	In addition to collecting "basic carbon fees", from 2026, CUB will start collecting "excess carbon fees" based on increased electricity usage exceeding "energy usage threshold".	Continue collecting "basic carbon fees" and "excess carbon fees".
Install Solar Panels on Proprietary Buildings	The cumulative solar energy installation capacity of CUB's proprietary buildings reaches 500% of the 2020 level.	The cumulative solar energy installation capacity of CUB's proprietary buildings reaches 568% of the 2020 level.	2030: The cumulative solar energy installation capacity of CUB's proprietary buildings reaches 618% of the 2020 level.

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Climate Action and Progress

Increase Use of Renewable Energies

In April 2022, Cathay FHC became the first financial institution in Taiwan to join RE100. To fulfill Cathay FHC's RE100 commitment, CUB actively negotiated Corporate Power Purchase Agreement (CPPA) and obtained Renewable Energy Certificates (RECs) through various channels, including bidding on the National Renewable Energy Certification (T-REC) Center platform and negotiating with electricity providers. The bank has also set short-, mid-, and long-term renewable energy targets, aiming to increase use of renewable energies annually.



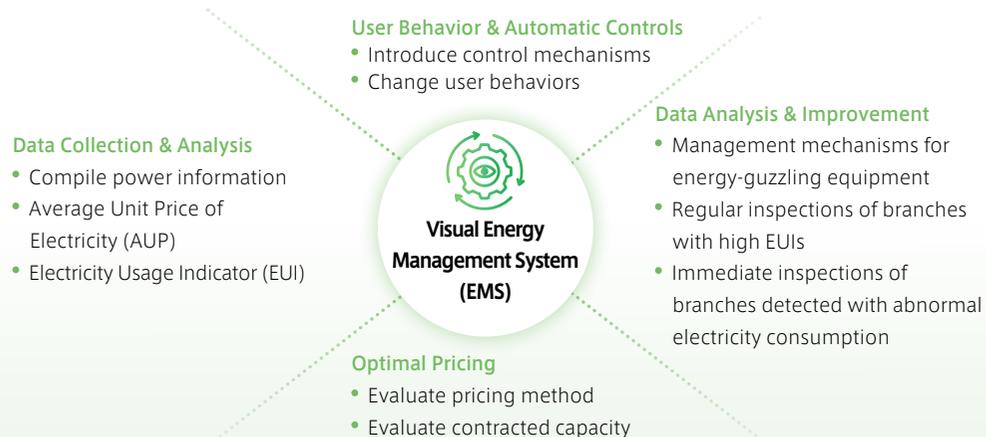
By the end of 2022,
100% green electricity supply
was completed for
the headquarters



By the end of 2024,
the renewable energy usage ratio reached 21.5%

Deploy Energy Management System

The cloud-based energy management system has been rolled out to over 90% of CUB branches. The operational processes of CUB's EMS are shown in the figure below. Through a cloud-based EMS, we can gain insight into energy usage across different branches, improve energy use patterns, and, subsequently, control energy costs to strengthen climate resilience on the foundations of energy management. In the future, we will continue to deploy smart meters to operational sites not yet incorporated into our EMS and extend it to units at headquarters to monitor their energy consumption, which can advocate for energy conservation but also help determine if old A.C. units should be replaced, thereby supporting energy conservation and decarbonization.



Implement Internal Carbon Pricing Mechanisms from the Operations Side

To achieve carbon reduction targets and respond to national net-zero policies, the bank has set Science Based Targets since 2021, aiming to reduce Scope 1 and Scope 2 greenhouse gas emissions by at least 42% by 2030 compared to 2020. Among these, Scope 2 emissions from purchased electricity are the main source of carbon emissions. Based on the bank's current carbon reduction cost calculations, it is estimated that operating costs will increase by NT\$74.62 million annually. The bank implements the concept of "internal carbon pricing" by charging each unit for their actual carbon emissions, making carbon emissions costs more tangible. This encourages each unit within the organization to implement low-carbon operations, accelerate energy transition, improve energy efficiency, and strengthen behavioral changes in internal departments to achieve energy-saving and carbon-reduction effects. This effectively reduces the bank's operating costs, exerts substantial carbon reduction effects, mitigates financial impacts, and links to the bank's net-zero transformation strategy to achieve its net-zero operation goals.

2023

▶ From 2023, internal carbon pricing has been used as an auxiliary tool to promote the bank's operational greenhouse gas emission reduction. Renewable energy cost, grey power electricity cost, and electricity emission factors announced by the Bureau of Energy have been used to flexibly adjust internal carbon prices annually.

2024

▶ In 2024, the internal carbon price is set at NT\$12,323 per metric ton. In the carbon reduction competition, the announced report presented data on each unit's "basic carbon fee" and "excess carbon fee" for reference. For departments and individuals with outstanding electricity-saving performance, rewards were provided to strengthen the willingness to save electricity. The 2024 carbon reduction competition involved about 7,667 employees, saving about 930,000 kWh of electricity and reducing carbon emissions by 441.2 tons of CO₂e. It is planned to start collecting "internal carbon fees" in stages from 2025.

2025

▶ In practice, CUB will collect "basic carbon fees" from each unit, for the use of electricity from "non-renewable energy".

2026

▶ In 2026, in addition to collecting "basic carbon fees", "excess carbon fees" will be charged for electricity usage exceeding the "energy usage threshold". Through internal carbon fee collection, the bank can adopt corresponding energy-saving and carbon-reduction measures.



Install Solar Panels on Proprietary Buildings

The bank not only obtains renewable energy through negotiating renewable energy power purchase agreements but also installs solar panels on the rooftops of proprietary buildings, further improving the energy efficiency of its own buildings and reducing carbon emissions.

2013

Established **Taiwan's first solar-powered branch**, pioneering the banking industry.

2018

Installed solar panels to our Ruihu Branch, turning it into the largest solar-powered branch in the Greater Taipei area.

2024

Added 3 new solar-powered sites, bringing the total to 11 solar-powered locations across Taiwan with an installed capacity of 395.14kW.

2025

Planning to add 3 additional solar-powered sites, which are expected to be completed by the end of 2025 and will introduce an installed capacity up to 494.47kW.

Financial Impact of Green Energy Strategies

Climate Action	Investments as of 2024	Financial Impacts in 2024	Future Financial Impacts
Increase Use of Renewable Energies	Purchased 3,110 renewable energy certificates, proceeding with green electricity supply of 17.744 million kWh, estimated to increase electricity expenditure by about NT\$51.45 million.	Purchased 1,171 renewable energy certificates, proceeding with green electricity supply of 8.077 million kWh, current period electricity expenditure increased by about NT\$15.08 million.	Expected to increase operating expenses for at least 10 years. From 2025 to 2030, gradually increase renewable energy usage ratio, estimated to increase cumulative electricity expenditure by NT\$335.79 million. From 2030, achieve RE100 for domestic operating locations, estimated to increase annual electricity expenditure by NT\$74.62 million.
Deploy Energy Management Systems	Installation of Visual Energy Management System is estimated to cost a cumulative NT\$31.55 million.	In 2024, newly incorporated branches to the energy management system, current period capital expenditure increased by NT\$522 thousand.	Expected to increase the bank's capital and operating expenses annually for less than 10 years; after 10 years, it will reduce the bank's operating expenses annually.
Implement Internal Carbon Pricing Mechanisms from the Operations Side	Since 2023, the bank has held carbon reduction competitions and presented internal carbon fee data for reference, estimated to cost NT\$7.26 million for the competition.	The 2024 carbon reduction competition reduced emissions by about 441.2 tons of CO ₂ e. Based on the 2024 internal carbon price of NT\$12,323/ton, the competition's emission reduction is equivalent to reducing carbon emission costs by NT\$5.437 million.	Expected in the next decade or so, through promoting internal carbon pricing mechanisms to achieve electricity-saving and carbon-reduction effects, operating expenses will be reduced accordingly.
Install Solar Panels on Proprietary Buildings	Installation of solar power generation equipment is estimated to cost a cumulative NT\$30.45 million.	In 2024, 3 installations of solar power generation equipment were increased, and the current period capital expenditure increased by NT\$10.50 million.	In 2025, we planned to increase 3 solar power generation equipment installations and expected current period capital expenditure to increase by about NT\$9.4 million. Expected in the next ten years, the bank's capital expenditure and operating expenses will increase annually; after ten years it will reduce the bank's operating expenses annually.

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Received the "6th National Enterprise Environmental Protection Award- Silver Award" from the Ministry of Environment

The highest honor for corporate environmental protection efforts, the "National Enterprise Environmental Protection Award" was established by the Ministry of Environment and aims to encourage corporates to fulfill their corporate social responsibility and promote environmental protection. Award winners are encouraged to serve as a model for other businesses, drive industries toward common good, and enhance the quality of our living environments.

In 2023, CUB was honored with the Bronze Award, and in 2024, the bank continued its efforts, demonstrating its commitment to sustainability and carbon reduction in five aspects: "environmental policy management, energy and resource conservation, pollution prevention and reduction, environmental participation, and other outstanding environmental protection achievements". As a result, the bank was awarded the "6th National Enterprise Environmental Protection Award - Silver Award" by the Ministry of Environment.

CUB President Alan Lee represented the bank to receive the award and take a group photo at the Presidential Office. This marks the fifth time the bank has been honored with this award.



Next Steps

To accelerate energy transitions, CUB will continue to strengthen efforts in our four major action plans - "Increase Use of Renewable Energies," "Deploy Energy Management Systems," "Implement Internal Carbon Pricing Mechanisms from the Operations Side," and "Install Solar Panels on Proprietary Buildings" – to actively develop green energy.

2.3.2 Green Operations

Climate Strategies

To reduce our operational impact on the environment and provide employees with a better office environment, CUB has actively introduced various management systems in our operations, including the ISO 14001: Environmental Management System, ISO 50001: Energy Management System, and ISO 46001: Water Efficiency Management System. Each year, we conduct rolling equipment replacements based on factors such as equipment lifespan and energy consumption status. Embracing the rise of remote work and digital transformation, we integrate green operational mindset. Our "Three Workplace Strategies" – Digitalize Services, Mobilize Operations, and Share Workspaces – fosters a sustainable work environment. CUB is also seeking to minimize water consumption and waste per capita, while introducing sustainable procurements and mitigating the environmental impacts of our operations.

Climate Targets

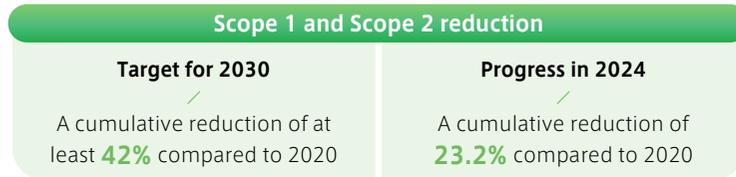
Targets	Short-Term Targets (2025)	Mid-Term Targets (2027)	Long-Term Targets (2030)
Decarbonize CUB Operations Domestically	21% of cumulative reduction of Scope 1 and Scope 2 GHG emissions from CUB operations compared with 2020.	29.4% of cumulative reduction of Scope 1 and Scope 2 GHG emissions from CUB operations compared with 2020.	42% of cumulative reduction of Scope 1 and Scope 2 GHG emissions from CUB operations compared with 2020.
Three Workplace Strategies			
Digitalize Services: Carbon-Footprint Labels	Reduce product carbon footprint through service digitalization and other methods; complete carbon footprint verification for 66% of major products.	Reduce product carbon footprint through service digitalization and other methods; complete carbon footprint verification for 83% of major products.	Reduce product carbon footprint through service digitalization and other methods; complete carbon footprint verification for 100% of major products.
Mobilize Operations: Mobile Work	Deployment ratio of "VDI OA system" to reach 20%	Will set targets based on the deployment situation.	
Share Workspaces: Workplace Transformation	Increase new types of workplaces by 5 compared to 2020.	-	
Water Resource Management	Achieve per capita water consumption of 18.5 cubic meters.	Achieve per capita water consumption of 18.3 cubic meters.	Achieve per capita water consumption of 18.0 cubic meters.
Waste Reduction	Achieve per capita waste of 31.6 kg.	Achieve per capita waste of 29.5 kg.	Achieve per capita waste of 27.7 kg.
Sustainable Procurement	Total green procurement amount of NT\$151 million.	Total green procurement amount of NT\$153 million.	Total green procurement amount of NT\$156 million.



Climate Action and Progress

Decarbonize CUB Operations

To achieve our carbon reduction targets and align with national net-zero policies, CUB has been committed to Science-Based Targets (SBT) since 2021. We aim to reduce Scope 1 and Scope 2 from our operations by an average of 4.2% annually. To monitor our progress, we conduct annual GHG inventories following ISO 14064-1 standards. These results aim to track environmental data and are independently verified, providing crucial benchmarks for our reduction goals.



Three Workplace Strategies: Digitalize Services, Mobilize Operations & Share Workspaces

To adapt to changes in organizational work patterns and consumer behaviors, CUB has embraced the "Three Workplace Strategies"—Digitalize Services, Mobilize Operations & Share Workspaces—to support green operations and create a low-carbon, agile, shared, and circular workplace.



Digitalize Services

With digital transition at the core, CUB is adopting digital processes and leveraging digital technologies to optimize user experiences with products. We have also obtained ISO 14067: Carbon Footprint of Products and the MOENV's Carbon Footprint Label for main financial products and services. We are using Life Cycle Assessment (LCA) to calculate and manage GHG emissions produced by products and services, including upstream green procurement and low-carbon products and service processes in the midstream and downstream. In a show of resolve to reduce carbon emissions, CUB commits to completing carbon footprint verification for its major products by 2030.



Mobilize Operations

To create a more convenient and agile workflow, CUB introduced VDI OA in 2023, bringing information into the cloud as we distributed more laptops to roll out remote work and offer more convenience.



Share Workspaces

CUB is transforming workplaces and evaluating spatial modules and designs based on the nature of different functions to develop a new shared office space and ensure a great employee experience, remote working capabilities, energy conservation, and efficient and flexible use of office space.

Water Resource Management

Climate change has indirectly altered water cycles and rainfall patterns, making water resources a significant global issue. As such, CUB seeks to conserve water resources within our operational scope. We have set a target of 18.5 cubic meters per capita water consumption for 2025, committing to not exceed 18 cubic meters per capita water consumption by 2030. To achieve these goals, we have implemented the following measures:



Installation of automatic sensors to conserve water and use products certified as water-efficient for faucets, toilets, and other facilities.



Introducing ISO 46001: Water Efficiency Management System in 2023.



Setting targets for water conservation, establishing an action plan to ensure targets are met, and working with EDM to remind employees to reduce water consumption.



A rainwater collection system was installed at the Xinshu branch in 2024. The collected rainwater is filtered and then stored in a water tank, which can be used for flower bed irrigation and flushing urinals in toilets.

Waste Reduction

The financial services sector produces only domestic waste and general recyclables and does not produce toxic waste. CUB regularly reviews waste spreadsheets for more insight into the collection of waste-related data and makes necessary recycling changes as soon as possible. We also use EDM to remind and communicate with employees, raising awareness and encouraging action for waste and plastic reduction to generate positive environmental impacts. To promote plastic reduction, starting from 2024, the bank has responded to the Ministry of Environment's 'Free Water Refill Action' by registering the head office and 144 branch lobbies with drinking facilities as public water refill stations. The public can bring their own reusable cups to fill with water, aiming to reduce the demand for bottled water and beverages, thereby decreasing the generation of plastic waste. We have also set short-, mid-, and long-term goals, committing 27.7kg per capita waste by 2030.

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Sustainable Procurement

CUB issued Sustainable Procurement Guidance, providing specific green procurement requirements and recommendations, actively promoting green procurement and encouraging suppliers to align with sustainable development goals. In addition to actively procuring renewable energy to increase the bank's overall renewable energy usage ratio, we prioritize products and services with environmental labels, such as equipment with energy-saving and water-saving labels, green building materials, and eco-friendly office supplies. In 2024, the total green procurement amount reached NT\$439.95 million, and the local procurement ratio reached 96.25%. The bank was also selected as an outstanding green procurement company by the Ministry of Environment. It is expected that operating expenses may increase for at least the next ten years due to this initiative.

From Internal Operations to Common Good with Natural Environments: Supporting SDG 14 "Life Below Water" to Conserve and Sustainably Use the Oceans, Sea and Marine Resources and SDG 15 "Life on Land" to Ensure Biodiversity and Prevent Marine Environment and Land Degradation

Beach Cleanups

Since 2018, CUB has organized beach cleanups for seven consecutive years, rallying employees, their families, and suppliers to join in ocean conservation efforts. To date, we have conducted over 18 beach cleanup events across Taiwan. In 2024, five cleanups were held at Taichung's Daan Coastal Area, New Taipei City's Wanli Beach, Shalun Beach, Fulong Beach, and the Bali North Embankment Beach adopted by the bank, collectively gathering 1,162 kilograms of marine debris. Moreover, we participate in the International Coastal Cleanup (ICC) initiative, recording the types and quantities of debris collected through records that are then uploaded to the cloud for expert analysis, aiding in identifying pollution sources.



Mountain Cleanups

To protect local biodiversity, in 2024 the bank held an "Invasive Plant Species Removal Activity" at Kaohsiung's Zhouzi Wetland Park. A total of 172 kilograms of mile-a-minute weed and other aggressive plants were removed, creating more living space for native species and sustaining natural vitality.



The entire bank responds to the Ministry of Environment's "Net-Zero Green Lifestyle - Green Office" policy

The Ministry of Environment has established five major indicators: Conserve energy and resources, reduce at source, green procurement, environmental greening, promotion and advocacy, with a total of 35 green office measures. Companies are encouraged to actively respond and promote green living messages to employees. If they comply with 25 or more measures, they can become a Green Partner. After promotion, the bank's headquarters and 165 branches all followed the policy in 2024 and were registered on the green office response list on the Ministry of Environment's website, implementing simple green living practices in daily office work.



Next Steps

To realize our zero-carbon transition plan, CUB will continue to follow SBTs. We are committed to reducing GHG emissions from our operations, implementing Three Workplace Strategies and minimizing water consumption and waste production to mitigate our environmental impacts. We also advocate for green procurement, working with suppliers to strive for sustainable development.



2.3.3 Green Real Estate

Climate Strategies

CUB is retrofitting buildings to comply with eco-friendly concepts, building low-carbon architectures, cultivating an ecosystem of low-carbon buildings, and driving industry participation in the energy transition.

Climate Targets

Targets	Short-Term Targets (2025)	Mid-Term Targets (2027)	Long-Term Targets (2030)
Green Retrofit	Ensure all green retrofitted branches in 2025 comply 100% with eco-friendly guidelines and 30% CUB branches have been green retrofitted.	Ensure all green retrofitted branches in 2027 comply 100% with eco-friendly guidelines and 38% CUB branches have been green retrofitted.	Ensure all green retrofitted branches in 2030 comply 100% with eco-friendly guidelines and 45% CUB branches have been green retrofitted.
Green Landlord	Continue to provide green energy to willing tenants.		

Climate Action and Progress

Green Retrofit

In 2019, CUB started to green retrofit branches and has since increased our use of green building materials to over 60% of total surface areas, committing to ensuring all green retrofitted branches to be 100% compliant with eco-friendly guidelines.

Climate Action	Investments as of 2024	Financial Impacts in 2024	Future Financial Impacts
Green Retrofit	As of 2024, there were a total of 49 green retrofitting CUB branches, accounting for 29.7% of all branches, which is higher than the annual target (25%). The cumulative renovation expenditure was approximately NT\$1.75 billion.	In 2024, 8 branches completed green retrofitting renovations, increasing the current period capital expenditure by approximately NT\$300 million.	In 2025, it is planned to complete green retrofitting renovations for 10 branches, which is expected to increase the current period capital expenditure by approximately NT\$350 million. It is anticipated that for at least the next ten years, capital expenditure and operating expenses will increase as a result.

Low-Carbon Architecture

New CUB buildings comply with low carbon, environmental protection, and energy conservation guidelines. For example, evaluating building exterior/location, enhancing greenery coverage, and adopting equipment with energy and water saving labels as well as assessing rainwater recycling systems and solar power systems for new real estate development projects. The goal is to reduce the consumption of traditional energy by generating energy onsite for self-use.

Green Landlord

CUB mapped out the green landlord system to outline how landlords can wheel in and distribute renewable energy to building tenants. The program is an effective solution to the renewable energy dilemma that previously prevented tenants under the same electricity account from accessing renewable energy sources. Under the program, tenants can access renewable energies without entering into multiparty agreements with electricity suppliers, Taipower, and landlords, thereby increasing the accessibility of renewable energy to tenants. In 2024, the bank has surveyed tenants in our owned buildings for their willingness to adopt green energy and has assisted those who were willing to complete the introduction of green energy.

Next Steps

CUB continuously retrofits buildings to ensure eco-friendliness and is dedicated to creating a low-carbon real estate ecosystem. We are committed to adopting ESG and green architectural designs. At the same time, we keep promoting the "Green Real Estate Rental Program," continuing to work with tenants to achieve net-zero emissions and making renewable energies more accessible to SME tenants. CUB is striving toward energy transition and UN SDGs through three directions: "low-carbon architecture," "green retrofit," and "green landlord."

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Organization	Committee Chair/ Supervisor/ Working Group Leader	Reporting/Meeting Frequency	Roles in Climate and Nature Issues
Board of Directors	Chairman	Semiannually	The highest governing body for all decisions related to climate and nature issues
Sustainable Development Committee	Chairman	Quarterly	A committee under the Board dedicated to promoting corporate sustainability
Risk Management Committee	Chief Risk Officer (CRO)	Semiannually	A committee responsible for overseeing CUB's overall risk management
CS Team	President	Quarterly and convenes ad hoc meetings when necessary	Climate and nature-related working groups under this team include: <ul style="list-style-type: none"> Responsible Investment Working Group: Manages climate and nature-related risks and opportunities in investment and lending incorporates ESG principles into investment and lending processes, and engages with clients. Responsible Products and Services Working Group: Promotes ESG and green finance-related products and services and evaluates and manages associated risks and opportunities. Green Operation Working Group: Responsible for managing the environmental impact of CUB's operations and leads efforts to reduce Scope 1 and Scope 2 greenhouse gas emissions and increase the use of renewable energy.



Cathay Financial Holdings Appoints Chief Climate Officer – A First in Taiwan's Financial Industry

Cathay Financial Holdings (Cathay FHC) became the first in Taiwan's financial industry to appoint a Chief Climate Officer in 2024, a role concurrently held by the Chief Risk Officer, to reinforce the formulation of climate strategies and the execution of climate risk management actions. As a member of Cathay FHC's "Climate and Nature Working Group," CUB actively participates in various tasks and discussions to strengthen its management of climate and nature-related risks. In addition, senior executives from CUB attend Cathay FHC's quarterly "Climate Governance Meetings," working collaboratively to improve the group's responsiveness and resilience to climate and nature-related issues.



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3.1.1 Board of Directors and Management Level Roles and Responsibilities

Board of Directors: Oversight

The Board of Directors serves as the highest governing body for ESG risk management and climate and nature-related issues. It is responsible for approving relevant policies, strategies, and targets, while considering climate and nature-related risks, opportunities, dependencies, and impacts. The Board also oversees climate risk management and disclosure.

Management Level: Monitor, Manage and Oversee

Climate and nature-related issues at CUB are overseen by the Sustainable Development Committee, Risk Management Committee, and management level such as the President and Chief Risk Officer (CRO). Under the Sustainable Development Committee, the Corporate Sustainability (CS) Team is established, chaired by the President, with the Vice President serving as the Executive Officer and supervising key tasks. The team consists of six major working groups, with departments participating according to their respective functions. These groups are responsible for implementing the annual sustainability development plans and strategies set by the committee, formulating execution plans, and incorporating selected key climate and nature-related objectives into the annual KPIs of Vice Presidents and above, ensuring strategic alignment across operational execution. On the other hand, the Risk Management Committee, led by the CRO, guides various risk management units in formulating regulations and conducting risk management based on their respective functions. Operating on parallel tracks, these two committees jointly oversee CUB's climate and nature-related risks and opportunities, conduct climate and nature scenario analyses, manage Climate Risk Appetite Statement, set risk limits, and assess nature-related dependencies and impacts. Based on these assessments, they develop strategies and action plans to effectively implement climate and nature management.

Under the Bank's performance management system, various dimensions are covered, including financial targets, business operations, risk management, regulatory compliance, and internal control. To promote corporate sustainability, climate-related indicators have been incorporated into the performance evaluation criteria of the President and the CS Executive Officer. Through this system, the achievement of indicators is reviewed regularly and assessed annually. Bonus standards are determined based on evaluation results and market performance, thereby reinforcing strategic climate objectives and incentivizing leadership toward sustainability targets, and enhancing both market competitiveness and accountability.

Applicable Personnel

President and Vice Presidents of relevant responsible units

Climate Performance Indicators

- Operational carbon emissions
- Renewable energy usage rate
- Corporate governance

2024 Performance Results

- Change in operational carbon emissions:**  Target achieved
- Renewable energy usage rate:**  Target achieved
- Corporate governance:** In 2024, CUB, together with Cathay FHC and Cathay Life Insurance, passed the corporate governance evaluation conducted by the Taiwan Corporate Governance Association

3.1.2 Climate and Nature Governance Performance

Climate and nature governance encompasses a range of topics, including the identification, assessment, prioritization, and monitoring of climate and nature-related risks, opportunities, dependencies, and impacts; the establishment of climate-related risk indicators and targets; and the corresponding risk management mechanisms and financial strategies. These topics are implemented by the designated execution units and overseen by the management level. Relevant proposals are regularly reported, and regulatory revisions are submitted on an ad hoc basis, enabling the Board of Directors to stay informed of the Bank's current progress in climate and nature-related governance and management. In 2024 and early 2025, the following climate and nature-related proposals were submitted to the Board of Directors:

Major climate and nature-related matters approved by the Board



Sustainable Strategy Blueprint and its key action plans



Execution status of the Science Based Targets (SBT)



Climate Change Scenario Analysis Results



Limit management for highly sensitive industries



Guidelines Governing ESG and Climate Risk Management Amendments



Climate and Nature Action Plan, ESG and Climate Risk Management Execution Report



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3.1.3 Climate-Related Financial Supervision over CUB's Overseas Branches

All CUB overseas branches are required to comply with internal ESG management regulations, which are aligned with the supervisory requirements of their respective jurisdictions. The responsible units at headquarters maintain close collaboration with overseas branches to ensure alignment with local regulatory frameworks and standards. They also provide timely responses to various consultations and surveys, and implement ESG and climate risk management mechanisms in accordance with newly issued regulations by competent authorities. In addition, employees are continuously encouraged to participate in various ESG training programs and seminars to enhance their ESG knowledge and stay informed of new regulations and international trends issued by local supervisory authorities.

Overseas Branches

Working Progress of 2024



Hong Kong Branch

1. In May 2024, the branch completed and submitted the Climate Risk Management Offsite Review to the Hong Kong Monetary Authority (HKMA) on May 30.
2. External consultants were engaged to evaluate and optimize the branch's climate risk management and stress testing models. In accordance with HKMA guidelines and the consultant's recommendations, a climate risk stress test was conducted on the branch's 2023 corporate lending portfolios. The branch also reviewed its existing governance framework to incorporate climate risk considerations, clearly defining departmental roles and responsibilities to effectively address climate-related challenges. Climate risk factors were integrated into the branch's existing policies, procedures, and risk appetite management. In alignment with the Head Office's green finance vision and climate strategy blueprint, the branch continues to refine its green product framework to advance the long-term green finance transition.
3. The branch actively promotes client engagement and supports corporate low-carbon transition and sustainable operations through green finance. As a strategic partner, the branch received six awards at the 35th Anniversary Forum and the 2024 Hong Kong Green and Sustainable Finance Awards hosted by the Hong Kong Quality Assurance Agency (HKQAA) on October 18, 2024. The awards include: "Outstanding Award for Green and Sustainable Loan Structuring Advisor (Textile Industry)," "Outstanding Award for Green and Sustainable Loan Structuring Advisor (Water Supplies Industry)," two awards for "Leadership Award for Green and Sustainable Finance Development," and two awards for "Strategist Award for Green and Sustainability Finance Development." The branch has been recognized for three consecutive years.



Singapore Branch

1. The branch continues to build-up ESG awareness in its people by promoting various events including Head Office arranged Cathay United Bank-CDP (former Carbon Disclosure Project) ESG seminar.
2. The branch organised a sustainability initiative for its people where staff participated in activities included urban farming, learning about eco-enzymes, and crafting benches from upcycled materials.
3. The branch conducted a stock take on the completed Environmental Risk Questionnaires, and commenced development of an in-house tool to extract and analyse information from the Environmental Risk Questionnaires.
4. Together with Head Office, the branch formulated specific ESG guidelines for a new client sector in response to local business development/expansion/growth needs.



Manila Branch

1. On September 29, 2024, the branch conducted training to personnel to mobilize compliance on the Bangko Sentral ng Pilipinas (BSP) Circular 1187 Sustainable Finance Taxonomy Guidelines (SFTG), which is a tool to classify whether an economic activity is environmentally and socially sustainable and guides the Corporate Banking Unit in making informed financing decisions.
2. In December 2024, the branch introduced new initiatives to reduce its ecological footprint in the office in order to align with global sustainability goals but also reflect the Bank's dedication in creating a more eco-friendly work environment.



Ho Chi Minh City Branch

1. In February 2024, the branch submits the annual report (for the year 2023) to the State Bank of Vietnam (SBV) regarding the implementation status of the Green Banking Development Project in Vietnam (based on Decision No. 1604/QĐ-NHNN).
2. In October 2024, the branch submits the ad-hoc report requested from SBV on the implementation of the Action Program of Banking Sector for Implementing National Strategy for Green Growth of 2021 - 2030 Period (issued together with Decision No. 1408/QĐ-NHNN).
3. The branch conducted the annual review on Credit Risk Management Rules – Corporate Banking, HCMC Branch and approved on 25 October 2024, which includes the update of EP/ESG rules to ensure that the branch's internal risk management on EP/ESG is in line with headquarters.

3.2 Climate and Nature-Related Expertise Development

To actively respond to the challenges posed by the United Nations Sustainable Development Goals, Green Finance 3.0, and the Green and Transition Finance Action Plan, CUB is committed to enhancing climate risk awareness and management capabilities across all employees. Tailored training programs are implemented based on functional levels to ensure that every employee integrates climate risk considerations into their daily work.

In 2024, CUB launched a series of innovative and impactful training activities. Through progressive digital courses on climate change and environmental education documentaries, employees gained a deeper understanding of climate impacts and global risk trends. Real footage of iceberg collapses was used to reinforce awareness of the climate crisis. Additionally, CUB initiated the "You Learn, We Donate" campaign, where for every employee who completed the course, CUB donated NT\$10 to relevant nonprofit organizations. In total, NT\$120,000 was donated in 2024. This initiative not only raised climate awareness but also transformed learning into tangible action, adding depth and meaning to the training. To ensure the effectiveness of the training program, CUB conducts an annual review and sets the sustainability training agenda each March. By continuously strengthening knowledge in climate, carbon tariffs, human rights, and supply chain management, CUB works hand-in-hand with employees to advance the strategic goals of Cathay's transition plan, becoming a key driver in the sustainable transformation of both CUB and its clients.

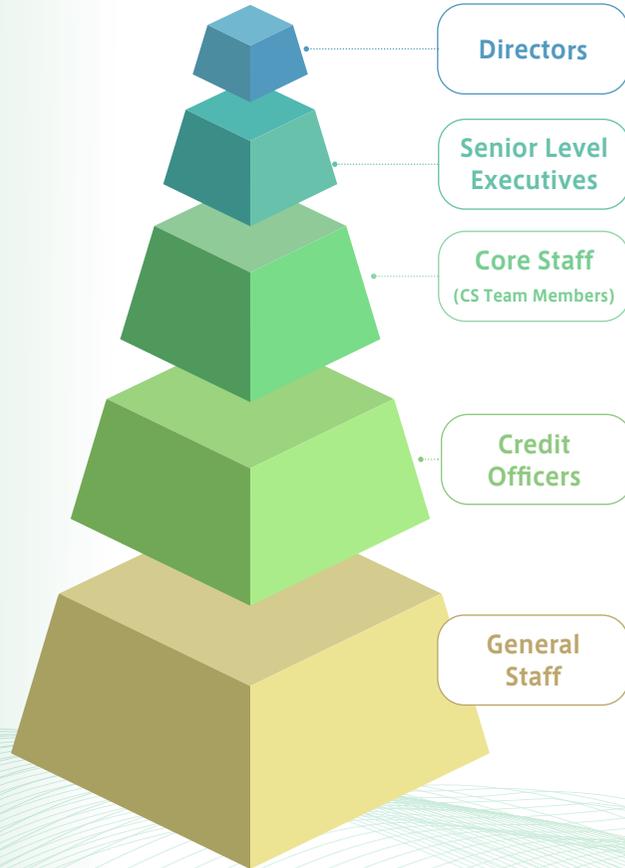
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Participant	Training Methods and Content	Effect and Application Scenario	Training Hours	Number of Persons Trained
Directors	Flexible ESG governance-related courses	Drives organizational focus and amplifies sustainability impact	193	13
Senior-Level Executives	Lectures and external training programs on relevant sustainability topics	Deepens understanding of sustainability trends and enables more effective strategy development	498	468
Core Staff (CS Team Members)	Certified "Sustainable Finance Manager" program offering systematic training on sustainability trends and knowledge	Cultivates strong sustainability competencies, enabling internal experts to lead sustainability projects	4,126	139
Credit Officers	Thematic training on responsible lending principles for front-, middle-, and back-office credit teams	Enhances the principles and decision-making of sustainable loans assessment to facilitate the implementation of sustainable lending	6,448	2,816
General Staff	Launched the digital course "Understanding Climate Change" and organized the "You Learn, We Donate" campaign. For every employee who completes the course, the company donates NT\$10 to a related non-profit organization. In 2024, a total of NT\$120,000 was donated.	Raises sustainability awareness across all staff and reinforces CUB's commitment to sustainable development	25,998	9,027



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Case Study – 1

◆ **Corporate Banking New Hire Training**

In response to the growing presence of sustainability frameworks and regulations, and the increasing market share of ESG-based financial products such as sustainability-linked loans, ESG topics have been incorporated into the CUB Corporate Banking ARM Program for new hires.

Case Study – 2

◆ **Training Program by the Industrial Technology Research Institute (ITRI)**

CUB is the first financial institution in Taiwan to launch a "Carbon Credit Transaction Trust Service," integrating payment and settlement mechanisms and serving as a clearing bank. To deepen professional knowledge and capabilities among department heads, Professor Lien Chen-An from ITRI's Green Energy and Environment Research Laboratories was invited to lead a "Carbon Credit and Trading Practice Workshop." The training was designed for staff from relevant departments at CUB's Head Office.

Case Study – 3

◆ **CDP Training**

CDP is the world's largest environmental disclosure and data tracking platform. By inviting clients to participate in CDP disclosures, CUB helps raise awareness of net-zero transition and reduce carbon footprints across clients, international supply chains, and the Bank itself. In preparation for the 2024 CDP "SME Questionnaire" update, CUB conducted CDP disclosure training for corporate banking teams to help SMEs achieve ESG ratings and integrate into global sustainable supply chains.

Case Study – 4

◆ **Sustainability Practice Seminars**

To equip corporate banking teams with the knowledge to navigate the opportunities and challenges of the sustainability era and understand industry trends in net-zero transition, CUB launched a series of sustainability practice seminars in 2024. External experts were invited to analyze the latest sustainability trends and introduce net-zero technologies and case studies tailored to various industries. These sessions aimed to deepen sustainability thinking and communication skills among front-office staff, enabling them to engage clients in setting net-zero commitments and sustainability goals.

Audience:

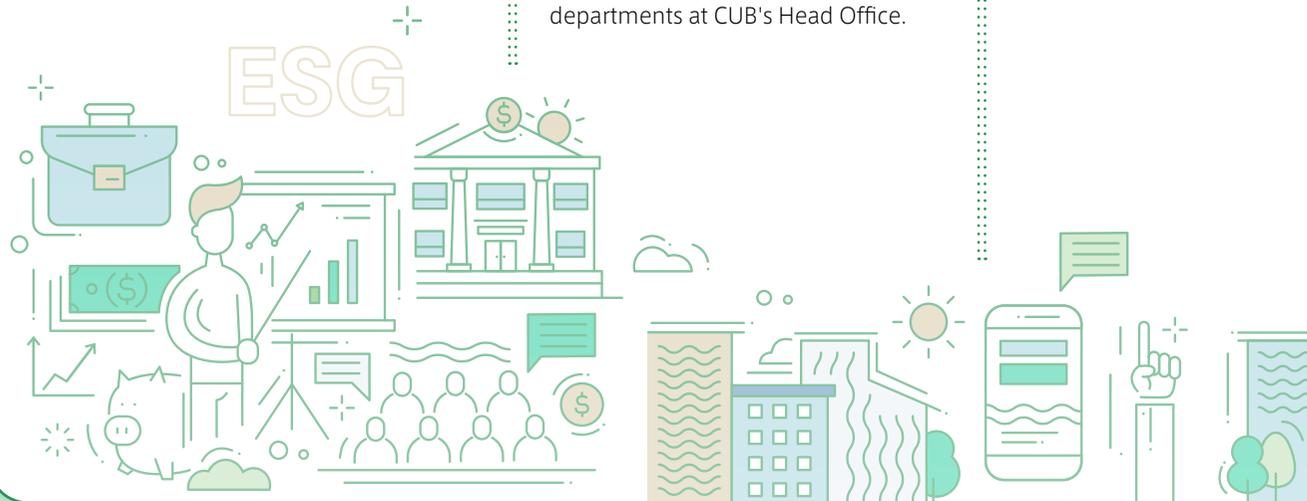
Corporate banking teams and relevant Head Office departments

Topic 1:

Taiwan's Corporate Decarbonization Strategies – CBAM and Anti-Greenwashing Regulations

Topic 2:

Development of Taiwan's Carbon Credit Market and New Business Opportunities for the Banking Sector

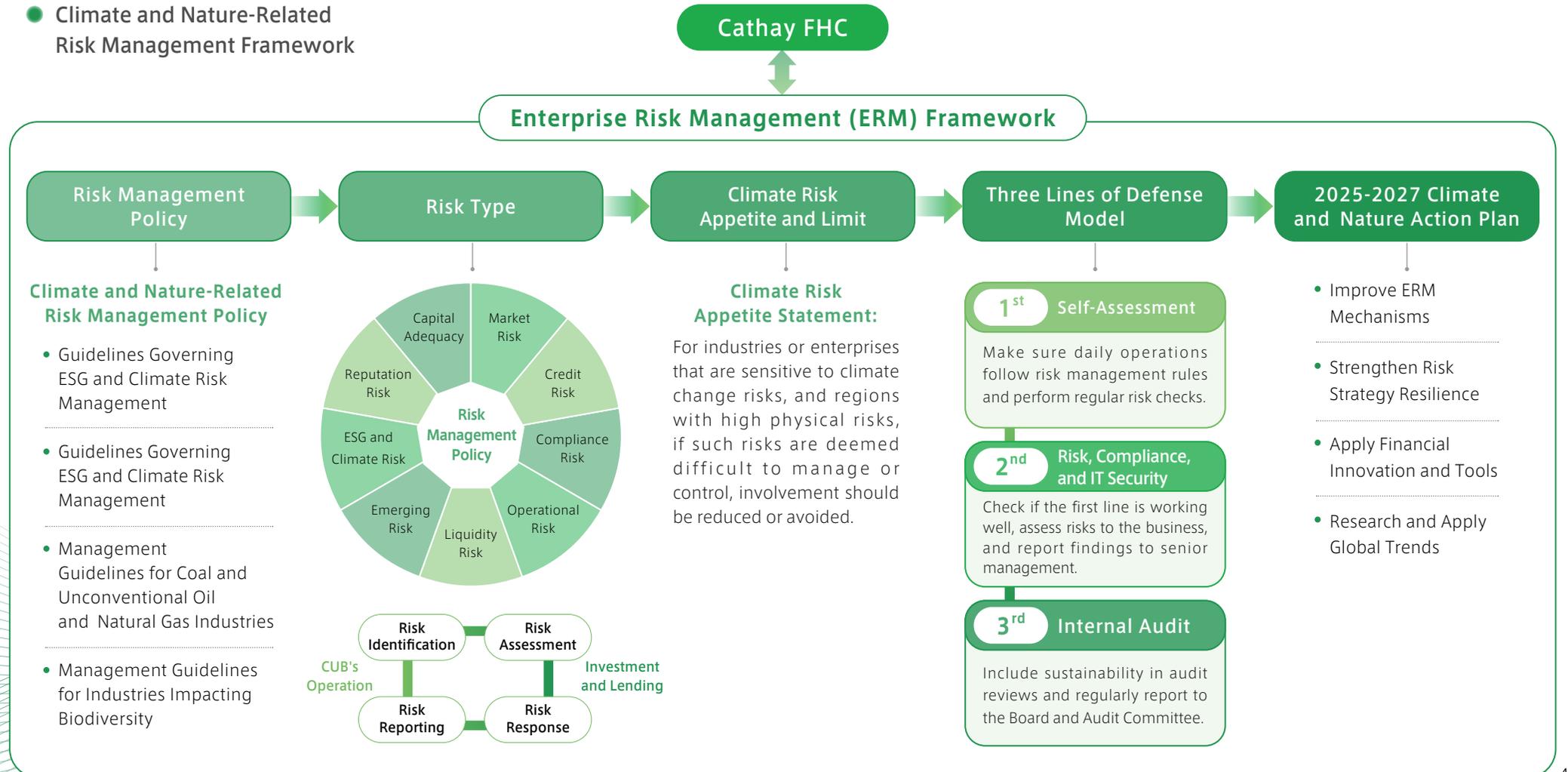


3.3 Climate and Nature Risk Management

3.3.1 Risk Management Framework and Policy

CUB follows the enterprise risk management framework and implements a structured process of risk identification, measurement, response, monitoring, and reporting. The Bank has established a "Risk Management Policy" to manage major sources of risk and has developed corresponding management guidelines. In recent years, ESG risks have been progressively integrated into the existing risk management scope. CUB has introduced the "Guidelines Governing ESG and Climate Risk Management," the Climate Risk Appetite Statement, and limit management mechanisms to strengthen the management of ESG and climate-related risks. Through the implementation of the three lines of defense model, the Bank ensures effective risk management and internal control. Furthermore, CUB has formulated a three-year (2025–2027) Climate and Nature Action Plan to proactively address and monitor material climate and nature-related risks.

● Climate and Nature-Related Risk Management Framework



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Climate and Nature-Related Risk Management Policy

To effectively manage sustainability and climate-related risks, Cathay has, in recent years, revised and expanded several climate and nature-related policies across the financial holding company and its subsidiaries (as shown in the table below). These efforts aim to integrate climate and nature-related risks into traditional financial risk management processes.

Climate and Nature-Related Risk Management Policy

Guidelines Governing ESG and Climate Risk Management

- Purpose of Policy Formulation

Aimed at mitigating risks related to climate change, environment, society, and corporate governance, while embedding responsible lending into core functions and operations.

Principles Governing Corporate Banking Sustainable Loans ^{Note}

- Purpose of Policy Formulation

Designed to promote green finance products and services, such as green loans, social responsibility loans, and sustainability-linked loans, to encourage and support corporate banking clients in their low-carbon transition.

Management Guidelines for Coal and Unconventional Oil & Natural Gas Industries

- Purpose of Policy Formulation

Due to the high carbon emissions and significant environmental impact of coal and unconventional oil & gas industries, and in line with Cathay FHC's commitment to achieving net-zero emissions in financial assets by 2050.

Management Guidelines for Industries Impacting Biodiversity

- Purpose of Policy Formulation

Reflecting Cathay FHC's emphasis on biodiversity, the company has participated in initiatives and alliances such as TNFD, PBAF, and Business for Nature since 2022, leveraging its influence as a financial institution to support the "Kunming-Montreal Global Biodiversity Framework."

Note: In 2025, in alignment with international standards, Taiwan's regulatory authorities introduced new criteria for identifying social loans. Accordingly, CUB expanded the scope of sustainable loans to include social loans. Therefore, the definition of sustainable loans in 2025 includes the amount of green loans, sustainability-linked loans, and social loans.

Three Lines of Defense Model

CUB adopts the Three Lines of Defense Model as part of its sustainability governance framework to strengthen its risk management culture. The first line (self-assessment), the second line (risk management/compliance/information security), and the third line (audit management) continuously enhance their effectiveness through risk identification and measurement, correlation analysis, impact assessment on operations and business, and the development of control measures and response strategies. The audit unit has incorporated sustainability topics into its audit scope, including ESG risk management and compliance with corporate governance standards. It regularly reports to the Board of Directors and the Audit Committee, assisting them and senior management in evaluating the effectiveness of risk management and internal control systems, and providing timely recommendations for improvement.

Climate Risk Appetite

Cathay FHC established a Climate Risk Appetite Statement in 2023, setting exposure limits for industries financially impacted by climate change. CUB aligns with the Group's statement: "For industries or enterprises that are sensitive to climate change risks, and regions with high physical risks, if such risks are deemed difficult to manage or control, involvement should be reduced or avoided." CUB has implemented limit management mechanisms and internal guidelines for highly sensitive industries, regularly monitoring usage and continuously strengthening its climate and nature-related risk management.

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Climate & Nature Action Plan

CUB and Cathay FHC have integrated processes for identifying, assessing, and prioritizing climate and nature-related risks and opportunities (see [1.2 Risks and Opportunities](#), [3.3.2 Risk Identification](#)). Through the formulation of a three-year Climate and Nature Action Plan, CUB aims to respond to and monitor the material climate and nature risks identified, focusing on the Group's key development directions, enhancing CUB's climate and nature risk management, and keeping pace with international trends. The key highlights of CUB's Climate and Nature Action Plan are outlined as follows:

Action Plan	Key Points of the Plan	Corresponding Material Risks	Corresponding Chapters of the Action Plan
Improve ERM Mechanisms	Improve the management of material risks by establishing identification and assessment processes, integrating emerging risks and climate & nature-related risk mechanisms, and incorporating transition plans/speed into investment and financing evaluations. <ul style="list-style-type: none"> • Material Risk Management • Investment and Financing Risk Management Mechanism 	1 4 5 7	3.3.2 Risk Identification <ul style="list-style-type: none"> • Climate and Nature Risk & Opportunity Identification Process • Prioritization of Climate and Nature Risks with Other Risks 3.3.3 Risk Measurement and Management <ul style="list-style-type: none"> • Investment and Financing Risk Management
Strengthen Risk Strategy Resilience	Conduct climate quantitative analysis for investment, financing, and owned real estate; enhance scenario analysis applications; establish indicators for physical risk exposure; and use scenario analysis to build a strategy validation mechanism to ensure resilience under various climate scenarios. <ul style="list-style-type: none"> • Climate Scenario Analysis • Strategic Target Validation and Financial Impact Assessment 	4 7	3.3.3 Risk Measurement and Management <ul style="list-style-type: none"> • Climate and Nature Risk & Opportunity Concentration • Climate and Nature Scenario Analysis
Apply Financial Innovation and Tools	Improve the coverage of climate risk information platforms, enhance the application of climate data in business development, and expand the use of climate resources to support strategic business opportunities. <ul style="list-style-type: none"> • Risk Management Platform • Cross-Domain Data Management and Strategic Opportunity Application 	2 7	3.3.3 Risk Measurement and Management <ul style="list-style-type: none"> • Investment and Financing Risk Management – ESG Rating and Scoring System
Research and Apply Global Trends	Analyze nature-related risks across industries using tools aligned with the TNFD framework; develop quantitative indicators and management approaches to effectively control nature-related risks and address emerging issues in industry transitions. <ul style="list-style-type: none"> • Pilot Application of Nature Methodologies • Research on Emerging Issues 	1 4	3.3.3 Risk Measurement and Management <ul style="list-style-type: none"> • Climate and Nature Risk & Opportunity Concentration – Distribution of Investments and Financing in nature-sensitive areas and high nature-sensitivity industries

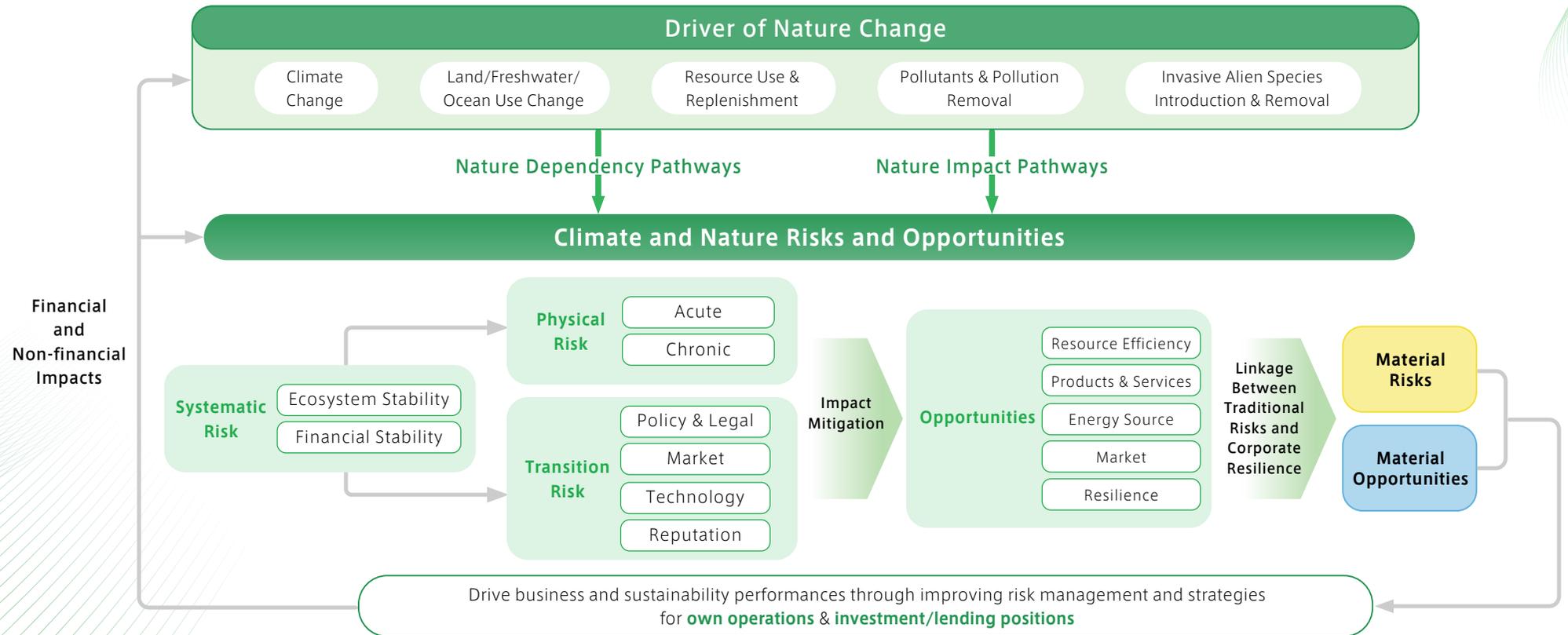
Note: At the beginning of 2025, CUB formulated a three-year (2025–2027) Climate & Nature Action Plan. To ensure that the Board of Directors and senior management can effectively oversee the implementation progress of climate and nature-related issues, the action plan was submitted to the Board and the Risk Management Committee in the first quarter of 2025. Cathay FHC will also regularly track the implementation progress across its subsidiaries.



3.3.2 Risk Identification

Identification Process of Climate and Nature Risks and Opportunities

CUB integrates Cathay FHC's sustainability strategy and refers to frameworks such as TCFD, TNFD, and the Network for Greening the Financial System (NGFS) initiated by central banks and supervisory authorities. It aims to understand the transmission pathways of climate and nature-related risks and opportunities, identify short-, medium-, and long-term climate and nature-related risks and opportunities relevant to the Bank, and assess their linkage with existing traditional risks and corporate resilience. This helps determine the potential financial impacts on the Bank's operations and investment or financing portfolios. A matrix is then developed using internal expert judgment, ranking materiality based on "degree of impact" and "likelihood of occurrence," and is regularly updated. Finally, based on the identification results, the Bank strengthens risk management and develops response strategies for its operations and investment/financing portfolios. This aims to improve both commercial and sustainability performance while mitigating financial and non-financial impacts. For detailed results of the identification of material climate and nature-related risks and opportunities, please refer to [1.2 Risks and Opportunities](#).



Ranking of Climate and Nature Risks and Other Risks

In addition to analyzing climate and nature-related risks, CUB also collects sustainability topics that impact stakeholders and adopts a double materiality approach. This involves assessing both the sustainability development impact and operational impact of various sustainability topics, as well as understanding potential sustainability risks and opportunities (including climate and nature-related), their interrelationships, and prioritization. A detailed analysis process, impact descriptions, and management approaches can be found in the [2024 CUB Sustainability Report](#).

3.3.3 Risk Measurement and Management

Climate and Nature Risks and Opportunities Concentration

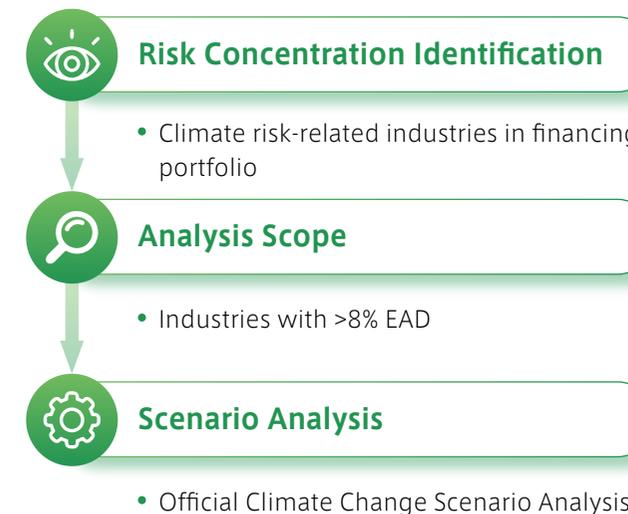
Physical and Transition Risks Allocate Across Specific Industries

The impact of climate and nature-related risks is intensifying. In addition to the introduction of domestic and international policies, such as CBAM, CCA, and the Climate Change Response Act, the frequency of extreme weather events has significantly increased compared to the past. To better understand the level of impact from transition and physical risks on CUB ^{Note 1}, priority was given to analyzing domestic industries with high credit concentration that are more relevant to the Bank's business. The analysis was conducted using the Official Climate Change Scenario Analysis. The results are summarized as follows:

(For detailed analysis, please refer to [Climate and Nature-Related Scenario Analysis](#))

Credit Concentration and Expected Loss to Pre-Tax P/L for Specific Domestic Industries

Industries with High Credit Concentration	Loan Concentration	Expected Loss to Pre-Tax P/L					
		Orderly Net Zero		Disorderly Transition		Passive Transition	
		2030	2050	2030	2050	2030	2050
 Real Estate Development	19.34%	0.95%	1.12%	1.69%	1.44%	1.47%	2.41%
 Real Estate Management & Services	12.56%	0.71%	0.81%	1.19%	1.05%	1.07%	1.73%
 Wholesale & Retail	14.13%	1.43%	1.61%	1.86%	1.72%	1.71%	1.96%
 Manufacturing of Electronic Components & Related Products	12.83%	1.25%	1.45%	1.44%	1.56%	1.31%	1.67%
 Financial Services	9.80%	1.13%	1.27%	1.44%	1.34%	1.34%	1.53%



Note 1: According to the scenario analysis assumptions set by the Bankers Association of the Republic of China in the "Plan for Climate Change Scenario Analysis of Domestic Banks (2022)," loan positions impacted by physical or transition risks can be categorized into five risk levels according to level of impact, with level five being the highest.

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● Distribution of Exposure Levels to Physical and Transition Risks for Specific Domestic Industries under the 2050 Passive Transition Scenario

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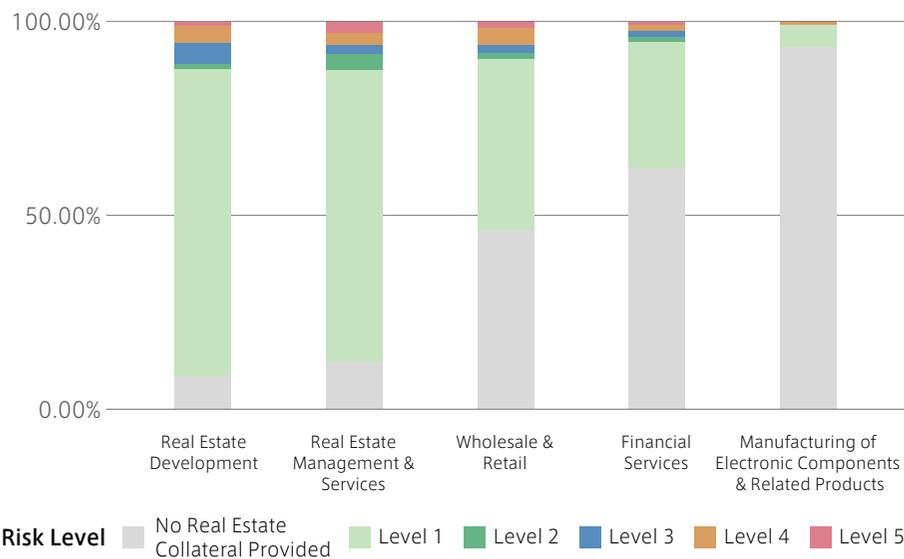
Physical Risk – Registered Locations



Physical Risk - Heatwaves



Physical Risk – Real Estate Collateral



Transition Risk



Physical Risks from Floods

According to the flood risk identification maps projected to the end of the century by the National Science and Technology Center for Disaster Reduction (NCDR), flood hazard levels are categorized into five tiers. Areas ranked in the top 20% for hazard-vulnerability are classified as the highest flood risk zones. CUB compared these high-risk areas with the property locations of its retail mortgage clients and CUB locations to assess the exposure status as of the end of 2024. The evaluation concluded that the risk is considered within acceptable thresholds.

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Percentage of High Flood Risk Areas

	Baseline	Future
Outstanding balance of retail mortgage loans	0.24%	5.44%
Number of CUB locations	0.53%	7.49%

Risk Concentration Identification

- CUB location in climate risk areas
- Mortgage collaterals in climate risk areas

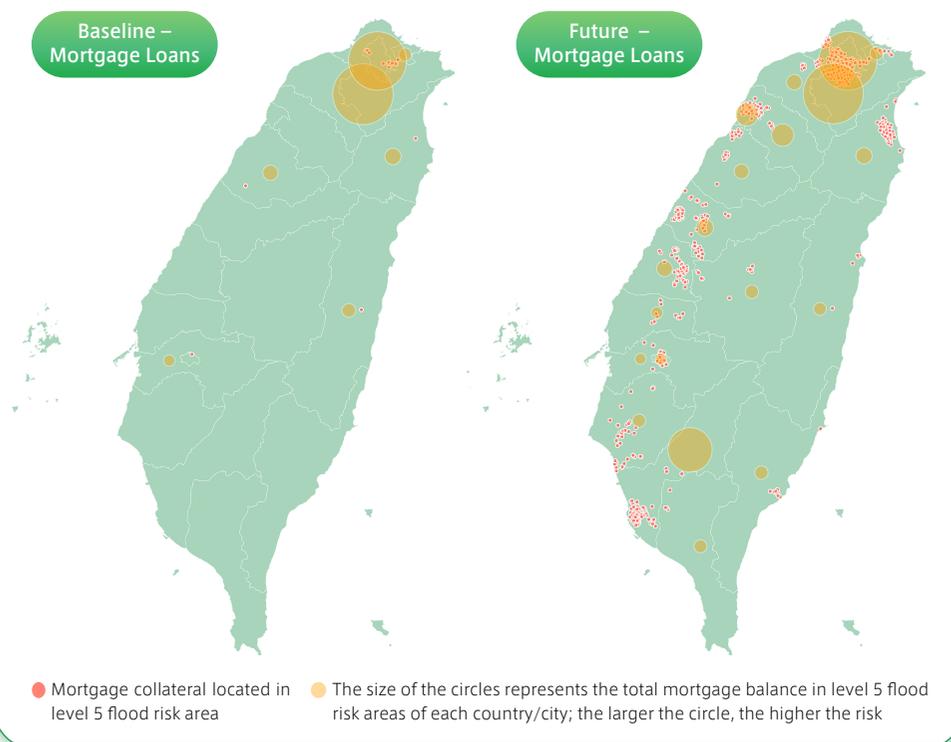
Analysis Scope

- Top 20% in hazard-vulnerability level

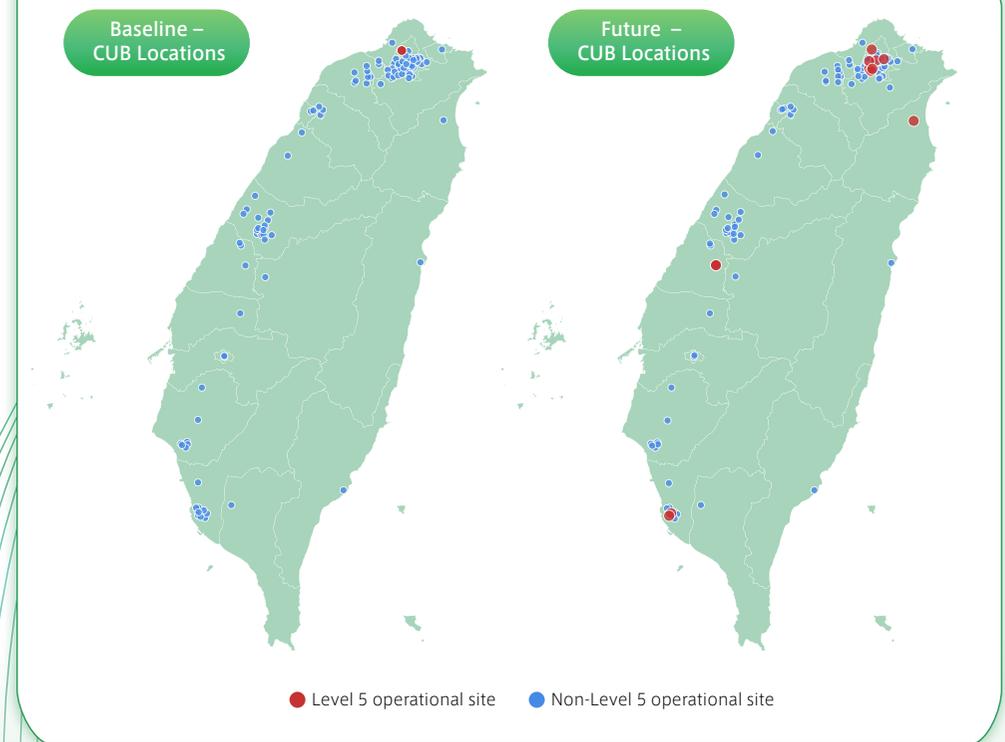
Analysis Tool

- NCDR Flood Scenario

Mortgage Collateral Balances with High Physical Risk



CUB Locations with High Physical Risk





Investment & lending in Highly Nature-Sensitive Industries

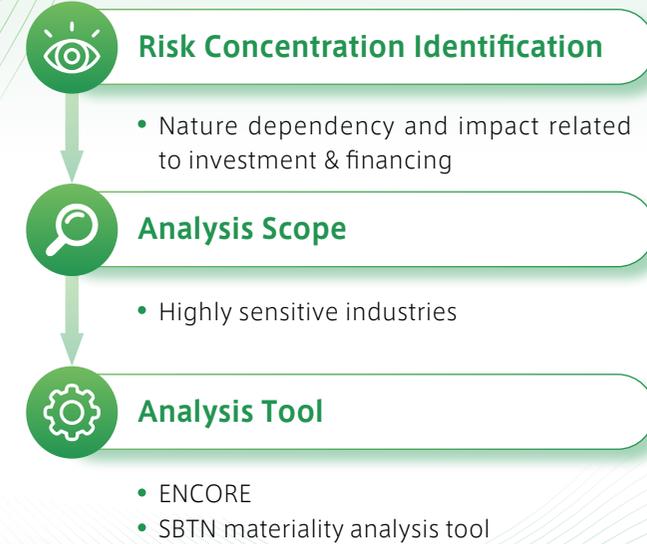
CUB, with reference to the TNFD recommendations and by integrating the ENCORE^{Note 1} database and the SBTN^{Note 2} materiality analysis tool, analyzed the nature dependency and impact of highly sensitive industries^{Note 3} on ecosystem services, as well as the distribution of risk exposure in investment and financing, as a reference for risk management and strategic planning. The results are as follows: the investment amount and credit balance^{Note 4} in highly sensitive industries accounted for approximately 3.65% and 6.67% of CUB's total investment amount and total credit balance, respectively. Taking into account the dependency and impact on water resources, along with CUB's exposure, a drought scenario analysis on water resources was conducted for the highly sensitive industry of "mining." For relevant analysis results, please refer to the [Climate and Nature-Related Scenario Analysis](#).

Note 1: ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a database jointly developed by the United Nations Environment Programme and other organizations. It compiles global data on nature-related risks to help companies assess their "dependency" and "impact." ENCORE defines "dependency" as the extent to which economic activities rely on ecosystem services and natural capital, and "impact" as the extent to which economic activities affect ecosystem services and natural capital.

Note 2: SBTN (Science Based Targets Network) provides a materiality analysis tool to assess the overall impact of corporate economic activities on nature.

Note 3: Cathay FHC has established industry exposure limits for the group, defining sensitive industries based on factors such as climate change, natural capital, pollution and waste, and community protests/human rights. If CUB's sensitive industries fall under Cathay FHC's sensitive industry definition, they are classified as CUB's highly sensitive industries. Cathay FHC's definition of "mining" includes industries such as basic metal manufacturing.

Note 4: Investment is calculated as the proportion of risk exposure in highly sensitive industries relative to total investment positions. The scope of total investment positions includes domestic and foreign stocks, domestic and foreign bonds, unlisted stocks, commercial papers, and other non-cash equivalent securities, excluding asset securitization products, funds, venture capital, equity method investments, and reinvestments. Calculations are based on book value. Credit is calculated as the proportion of corporate lending balance in highly sensitive industries relative to total corporate lending balance.



Identification Results of Nature-Related Risk Dependency and Impact

Industry	Nature Dependency					Nature Impact						Investment	Lending
	Water Resource	Atmosphere	Species	Soil	Habitat	Water Resource Use	Other Resource Use	Climate Change	Ecosystem Changes	Pollution	Distribution to Species		
CUB's Highly Sensitive Industries													
Fossil Fuel Power Generation & Coal-Related				High				High	High			0.04%	0.01%
Manufacture of Chemical Raw Materials, Fertilizers, Nitrogen Compounds, Plastic/Rubber Raw Materials & Synthetic Fibers										High	High	0.19%	2.90%
Oil & Gas								High	Medium			0.31%	0.19%
Building Materials (including Cement)			Medium					High	Medium	High		0.00%	0.10%
Food & Beverage Manufacturing	High											0.57%	1.21%
Aviation								High	Medium		High	0.00%	0.20%
Agriculture, Fishery, Animal Husbandry, Forestry and Wood/Bamboo Products, Pulp and Paper Products	High		Medium	High		High	High	Medium	Medium	High	Medium	0.00%	0.41%
Mining	High						High	High	Medium	High	High	2.54%	1.65%
Total												3.65%	6.67%

■ Very High ■ High ■ Medium ■ Low □ N/A

Climate and Nature-Related Scenario Analysis

To assess the financial impacts of climate and nature-related shocks, CUB conducts both official and in-house climate and nature-related scenario analyses annually. These analyses evaluate the potential impacts of future scenarios on CUB's operations and investment/financing positions, focusing on how physical and transition risks may affect credit risk factors, and calculate the expected financial losses under each scenario. Due to the inherent uncertainty in the results, the outcomes are used as references. CUB will adjust its climate and nature risk management strategies in a timely manner, taking into account existing risk management frameworks and tools, including risk appetite. (Scenario data as of December 31, 2024)

Scenario Type	Risk Type	Analysis Timeframe	Scope	Scenario Description	Analysis Result	
Official Climate Change Scenario Analysis (Long-term) ^{Note 1}	Physical	Floods/Landslides/ Rainfall-caused work stoppage/Drought/ Heatwaves	2030 2050	Domestic corporate & consumer lending Overseas corporate lending corporate credit Domestic passbook investments Overseas passbook investments	Orderly Net Zero (ONZ) Scenario: Aligned with NGFS Net Zero 2050 and IPCC SSP1-1.9. Disorderly Transition (DT) Scenario: Aligned with NGFS Delayed Transition and IPCC SSP1-2.6. Passive Transition (PT) Scenario: Aligned with NGFS Fragmented World and IPCC SSP2-4.5.	The highest expected loss under long-term scenarios occurs in 2050 under the Passive Transition scenario, accounting for approximately 47.47% of baseline pre-tax profit and 7.37% of baseline net assets. The financial impact on CUB remains manageable.
	Transition	Carbon pricing				
Official Climate Change Scenario Analysis (Short-term)	Physical	Floods/Landslides/ Rainfall-caused work stoppage	Within 1 year	Domestic corporate & consumer lending Domestic passbook investments	Physical Risk Intensity-adjusted (IA) Scenario: The statistical rainfall data from Typhoon Morakot adjusted to reflect the intensity under climate change conditions. Transition Risk (TR) Scenario: Uniform carbon fee applied across all industries and companies. Combined Loss (CL) Scenario: Considers both physical and transition risk scenarios.	The highest expected loss under short-term scenarios occurs in the Combined Loss Scenario, accounting for approximately 26.49% of baseline pre-tax profit and 4.11% of baseline net assets. The financial impact is assessed to be within CUB's risk tolerance levels.
	Transition	Carbon pricing				
Scenario Analysis of Transition Risks on Corporate Loans in Aircraft Leasing Industry	Transition	Policies	-	Aircraft leasing industry in Singapore Corporate lending	In-house Scenario: Changes in aircraft preference and valuation under the CORSIA scenario.	Expected credit losses (ECL%) for secured and unsecured credit positions at Singapore branch are 5.33% and 1.20%, respectively. The financial impact on CUB remains manageable.
Water Resources: Drought Scenario Analysis	Physical	Drought	Short-term (2020–2040) Mid-term (2030–2050) Long-term (2040–2060)	Domestic mining industry Corporate lending	In-house Scenario: Aligned with IPCC SSP1-2.6, considering Taiwan's 2050 net-zero target and corresponding emission pathways and strategies.	The highest expected loss (EL%) from physical risk occurs in 2040–2060, at approximately 0.71%. The financial impact on CUB remains manageable.
Trading Book Equities and Bonds: Decarbonization Transition Scenario Analysis	Transition	Carbon pricing/ Electricity price/ Upstream and downstream additional costs	-	Trading book investments	Orderly Transition: Aligned with NGFS Net Zero 2050. Disorderly Transition: Aligned with NGFS Delayed Transition. Too Late Scenario: Aligned with Fragmented World.	Under the Orderly Transition Scenario, due to lower warming potential and higher carbon price, climate-related losses account for up to 4.9% of market value. The financial impact on CUB remains manageable.

Note 1: Orderly Net Zero refers to a scenario where the world gradually achieves net-zero emissions by 2050 (approx. 1.5° C warming). Disorderly Transition refers to a delayed transition that still achieves net-zero by 2050 (warming below 2° C). Passive Transition refers to a scenario where delayed action fails to meet carbon reduction targets, resulting in more severe physical and transition risks (warming exceeds 2° C). These official scenarios simulate impacts on macroeconomic indicators such as GDP, unemployment, and interest rates, as well as property value losses due to natural disasters.

Note 2: Revised 2030 CORSIA Target: Due to the significant decline in global aviation demand caused by COVID-19 in 2020, ICAO revised the CORSIA baseline to 85% of 2019 emissions for the 2024–2035 period, making the target more challenging. The original baseline was the average of 2019 and 2020 emissions, with a net zero goal by 2030.

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Official Climate Change Scenario Analysis

Overview of Scenario Analysis Process

Climate change risk is a major global challenge. Promoting net-zero transition and sustainable development has become a global consensus, and the financial industry is expected to play a key role in accelerating sustainable finance. According to the Bankers Association of the Republic of China to draw up the "Plan for Climate Change Scenario Analysis of Domestic Banks (2024 Edition)," CUB conducts official climate change scenario analysis annually to assess the potential financial impacts of climate risks.

Long-Term Scenario

- **Scope of Calculation:** Includes five positions—Domestic Corporate and Consumer Lending, Overseas Corporate Lending, Domestic and Overseas Passbook Investments.
- **Scenario Design:** Based on internationally recognized sources NGFS and IPCC, scenarios are categorized into Orderly Net Zero (ONZ), Disorderly Transition (DT), and Passive Transition (PT). The analysis focuses on expected losses of investment and financing assets in the long term (2030 and 2050).
- **Risk Assessment:** Physical risk hazards include heavy rainfall, floods, drought, landslides, and heatwaves. Through risk level identification and impact factors, the analysis estimates the impairment effects of these risks on corporate profitability and collateral value, and also assesses the impact on mortgage collateral value. Transition risk hazards include carbon pricing and industry emission trend changes. Simulations are used to analyze the impact of carbon pricing on corporate profitability. In addition, the long-term scenario incorporates macroeconomic impacts, such as the effects of GDP growth rate, unemployment rate, inflation rate, and long-term interest rates on default rates.

Short-Term Scenario

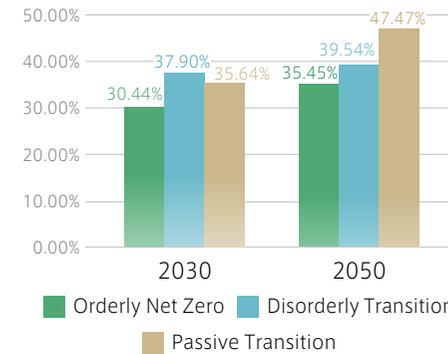
- **Scope of Calculation:** Includes three positions—Domestic Corporate and Consumer Lending, and Domestic Passbook Investments.
- **Scenario Design:** Based on hazard types, scenarios are categorized into Physical Risk Intensity-adjusted (IA), Transition Risk (TR), and Combined Loss (CL) scenarios. The analysis primarily evaluates the impact on positions from specific climate-related physical or transition events within the short-term period of one year.
- **Risk Assessment:** Due to basic assumptions, macroeconomic impacts are excluded. Drought and heatwaves are also excluded from physical risk hazard types. Other hazard types and risk linkage pathways are consistent with those used in the long-term scenario.

Analysis Results and Resilience Verification

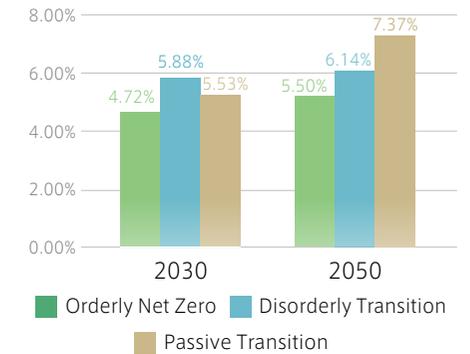
Based on the results of the official climate scenario analysis, a summary of key findings is provided below. For detailed results, please refer to [Appendix 5.1 Summary of Key Data](#). Due to differences in time horizons and underlying assumptions, the results of the long-term and short-term scenarios are not directly comparable, but both are integral to CUB's climate and nature risk management assessments.

- (1) Under the long-term scenario, the highest expected loss occurs in 2050 under the Passive Transition scenario (PT), accounting for approximately 47.47% of baseline pre-tax profit and 7.37% of baseline net assets. Under the short-term scenario, the highest expected loss occurs in the Combined Loss scenario, accounting for approximately 26.49% of baseline pre-tax profit and 4.11% of baseline net assets. After evaluation, the total expected losses from the scenario analysis are considered financially manageable for CUB.
- (2) In the long-term scenario under the 2050 Passive Transition (PT) scenario, for collateral located in townships classified as high physical risk (Level 5), the exposure amount related to the loss in collateral value for domestic corporate and consumer lending accounts for approximately 2.29%.
- (3) In the long-term scenario under the 2050 Passive Transition (PT) scenario, for industries with high carbon intensity and high transition risk (Level 5), the exposure amount for domestic corporate lending accounts for approximately 4.73%.

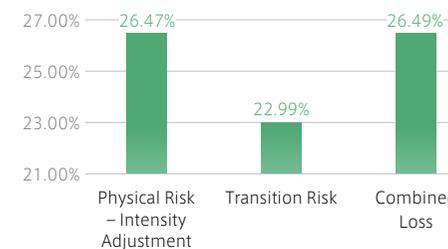
Long-Term Scenario Expected Loss as a Ratio of Baseline Year Pre-Tax Profit



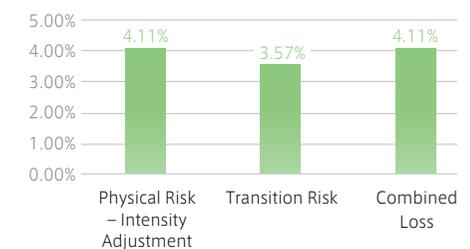
Long-Term Scenario Expected Loss as a Ratio of Baseline Year Net Value



Short-Term Scenario Expected Loss as a Ratio of Baseline Year Pre-Tax Profit



Short-Term Scenario Expected Loss as a Ratio of Baseline Year Net Value



Note: Due to the assumptions inherent in the methodologies of both long-term and short-term scenario analyses, and the fact that the relevant parameters are estimated values under different risk scenarios, the long-term scenario covers a more distant time horizon. Therefore, the expected losses estimated under each scenario carry a degree of uncertainty and do not represent actual future impacts. Caution should be exercised when interpreting and explaining the results of this analysis, given its limitations.



Risk Mitigation Strategies

CUB has set a target of achieving net-zero emissions in financial assets by 2050. In alignment with this goal, a "Coal-Exit Action" has been established for the coal industry, with a clear objective of "Zero Coal Financing." CUB aims to reduce all coal-related credit facilities to zero by the end of Q1 2027. The Bank is also actively promoting low-carbon transition financing and will adjust strategies as needed to ensure that asset allocation remains resilient to climate and nature-related risks. In parallel, CUB has launched a Climate and Nature Action Plan, which includes regular resilience testing of climate strategies, monitoring the usage of exposure limits for highly sensitive industries, and tracking the concentration of physical risks in real estate collateral for corporate and consumer lending. CUB has also set short-, medium-, and long-term investment and financing targets to track progress toward net-zero transition. For details, please refer to [2.1.1 Net Zero Emissions in Financial Assets by 2050](#).

Scenario Analysis of Transition Risks on Corporate Loans in Aircraft Leasing Industry

Overview of Scenario Analysis Process

According to the "Guidelines on Environmental Risk Management for Banks" issued by the Monetary Authority of Singapore (MAS), banks are required to conduct scenario analysis and stress testing to assess the impact of significant environmental risks on their credit portfolios. Given the substantial credit exposure of CUB's Singapore branch to the aviation industry, we have evaluated the impact of transition risks on our aviation industry credit portfolio based on the credit structure. This analysis takes into account the changes in airline preferences under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) scenario and the price volatility of aircraft assets due to international carbon emission policies. We assess the impact of changes in aircraft leasing rates and residual values of aircraft collateral on borrowers' financial conditions to estimate potential expected credit losses.

Analysis Results and Resilience

Assessment of the aircraft leasing industries focused on expected credit losses derived from transition risks for the Singapore branch's secured and unsecured credits given changes in airline preference under the CORSIA scenario. The expected credit losses, derived from transition risks, for secured and unsecured loan, is 5.33% and 1.20%, respectively. The expected total loss from the scenario analysis is deemed manageable.

Risk Mitigation Strategies

CUB complies with TMRAC and rules for aircraft collateral valuation when screening clients and managing collateral for all aircraft financing cases. The Singapore branch's aviation team refers to the latest TMRAC and considers the environmental impacts of aircraft financing by undertaking new/energy-efficient aircraft financing and/or participating or leading financing compliant with the Loan Market Association's (LMA), Green Loan Principles (GLP) and Sustainability Linked Loan Principles (SLLPs), expanding the bank's financing products.

Scenario Analysis of Loans in the Aviation Industry

Loan Type	Secured Loan	Unsecured Loan
Risk Scenario	Policy Change	
Scenario Assumption	Airlines' preference changes and valuation adjustment in CORSIA scenario	
Analysis Subject	Leasing ratio of aircraft assets and residual value of aircraft asset collaterals	Leasing ratio of aircraft assets
Region	Singapore	
Percentage of ECL to the industry's EAD under scenario analysis	6.43%	1.94%
Percentage of ECL to the industry's EAD in the baseline scenario	1.10%	0.74%
Percentage increase in ECL due to transition risks	5.33%	1.20%

Note: ECL% is the percentage of ECL out of EAD. ECL represents expected credit losses, while EAD represents exposure at default.



Water Resources: Drought Scenario Analysis

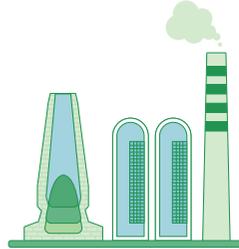
Overview of Scenario Analysis Process

Global warming has intensified climate extremes. Taiwan faces challenges such as uneven rainfall, increased drought frequency, rising temperatures leading to higher evapotranspiration, and aging reservoirs and pipelines causing high leakage rates and reduced water storage capacity. In response, the government has implemented measures such as the "Reclaimed Water Resources Development Act" and the "Water Consumption Fee Collection Regulations" to encourage water conservation among enterprises. However, with ongoing economic development, the water supply-demand gap is widening, threatening supply stability and increasing operational risks for businesses. International credit rating agencies have also identified water resources as a key environmental risk in Taiwan's sovereign ESG ratings.

Based on industry exposure and ENCORE's analysis of dependency and impact on natural resources, the highly sensitive industry "Mining" was prioritized for scenario analysis. The analysis assesses the financial impact of water shortages on investees and on CUB, using domestic corporate lending clients as the target group and applying the LEAP assessment steps:

Highly sensitive Industry

Mining



- **Associated Risk**

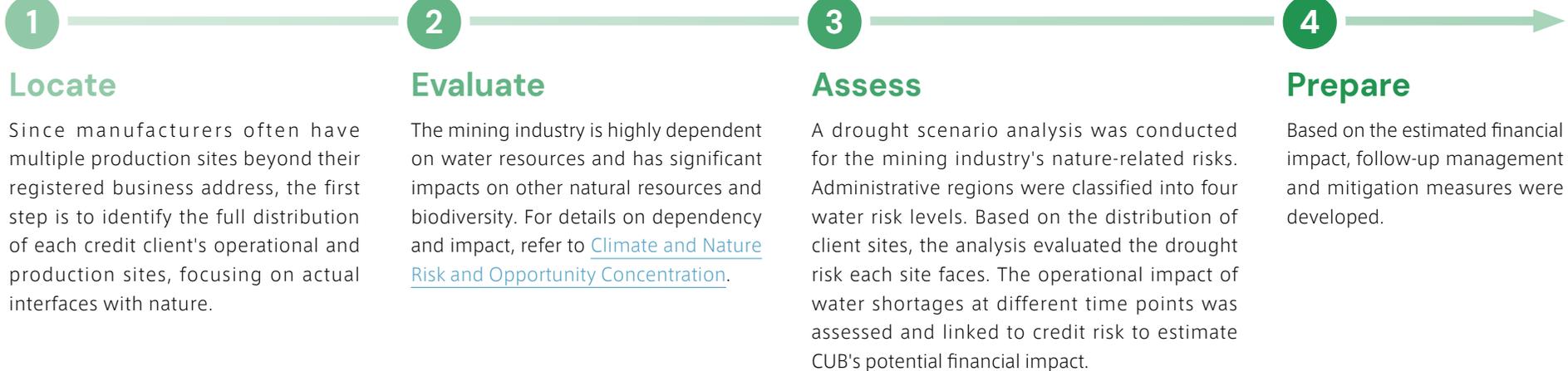
Physical Risk (Immediate): Uneven rainfall distribution caused by climate change leads to water resource shortages.

- **Financial Impact on Invested/Financed Entities in the Industry**

Operations of enterprises highly dependent on water resources are easily affected. For example, additional water procurement costs may increase expenses, and interruptions in production and operations may reduce revenue.

- **Financial Impact on CUB from Investing/Financing in this Industry**

If the operations of the invested/financed entities are affected, their financial performance may deteriorate, which could in turn impact credit risk and market risk. This may result in a decline in the Bank's potential investment returns and interest income, as well as an increase in bad debt expenses.





Analysis Results and Resilience Verification

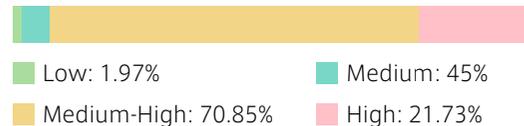
The distribution of risks across administrative regions, the locations of production and operational sites of CUB's credit clients, and the proportion of mining exposures in high-risk administrative regions are shown in the figure below. The estimated EL% under the SSP1-2.6 scenario at different time points is presented in the table below. The highest EL% resulting from physical risks occurs between 2040 and 2060, reaching approximately 0.71%. After evaluation, the total expected loss is considered to have a controllable financial impact for CUB.

Water Resources: Drought Scenario Analysis

Industry Analyzed	Highly Sensitive Industry - Mining		
Borrower Type	Domestic Corporate Banking Credit Clients		
Scenario Design	SSP1-2.6		
Analysis Timeframes	2020 - 2040	2030 - 2050	2040 - 2060
EL% under Scenario Analysis	0.91%	0.98%	1.00%
Baseline EL%	0.29%		
Increase in EL% due to Physical Risk	0.62%	0.69%	0.71%

● Distribution of Production and Operational Sites of Mining Credit Clients

Proportion of Mining Credit Exposure at Various Risk Levels



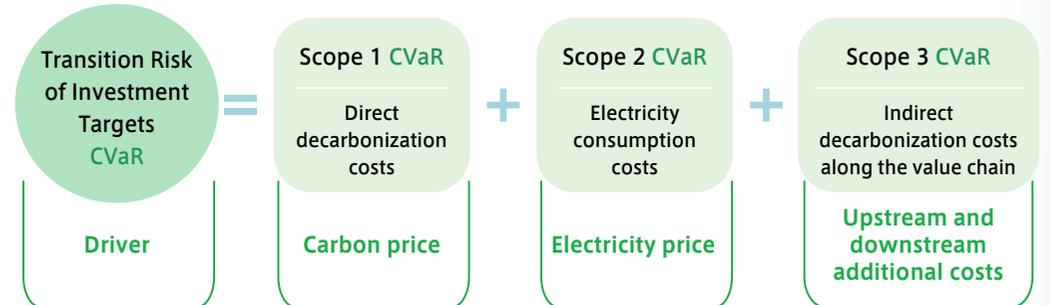
Risk Mitigation Strategies

By regularly reviewing the assumptions and data used in scenario analysis to ensure the robustness of risk assessments and estimations, the Bank maintains sound analytical practices. Additionally, the Bank monitors the usage of exposure limits for highly sensitive industries and tracks the status and trends of asset exposures located in regions with high water resource risks.

Trading Book Equities and Bonds: Decarbonization Transition Scenario Analysis

Overview of Scenario Analysis Process

The global transition to a low-carbon economy and the occurrence of extreme climate events will significantly impact corporations, potentially leading to a decline in the value of their issued securities and resulting in net asset losses for investors. In addition to using publicly available climate scenario analyses to assess credit risk losses in the banking book investment business, CUB has also adopted a model developed by MSCI. Using scenarios from NGFS Phase 4, CUB evaluates the market risk impact of decarbonization transition scenarios on trading book equity and bond investments under three transition pathways: Orderly (achieving net-zero emissions by 2050), Disorderly (delayed transition), and Fragmented (too late to act). The analysis is conducted using Climate Value at Risk (CVaR). The CVaR model assesses the financial impact of the costs required for decarbonization across Scope 1 to Scope 3 emissions of the investment targets. The discounted value of these costs represents the CVaR result. The analytical methodology is illustrated in the figure below.



Analysis Results and Resilience Verification

Scenario analyses reveal that CUB's trading book equities and bonds will experience climate losses from market risks of 4.9%, 1.5%, and 0.3% of the position's market value for the Orderly Transition, Disorderly Transition, and Fragmented World scenarios, respectively. Under the Orderly Transition Scenario, due to the lower potential warming scenario and higher carbon pricing, the climate loss accounts for the highest at 4.9% of the position's market value. However, results show that the impact is manageable and that we demonstrate a certain degree of resilience.

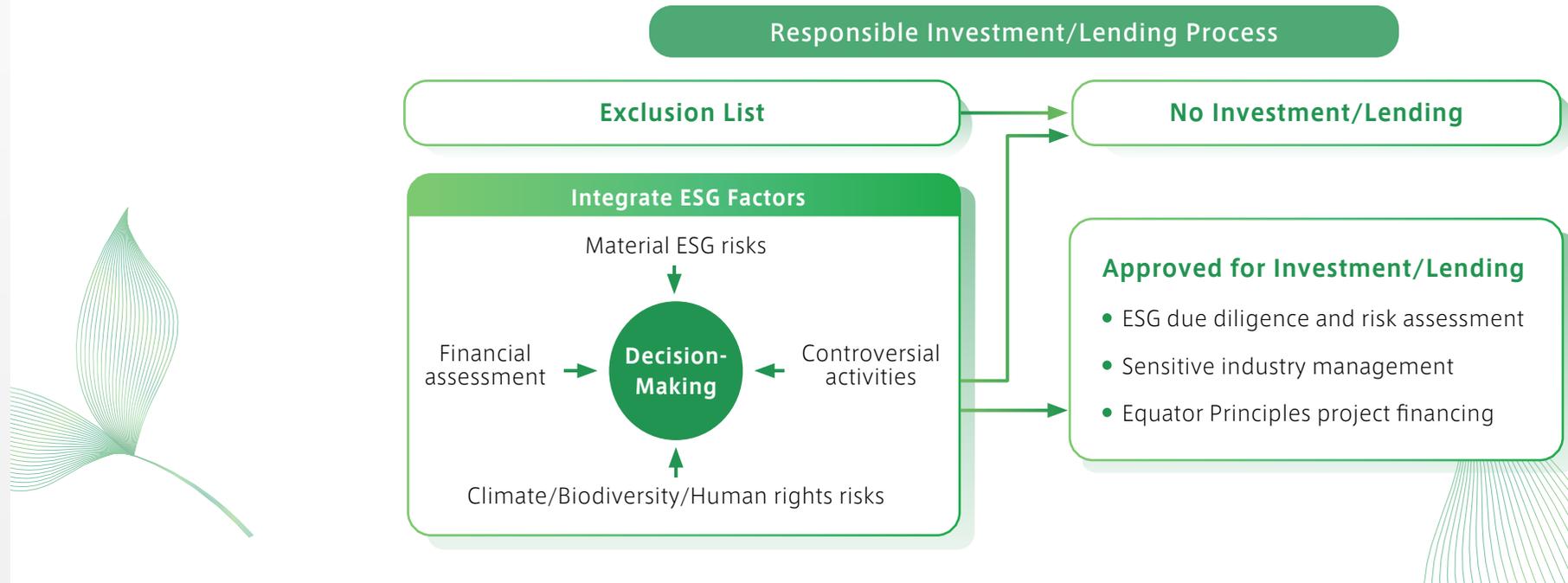
Risk Mitigation Strategies

CUB incorporates ESG risk assessments into internal investment processes as a crucial factor in investment decisions to reduce climate risk losses. This approach aligns with CUB's goal of achieving net zero emissions for investment and credit assets by 2050 and enhancing the bank's climate resilience.



Investment and Lending Risk Management

CUB is committed to reducing risks related to climate change and environmental, social, and governance (ESG) issues. Climate-related risks (including transition risks and physical risks) are clearly defined. In addition to incorporating ESG and climate-related risk identification processes (including ESG factors such as controversial activities, climate, biodiversity, and human rights) into existing investment and credit procedures, we also actively respond to TCFD, TNFD, and align with CDP and SBT management frameworks. We have also established investment and lending management rules to prudently assess the ESG and climate risks of investment/lending targets before investment/lending. By evaluating information related to environment, society, governance, and penalties, we assign ESG ratings to corporate credit clients and implement differentiated tiered management. After investment/lending, we not only continue to review their ESG and climate performance, but also actively engage in in-depth dialogue with relevant enterprises to assist them in transitioning, in order to properly manage the long-term risks of the investment and lending portfolios.



Post-Investment/Lending ESG Due Diligence Measures

Investment

(1) Sensitive industry concentration of the investment portfolios
 (2) Climate risks and ESG performance of investee companies
 The above items are reviewed at least semi-annually as a reference for adjusting investment positions or taking appropriate management measures, including monitoring, reduction, or suspension.

Lending

Corporate credit clients shall conduct an annual ESG review during the annual audit, prudently assessing the ESG credit conditions approved in the original case, compliance status, and historical changes in ESG ratings, and continuously monitoring changes in clients' ESG risks and early warning information to facilitate timely responses.



Exclusionary Screening

In line with the Group's responsible investment and lending policies, the exclusion list of business activities has been adjusted. In 2024, new management measures related to unconventional oil and gas and natural gas were added. CUB excludes controversial weapons, human rights violations, pornography, mining, coal-fired/nuclear power generation, coal-related activities, conventional and unconventional oil and gas upstream exploration, tobacco industry, gambling, tropical rainforest logging, and drift net manufacturing and fishing. This aligns with the United Nations Sustainable Development Goals (SDG) 14 "Conserve and sustainably use the oceans, seas and marine resources" and SDG 15 "Protect, restore and promote sustainable use of terrestrial ecosystems and halt biodiversity loss."

ESG Due Diligence and Risk Assessment

CUB strictly controls ESG-related risks arising from investment and corporate credit cases and has established an ESG rating management mechanism to implement differentiated tiered management.



Investment

If the industry of CUB's investment target falls under sensitive industries, a "Climate Risk Assessment Form" must be completed to include climate risks in due diligence, covering carbon emissions, water usage, disclosure of potential temperature rise under SBT, carbon reduction targets, water resource management, and biodiversity policies. In the investment process, CUB refers to ESG rating information from MSCI, the international rating agency, to understand the ESG performance of the target. If poor ESG performance or negative ESG incidents are found in the past three years, an "ESG Risk Assessment Form" must be completed to further evaluate whether to invest and determine post-investment management.



Corporate Credit

In accordance with the "Environmental, Social, and Governance (ESG) Rules for Corporate Loans," CUB incorporates ESG-related risks such as environmental penalties, harm to public welfare, human rights violations, governance, climate, and nature into the KYC (Know-Your-Customer) process for corporate credit cases. ESG incidents of the credit client must be reviewed, and the client must be consulted to understand the improvement status, risk mitigation measures, and follow-up inspection items. In addition, credit clients are encouraged to provide ESG risk management plans to explain improvement actions or response strategies. These plans may refer to the "Taiwan Sustainable Taxonomy" and "Recommended Items for Transition Plans," or international net-zero transition standards or guidelines. The content may include, but is not limited to, carbon emission data, carbon reduction targets and strategies, technical challenges and funding needs for carbon reduction, and water resource management policies. Credit clients are also encouraged to consider transition opportunities, such as green loans or sustainability-linked loans, to promote capital flow toward low-carbon and sustainable development. Reviewers assess the risk mitigation measures and follow-up inspection items based on the ESG risk incidents involved in the credit case, which serve as references for review opinions. If the case involves serious harm or meets exclusion criteria, actions such as loan reduction, setting restrictive conditions, or loan rejection may be taken to guide clients to value relevant issues and implement responsible lending principles. In 2024, there were 47 high-risk cases subject to enhanced environmental review, totaling NT\$16.76 billion; 6 cases involving environmental pollution were approved with restrictive conditions, totaling NT\$6.44 billion.

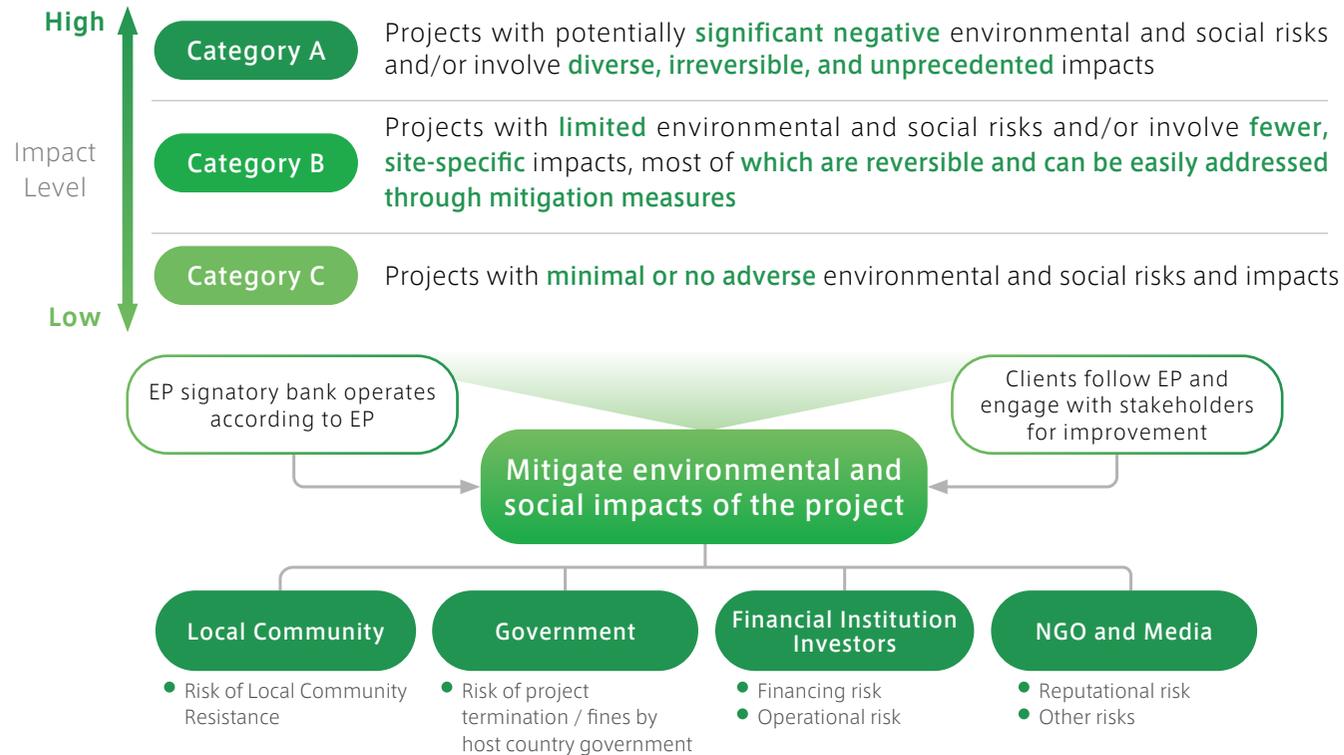
Management of Sensitive Industries

Based on the binding nature of government policies in various countries, the impact of each industry on climate-related risks, the Group's climate risk appetite, and quantifiable foundations, CUB uses carbon emissions, water usage, and biodiversity as sensitivity factors to establish a sensitive industry management mechanism and implement tiered management. For highly sensitive industries, a quota management mechanism is introduced, and the usage of quotas for highly sensitive industries is regularly monitored.

Project Finance of Equator Principles (EP)

CUB includes biodiversity, climate change, and human rights risks as essential items in the assessment of Equator Principles project finance cases. These cases are reviewed in accordance with the eight IFC Performance Standards, including PS6 on biodiversity, and incorporated into review opinions. For example, in climate change assessments, projects with estimated annual carbon emissions exceeding 100,000 tons must consider transition risks and complete an analysis of alternative solutions to reduce greenhouse gas (GHG) emissions. Post-lending, the Bank tracks emissions and the effectiveness of mitigation measures.

The Equator Principles focus on assessing the potential environmental and social risks of large-scale project financing. For cases with significant risks (i.e., Category A and B), the assessment process must involve independent review by third-party consultants. After loan approval, a rigorous post-lending management mechanism is required, including annual monitoring reports reviewed by professional third-party consultants to ensure proper monitoring of environmental and social risks in EP credit cases. As of the end of 2024, 3 cases reached Financial Close (ready for disbursement upon signing) in accordance with Equator Principles, with new approved lending amounting approximately NT\$3,940 million. By the end of 2024, CUB had a cumulative total of 27 EP credit cases that reached Financial Close.



Year	Number of New Cases	Category A	Category B	Category C
2015		Grace Period		
2016	5	1	1	3
2017	2	-	-	2
2018	6	1	2	3
2019	2	1	-	1
2020	2	-	-	2
2021	2	1	-	1
2022	2	-	2	-
2023	3 (LA)	-	2	1
2024	3 (LA)	-	3	-
Total	27	4	10	13

Note 1: According to the Equator Principles, environmental risk assessments should align with the risk categories defined by TCFD, while social risk assessments should refer to the United Nations Guiding Principles on Business and Human Rights (UNGPs) to evaluate human rights risks and impacts.

Note 2: Project finance cases that meet the scale applicable to the Equator Principles (EP) have greater environmental and social impacts than general cases. As an Equator Principles signatory, in addition to assessing environmental risks such as climate change and biodiversity, CUB also requires clients to refer to the UNGPs and include human rights risks of stakeholders such as local communities and residents in their assessments. For cases with significant impacts (such as Category A and B risks), third-party consultants must issue relevant assessment documents, such as conducting effective engagement actions with affected communities and other stakeholders. CUB's Board of Directors and Risk Management Committee may regularly supervise the environmental and human rights risks of EP cases and track the progress of mitigation measures through ESG implementation reports.

Note 3: The number of new cases refers to credit cases that reached Financial Close during the year (i.e., the case has been signed and is in a drawable state), and this is used to calculate the newly approved EP credit amount.



ESG Rating and Classification Module System

System Overview

Through technologies such as data extraction, analysis, and processing, CUB has developed the "ESG Rating and Classification Module System" by integrating ESG big data. This automated system can quickly screen borrowers' ESG risk levels, support post-lending management and risk alerts, helping the front office to instantly grasp client risks, the middle office to monitor asset quality, and the back office to reduce operational risks. It not only saves manual query time but also identifies potential ESG deficiencies or concerns in clients, reducing reputational or financial risks for the Bank and comprehensively enhancing risk management.

To align with international trends, group development, and the promotion of sustainable finance, in addition to adopting the Equator Principles and voluntarily following the UN Principles for Responsible Banking, the system is periodically updated and processed according to external regulations and international standards to create sustainable value and deepen awareness of environmental, social, and governance risks.

Key Feature

-  Leading the financial industry in implementing internal ESG rating and management frameworks.
-  Pioneering ESG risk classification and differentiated management, covering the entire credit process end-to-end, and using AI algorithms to automatically interpret corporate ESG performance scores.
-  Using automated extraction technology to obtain both negative penalty and positive ESG information of clients, including SMEs.
-  Through "weighting" design, standardizing and aggregating borrowers' positive and negative performance, and classifying into four rating levels to assess clients' sustainability risks and opportunities, thereby informing credit decisions.

Milestone

September 11, 2020:
Negative ESG Rating Classification Module
approved as a "Utility Model" patent by the Intellectual Property Office, Ministry of Economic Affairs.

July 1, 2023:
Negative ESG Rating Classification Module
approved as an "Invention" patent.

April 21, 2024:
Automated ESG Rating Classification Module
approved as a "Utility Model" patent.

December 7, 2024:
Automated ESG Rating Classification Module
submitted for "Invention" patent re-examination.

Operational Risk Management

CUB strives to minimize losses and ensure the safety of personnel, compliance with legal regulations, and protection of customer rights during operational disruptions caused by various disasters. The Bank has established a Business Continuity Management (BCM) system and recovery plans to ensure that critical services remain operational in the event of business or information service incidents, facility failures, or damage. This ensures uninterrupted client service and reduces response time during incidents and crises. Each year, the Bank conducts comprehensive scenario-based drills to strengthen staff response capabilities and validate the effectiveness of related plans. To uphold high standards in business continuity management, CUB has adopted the international standard "ISO 22301:2019 Business Continuity Management Systems" and obtained certification from the British Standards Institution (BSI). Through continuous improvement of its BCM system, the Bank provides a safer and higher-quality financial service environment for clients, employees, shareholders, and stakeholders.

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Conclusion

Strengthening the Power of Transition Finance
to Support Clients' Low-Carbon Transitions

4 Conclusion: Strengthening the Power of Transition Finance to Support Clients' Low-Carbon Transitions

CUB has developed extensive expertise in climate finance over the years. Following the landmark resolutions passed at COP29—including the commitment to provide USD 300 billion annually in climate financing to support developing countries in combating climate change—we are more convinced than ever of the importance of actively implementing our climate strategy blueprint. Through the two pillars of a low-carbon economy and environmental sustainability, we are driving transformation across both our investment and financing clients as well as our own operations. With a vision of nature-positive growth, we aim to usher in a new chapter of harmony between nature and humanity.

Strengthening Financial Influence

- ★ Establishing a "One-Stop Transition Finance Platform" by collaborating with leading professional institutions to develop customized engagement strategies tailored to the unique characteristics and needs of each enterprise. This platform provides transition-related financing, products, and services, and aligns with government support programs to assist clients in reducing carbon emissions and driving industry-wide net-zero transformation. In 2025, we will continue to invite more of Cathay's sustainability strategy partners, integrating resources from industry, government, and academia to enhance clients' climate resilience and further strengthen CUB's influence in the sustainable finance market. [Low-Carbon Economy](#)
- ★ Through the Equator Principles project financing, we conduct comprehensive assessments of biodiversity, climate change, and human rights risks to ensure that capital is directed toward ecological protection, technological innovation, and renewable energy development—promoting both social and environmental prosperity. [Low-Carbon Economy](#)
- ★ Pioneering the "Sustainability-Linked Payroll" program encourages employees to actively engage in sustainability initiatives. By aligning corporate sustainability goals with payroll incentives, we provide a variety of financial rewards designed to motivate employees to practice environmental and social responsibility in their daily work, thereby advancing the company's overall sustainability efforts. [Low-Carbon Economy](#)
- ★ Enhancing the quality of green financial products and services in the retail banking sector. [Low-Carbon Economy](#)

Empowering Clients Through Transition Finance

- ★ Strengthening the implementation of the "Taiwan Sustainable Taxonomy" in client engagement while continuing to participate in domestic and international climate dialogues and initiatives. We empower corporate clients and guide them toward a low-carbon transition. [Low-Carbon Economy](#)
- ★ CUB launched the "SME Sustainable Finance Partner Project" to provide customized financial solutions that address the specific needs of small and medium-sized enterprises, facilitating their transition to low-carbon operations.

[Low-Carbon Economy](#)

Operational Transition for Climate and Sustainability

- ★ Centered on the "Zero-Carbon Operation Transition Plan", we aim to minimize our environmental impact through strategies such as increasing the use of renewable energy, developing energy management systems, implementing internal carbon pricing, and expanding solar installations. We are committed to achieving net-zero emissions across all global operations by 2050.

[Environmental Sustainability](#)

Positive Growth for Nature

- ★ Continuously aligning with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, we enhance our capacity to identify and assess nature-related risks and opportunities. This improvement in risk management and response strategies directs our clients toward achieving nature-positive growth. [Environmental Sustainability](#) [Low-Carbon Economy](#)
- ★ Clients are required to adhere to the Equator Principles to ensure the effective implementation of ecological protection plans and actions, thereby promoting biodiversity conservation and sustainable development.

[Environmental Sustainability](#)

[Low-Carbon Economy](#)

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- ▶ 5.5 TPT Index ▶ 5.6 TNFD Index ▶ 5.7 Summary of Subject Matter Assured
- ▶ 5.8 External Assurance and Attestation Statement

5.1 Summary of Key Data

● Scope 3 Financed Emissions for Financial Assets in compliance with BAROC Guidelines

As of December 31, 2024 Coverage ^{Note 1}	Coverage Applicable to PCAF Methodology	Coverage of Carbon Inventory
Investment	39.26%	39.26%
Corporate Lending	99.34%	99.34%
Consumer Lending	33.66%	33.66%
Total	50.35%	50.35%

Note 1 : Mainly due to insufficient specific data that makes calculation impossible, coverage using the PCAF methodology and verification coverage for corporate lending are slightly less than 100%. For consumer lending, both the coverage using the PCAF methodology and the verification coverage are less than 100% because the scope of the "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks" is limited to real estate loans used for purchasing residential properties. The verification coverage for consumer lending is slightly less than the coverage using the PCAF methodology because some collateral consists of vacant land or non-real estate, which cannot be included in the calculation. For investments, both the coverage using the PCAF methodology and the verification coverage are less than 100% due to the exclusion of certain assets such as money market instruments (notes), asset-backed securities, sustainability-related bonds (green bonds, sustainable development bonds, social responsibility bonds, sustainability-linked bonds), municipal bonds, options, and investments in subsidiaries that are fully controlled and included in the bank's consolidated financial statements.

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As of December 31, 2024 Asset Type Distribution			Absolute Emissions ^{Note 1}		Emission Intensity ^{Note 2}		Data Quality Score	
			Scope 1(tCO ₂ e)	Scope 2(tCO ₂ e)	Economic Emission Intensity	Physical Emission Intensity		
Investment	Listed/Unlisted Equities		1,655	15,854	0.57	-	2.77	
	Corporate Bonds		76,641	68,144	0.62	-	2.45	
	Sovereign Debt (Investment)	Excl. LULUCF	1,150,490	-	6.81	-	4.04	
		Incl. LULUCF	1,070,600	-	6.33	-		
Subtotal	Excl. LULUCF		(LA) 1,312,783		3.03	-	(LA) 3.09	
	Incl. LULUCF		(LA) 1,232,894		2.84	-		
Lending	Sovereign Debt (Lending)	Excl. LULUCF	17,757		15.82	-	1.00	
		Incl. LULUCF	23,317		20.77	-		
	Corporate Lending	Business Loans		2,097,244		2.80	-	3.81
		Project Finance ^{Note 3}		-		0.00	-	3.00
	Consumer Lending	Commercial Real Estate Loans		31,881		0.45	71.68	3.96
		Mortgages	Motor Vehicle Loans		120,961		0.21	20.60
Subtotal	Excl. LULUCF		(LA) 2,267,843		1.59	-	(LA) 3.88	
	Incl. LULUCF		(LA) 2,273,403		1.59	-		
Total	Excl. LULUCF		3,580,626		1.92	-	3.70	
	Incl. LULUCF		3,506,297		1.88	-		

Note 1: Absolute emissions refer to the carbon emissions from financial assets (financed emissions) in Scope 3 as defined by the BAROC, originating from the Scope 1 and Scope 2 emissions of the investees and borrowers.

Note 2: Economic emission intensity unit: tCO₂e per NT\$1M; physical emission intensity unit: kgCO₂e/m² (commercial real estate loans and mortgages).

Note 3: The avoided emissions from project finance are approximately 210,009 tCO₂e.

Note 4: Scope 1 and Scope 2 data are rounded to the nearest integer for presentation in the table. Therefore, there are discrepancies between the sum of Scope 1 and Scope 2 figures and slight differences with the vertical total data results.

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As of December 31, 2024 Region	Investment Assets					Lending Assets ^{Note 2}			
	Absolute Emissions ^{Note 1}			Data Quality Score	Economic Emission Intensity (tCO ₂ e/NT\$1M)	Absolute Emissions ^{Note 1}		Data Quality Score	Economic Emission Intensity (tCO ₂ e/NT\$1M)
	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 1+2 (tCO ₂ e)			Scope 1+2 (tCO ₂ e)			
Taiwan	404,355	60,230	464,585	3.16	3.35	1,824,066		3.89	1.43
Asia Pacific	275,279	9,962	285,240	3.26	2.87	443,777		3.80	2.94
Excl. LULUCF The Americas	434,220	7,171	441,391	3.02	3.58	-		-	-
Europe	98,919	2,662	101,581	2.84	1.46	-		-	-
Others	16,013	3,972	19,985	2.93	7.99	-		-	-
Total	1,228,786	83,998	1,312,783	3.09	3.03	2,267,843		3.88	1.59
Taiwan	357,679	60,230	417,909	3.16	3.01	1,824,066		3.89	1.43
Asia Pacific	280,952	9,962	290,914	3.26	2.92	449,337		3.80	2.98
Incl. LULUCF The Americas	339,252	7,171	406,423	3.02	3.30	-		-	-
Europe	95,000	2,662	97,663	2.84	1.40	-		-	-
Others	16,013	3,972	19,985	2.93	7.99	-		-	-
Total	1,148,896	83,998	1,232,894	3.09	2.84	2,273,403		3.88	1.59

Note 1: Absolute emissions refer to the carbon emissions from financial assets (financed emissions) in Scope 3 as defined by the BAROC, originating from the Scope 1 and Scope 2 emissions of the investees and borrowers.

Note 2: Including corporate finance and mortgages.

Note 3: Scope 1 and Scope 2 data are rounded to the nearest integer for presentation in the table. Therefore, there are discrepancies between the sum of Scope 1 and Scope 2 figures and slight differences with the vertical total data results.

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As of December 31, 2024 Industry Sector Distribution ^{Note 2}	Investment Assets - Listed/Unlisted Equities & Corporate Bonds					Lending Assets - Business Loans				
	LA Absolute Emissions ^{Note 1}			Data Quality Score	Economic Emission Intensity (tCO ₂ e/NT\$1M)	LA Absolute Emissions ^{Note 1}			Data Quality Score	Economic Emission Intensity (tCO ₂ e/NT\$1M)
	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 1+2 (tCO ₂ e)			Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 1+2 (tCO ₂ e)		
Energy	25,198	1,511	26,709	4.32	7.20	220,185	25,470	245,655	3.99	23.98
Materials	847	1,718	2,565	2.00	4.50	804,203	233,708	1,037,911	3.31	17.68
Industrials	20,002	8,804	28,807	3.40	2.24	173,802	28,804	202,606	3.79	2.81
Consumer Discretionary	982	3,820	4,802	2.02	0.74	76,007	73,627	149,634	3.82	1.55
Consumer Staples	3,565	3,966	7,531	2.19	0.48	63,251	24,561	87,812	3.94	3.71
Health Care	-	-	-	-	-	2,666	4,350	7,017	3.80	0.95
Financials	1,064	2,243	3,307	2.50	0.02	85,670	14,467	100,137	4.25	0.56
Information Technology	4,768	50,259	55,027	2.08	1.20	19,084	165,229	184,313	2.83	1.73
Communication Services	1,268	7,303	8,572	2.10	0.57	703	5,408	6,111	3.96	0.34
Utilities	19,960	4,219	24,179	4.48	5.34	48,125	4,854	52,979	4.15	10.43
Real Estate	641	154	795	5.00	1.13	6,066	17,004	23,070	4.10	0.13
Total	78,296	83,998	162,293	2.48	0.61	1,499,763	597,481	2,097,244	3.81	2.80

Note 1: Absolute emissions refer to the carbon emissions from financial assets (financed emissions) in Scope 3 as defined by the BAROC, originating from the Scope 1 and Scope 2 emissions of the investees and borrowers.

Note 2: Industries are classified using the two-digit sector level codes of the Global Industry Classification Standard (GICS).

Note 3: Scope 1 and Scope 2 data are rounded to the nearest integer for presentation in the table. Therefore, there are discrepancies between the sum of Scope 1 and Scope 2 figures and slight differences with the vertical total data results.

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As of December 31, 2024 Asset/Industry Distribution ^{Note 2}		Lending Assets - Undrawn Loan Commitment ^{Note 3}			
		Absolute Emissions ^{Note 1}		Economic Emission Intensity (tCO ₂ e/NT\$1M)	
		Scope 1(tCO ₂ e)	Scope 2(tCO ₂ e)		
Corporate Lending	Sovereign Debt (Lending)		1,493,288	11.49	
		Energy	8,410	64	70.61
		Materials	10,425	1,938	14.31
		Industrials	21,878	2,768	1.89
		Consumer Discretionary	1,330	439	0.60
		Consumer Staples	51	51	1.82
	Business Loans	Health Care	187	263	0.89
		Financials	24,433	3,181	2.43
		Information Technology	28,068	15,291	6.99
		Communication Services	12	87	0.27
		Utilities	2,202	114	22.07
		Real Estate	496	583	0.09
		Project Finance		–	–
	Commercial Real Estate Loans		94	0.31	
Consumer Lending	Mortgages		–	–	
	Motor Vehicle Loans		–	–	
	Total		1,615,653	9.03	

Note 1: Absolute emissions refer to the carbon emissions from financial assets (financed emissions) in Scope 3 as defined by the BAROC, originating from the Scope 1 and Scope 2 emissions of the investees and borrowers.

Note 2: Industries are classified using the two-digit sector level codes of the Global Industry Classification Standard (GICS).

Note 3: In anticipation of IFRS S2 requirements, given that it has not yet provided a clear definition for "undrawn loan commitments", the current disclosure scope covers the carbon emissions of irrevocable loan commitments.



● Operational Greenhouse Gas Emissions

Item	Unit	2022		2023		2024	
Scope 1: Direct emissions	tCO ₂ e	Taiwan	1,169.69	Taiwan	1,141.74	Taiwan	995.58
		Overseas	731.28	Overseas	882.11	Overseas	865.84
Scope 2: Indirect emissions from imported energy (Location-based)	tCO ₂ e	Taiwan	20,800.54	Taiwan	20,653.02	Taiwan	20,805.72
		Overseas	3,151.31	Overseas	3,156.64	Overseas	2,880.85
Scope 2: Indirect emissions from imported energy (Market-based)	tCO ₂ e	Taiwan	18,850.55	Taiwan	16,991.85	Taiwan	16,422.40
		Overseas	3,151.31	Overseas	3,156.64	Overseas	2,880.85
Scope 1 +Scope 2 (Location-based Emission)	tCO ₂ e	Taiwan	21,970.23	Taiwan	21,794.76	Taiwan	21,801.30
		Overseas	3,882.59	Overseas	4,038.76	Overseas	3,746.69
Scope 1 +Scope 2 (Market-based Emission)	tCO ₂ e	Taiwan	20,020.24	Taiwan	18,133.59	Taiwan	17,417.98
		Overseas	3,882.59	Overseas	4,038.76	Overseas	3,746.69

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Item	Unit	2022	2023	2024
Scope 3: Indirect emissions from transportation		34.99	284.73	420.87
Scope 3: Indirect emissions from products used by organization		595.05	781.20	368.97
Scope 3: Indirect emissions from the use of organization's products	tCO ₂ e	1,679.70	1,931.98	1,752.48
Carbon Credit Purchase		-	10,000 ^{Note 6}	-
Carbon Offset		-	-	3,320 ^{Note 7}
Intensity-Consolidated Group	(Scope 1+Scope 2) tCO ₂ e / NT\$1M	0.32	0.26	0.20
Renewable Power Purchase (PV)	kWh	2,391,024	7,276,290	8,076,752
Renewable Energy Certificate (T-REC)	Number of Certificates	1,440	120	1,171

Note 1: The inventory scope is adjusted annually on a rolling basis. In 2023, 273 domestic locations and 72 international locations were inventoried. In 2024, 348 domestic locations and 71 international locations were inventoried (international locations always include overseas branches, Cathay United Bank (China), Cathay United Bank (Cambodia), and Indovina Bank). Scope 1 and Scope 2 inventory covered both domestic and international locations; Scope 3 only covered operational waste, water usage, travel, credit card services, and personal unsecured loan services for domestic locations.

Note 2: (1) Since 2018, the new version of ISO 14064-1:2018 standard has been adopted, and from 2020, BSI has been commissioned for external verification. (2) Greenhouse gas emissions are calculated using the "Operational Control" approach.

Note 3: The emission factors are adjusted annually according to the Bureau of Energy: 2022: 0.509 kg CO₂e/kWh; 2023: 0.495 kg CO₂e/kWh; 2024: 0.474 kg CO₂e/kWh.

Note 4: Since 2022, with the purchase of Renewable Energy Certificates or use of renewable energy, in accordance with Appendix E of ISO 14064-1:2018, Scope 2 emissions are disclosed under both the "Location-based" and "Market-based" methods.

Note 5: Intensity (tCO₂e/NT\$1M): Calculated based on the market-based method.

Note 6: Carbon credits purchased in 2023 were all certified by the Gold Standard: 1,000 tCO₂e from the Eritrea Community Boreholes Project, 3,500 tCO₂e from the AMI KHANH HOA Solar Project, 2,500 tCO₂e from the Central Mozambique Safe Water Programme, 1,000 tCO₂e from the Household and Commercial Biogas Plants in Kenya, 2,000 tCO₂e from the Santa Marta Landfill Gas (LFG) Capture for Electricity Generation Project, totaling 10,000 tCO₂e.

Note 7: On September 18, 2024, Cathay United Bank retired 3,320 tCO₂e of carbon credits from the AMI KHANH HOA Solar Project. In accordance with the PAS 2060 carbon neutrality standard, these credits were used to offset the 2023 greenhouse gas emissions of CUB's headquarters building (including the business department), Tongde, Xinshu, and Ruihu branches. This has been verified by a third-party verification body, and a carbon neutrality verification statement has been obtained.



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Official Climate Change Scenario Analysis Results

Expected Losses to Pre-Tax P/L									
Asset Position	Long-Term Scenario						Short-Term Scenario		
	Orderly Net Zero (ONZ)		Disorderly Transition (DT)		Passive Transition (PT)		Physical Risk: Intensity-adjusted (IA)	Transition risk (TR)	Combined loss (CL)
	2030	2050	2030	2050	2030	2050			
Domestic Lending (Corporate Finance)	10.86%	12.27%	14.52%	13.70%	13.49%	17.14%	12.70%	10.36%	12.71%
Domestic Lending (Consumer Finance)	14.49%	16.78%	18.83%	17.86%	16.40%	19.93%	12.49%	11.36%	12.49%
Overseas Lending (Corporate Finance)	3.39%	4.51%	2.66%	5.85%	3.72%	7.98%			
Domestic Passbook Investments	1.32%	1.41%	1.56%	1.54%	1.55%	1.69%	1.28%	1.28%	1.28%
Overseas Passbook Investments	0.38%	0.48%	0.33%	0.59%	0.47%	0.74%			
Total	30.44%	35.45%	37.90%	39.54%	35.64%	47.47%	26.47%	22.99%	26.49%

Expected Loss to Net Worth									
Asset Position	Long-Term Scenario						Short-Term Scenario		
	Orderly Net Zero (ONZ)		Disorderly Transition (DT)		Passive Transition (PT)		Physical Risk: Intensity-adjusted (IA)	Transition risk (TR)	Combined loss (CL)
	2030	2050	2030	2050	2030	2050			
Domestic Lending (Corporate Finance)	1.69%	1.90%	2.25%	2.13%	2.09%	2.66%	1.97%	1.61%	1.97%
Domestic Lending (Consumer Finance)	2.25%	2.60%	2.92%	2.77%	2.55%	3.09%	1.94%	1.76%	1.94%
Overseas Lending (Corporate Finance)	0.53%	0.70%	0.41%	0.91%	0.58%	1.24%			
Domestic Passbook Investments	0.21%	0.22%	0.24%	0.24%	0.24%	0.26%	0.20%	0.20%	0.20%
Overseas Passbook Investments	0.06%	0.07%	0.05%	0.09%	0.07%	0.11%			
Total	4.72%	5.50%	5.88%	6.14%	5.53%	7.37%	4.11%	3.57%	4.11%

Note 1: The scope of this calculation is based on CUB itself, including domestic and overseas branches as well as international financial business branches. The positions include on- and off- passbook lending positions, bonds, and equity investments, while excluding domestic government institutions.

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● Results on Green Energy and Green Operations

	2022	2023	2024
Renewable Energy Usage (kWh)	3,863,024	7,448,304	9,508,523
Energy Management System Established (Locations)	146	153	155
Internal Carbon Pricing Mechanism	N/A	In 2023, an internal carbon pricing mechanism was incorporated into the energy-saving competition. The implementation plan for the future internal carbon pricing was also promoted in the competition's carbon reduction reports.	Announced and implemented an internal carbon pricing mechanism, divided into two parts: basic carbon fees and excess carbon fees. Carbon fee data has been incorporated into the carbon reduction competition reports, enabling units to understand that in the future, in addition to electricity costs, they will need to pay for carbon emissions.
Solar Panels on Proprietary Buildings (kW)	80.7	270.78	395.14
Domestic Operational Greenhouse Gas Emission (Scope 1 + Scope 2, tCO ₂ e)	20,020	18,134	17,418
Per Capita Water Consumption (cubic meters)	18.14	18.07	18.37
Per Capita Waste (kilograms)	32.85	30.82	29.26
Sustainable Procurement (Green Procurement/NT\$)	154,303,005	192,573,349	439,947,013

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Achievements in Environmental Investment and Lending

Sustainable Themes of CUB's Investment and Lending	2023		2024	
	Lending	Investment	Lending	Investment
Alternative Energy	212	-	189.81	0.2
Buildings	123	-	229.01	-
Waste Recycling	38	-	44.56	-
Transportation	32	28	38.44	30
Energy-Efficient Industry	3	-	3.89	0.9
Green Bonds	-	229	-	267
Natural Carbon Sinks	-	-	-	-
Low-Carbon Transition-Related Infrastructure	5	-	8.50	-
Total Amount	413	257	514.21	298.1

Note 1: Starting from 2022, Cathay's sustainable lending has added "Natural Carbon Sinks" and "Low-Carbon Transition-Related Infrastructure" themes.

Note 2: The statistical figures in the table are in NT\$100M.

Investment & Lending in Industries Important to Taiwan's 12 Key Strategies

Industry	Investment & Lending Total Amount in 2024
Wind/Solar Energy	192.82
Hydrogen	-
Innovative Energy	-
Power Systems & Energy Storage	-
Energy Saving	0.86
Carbon Capture, Utilization & Storage	-
Carbon-free & Electric Vehicles	1.08
Resource Recycling & Zero Waste	1.92
Carbon Sinks	-
Green Lifestyle	5.99
Green Finance	267.33
Just Transition	-
Total Amount	470.00

Note: The statistical figures in the table are in NT\$100M.

5.2 TCFD Index

Aspect	TCFD Recommended Disclosures	Chapter of Disclosure
Governance	(a) Describe the board's oversight of climate-related risks and opportunities.	3.1
	(b) Describe management's role in assessing and managing climate-related risks and opportunities.	3.1
Strategy	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	1.2
	(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	1.2 / 1.3 / 2.1 / 2.2 / 2.3 / 3.3
	(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	3.3
Risk Management	(a) Describe the organization's processes for identifying and assessing climate-related risks.	3.3
	(b) Describe the organization's processes for managing climate-related risks.	3.1 / 3.3
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3.1 / 3.3
Metrics and Targets	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2.1 / 2.2 / 2.3 / 3.3
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.1 / 2.3
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.1 / 2.2 / 2.3

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5.3 IFRS S2 Index

Aspect	IFRS S2 Recommended Disclosures		Chapter of Disclosure
Objective	Paragraphs 1 & 2	The objective of IFRS S2 Climate-related Disclosures	Applicable to all
Scope	Paragraphs 3 & 4	Applicable to climate-related risks to which the entity is exposed and climate-related opportunities available to the entity	Applicable to all
Governance	Paragraphs 5-7	The objective of climate-related financial disclosures on governance	3.1
Strategy	Paragraphs 8 & 9	The objective of climate-related financial disclosures on strategy	1.1 / 1.3
	Paragraphs 10-12	Climate-related risks and opportunities	1.2 / 3.3
	Paragraphs 13	Business model and value chain	1.2 / 3.3
	Paragraphs 14	Strategy and decision-making	1.3 / 2.1 / 2.2 / 2.3
	Paragraphs 15-21	Financial position, financial performance and cash flows	1.2 / 2.1 / 2.2 / 2.3 / 3.3
	Paragraphs 22 & 23	Climate resilience	3.3
Risk Management	Paragraphs 24-26	The objective of climate-related financial disclosures on risk management	3.3
Metrics and Targets	Paragraphs 27 & 28	The objective of climate-related financial disclosures on metrics and targets	1.3
	Paragraphs 29-32	Climate-related metrics	2.1 / 2.2 / 2.3
	Paragraphs 33-37	Climate-related targets	1.1 / 2.1 / 2.2 / 2.3

Note For detailed information for each article, please refer to the IFRS Foundation website ([Link](#)).

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5.4 Guidelines for Domestic Banks' Climate Risk Financial Disclosure Index

Aspect	Recommended Disclosure Items	Chapter of Disclosure
General Description	1. (1) - (4)	Applicable to all
	2. (1)	3.1 / 3.3
Governance	2. (2)	3.1
	2. (3)	3.1 / 3.2 / 3.3
	2. (4)	3.1
	3. (1)	1.2
Strategy	3. (2)	1.3
	3. (3)	3.3
	4. (1)	3.3
Risk Management	4. (2)	3.3
	4. (3)	1.2
	4. (4)	3.3
	4. (5)	3.3
	4. (6)	3.3
	4. (7)	3.3
	4. (8)	3.3
	5. (1)	2.1 / 2.3
Metrics and Targets	5. (2)	2.2 / 2.3
	5. (3)	2.1 / 2.2 / 2.3

Note: For detailed provisions, please refer to the website ([Link](#)).

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5.5 TPT Index

Principles	Disclosure Elements	Disclosure Items	Chapter of Disclosure
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		1.2 Business Model and Value Chain	1.3
		1.3 Key Assumptions and External Factors	
02 Implementation and Engagement Strategies	Action	2.1 Business Operations	
		2.2 Products and Services	2.1
		2.3 Policies and Conditions	2.2 2.3
		2.4 Financial Planning	
	3. Engagement Strategy	3.1 Engagement with Value Chain	
		3.2 Engagement with Industry	2.1.2
		3.3 Engagement with Government	
03 Governance and Risk Management	4. Metrics & Targets	4.1 Governance, Engagement, Business, and Operations Metrics & Targets	1.3
		4.2 Financial Metrics & Targets	1.3
		4.3 Greenhouse Gas Metrics & Targets	5.1
		4.4 Carbon Credits	2.2 5.1
		5.1 Board Oversight and Reporting	
04 Conclusion	5. Governance	5.2 Management Roles, Responsibilities, and Accountability	
		5.3 Culture	3.1
		5.4 Incentives and Remuneration	
		5.5 Technology, Capabilities, and Training	

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5.6 TNFD Index

Aspect	TNFD Recommended Disclosures	Summary of Related Actions	Chapter of Disclosure
01 Vision and Strategic Goals	(a) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	In reference to Section 3.1.1 on Board Oversight, the Board serves as the highest governance body for climate and nature-related matters, responsible for approving relevant policies, strategies, and targets. It considers climate and nature-related risks, opportunities, dependencies, and impacts, and oversees related risk management and disclosures.	3.1
	(b) Describe management's role in assessing and managing nature-related dependencies, impacts, risk and opportunities	In reference to Section 3.1.1 on Management Oversight, climate and nature-related issues are overseen by the bank's Sustainability Committee, Risk Management Committee, CEO, and Chief Risk Officer.	3.1
	(c) Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	In reference to Section 3.1, the bank integrates nature-related issues into its governance structure, with oversight from the Board and management. This includes human rights policies for local communities and stakeholders, and regular engagement activities to ensure their interests are considered and protected.	3.1 / 3.3
02 Implementation and Engagement Strategies	(a) Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term	In reference to Sections 1.2 and 3.3 on climate and nature-related risk and opportunity identification, risks and opportunities are mapped to TCFD and TNFD frameworks to highlight nature-related risk identification.	1.2 / 3.3
	(b) Describe the effect nature-related dependencies, impacts, risks, and opportunities have had on the organization's business model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place	<ul style="list-style-type: none"> In reference to Section 3.3.1 on climate and nature action plans, based on the risk and opportunity identification in Section 1.2, the bank has developed a three-year action plan to respond to and monitor key risks. The plan focuses on "International Trend Research and Application," including pilot applications of nature-related methodologies and forward-looking issue studies. In reference to Section 3.3.3 on investment and financing risk management, the bank has incorporated nature-related indicators into its Equator Principles (EP) and ESG rules. 	1.2 / 3.3
	(c) Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios	In reference to Section 3.3.3 on climate and nature-related scenario analysis, the bank conducted Scenario Analysis of potential future impacts, including official short- and long-term climate change scenarios, transition risks for aviation corporate lending, drought-related water resource scenarios, and decarbonization scenarios for equity securities in the trading book.	3.3
03 Governance and Risk Management	(d) Disclose the locations of assets and/or activities in the organization's direct operations, and, where possible, upstream and downstream value chain(s) that meet the criteria for priority location	In reference to Section 3.3.3 on drought scenario analysis, the bank assessed operational impacts on domestic corporate lending clients in the highly sensitive "mining" industry based on their production site locations. The analysis evaluated potential disruptions due to water scarcity under climate change and linked these to credit risk, estimating expected losses.	3.3
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Aspect	TNFD Recommended Disclosures	Summary of Related Actions	Chapter of Disclosure
	(a)(i) Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its direct operations (a)(ii) Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s)	In reference to Sections 1.2 and 3.3 on climate and nature-related risk and opportunity identification and processes, the bank outlines its nature-related risk and opportunity identification process, indicating the potential financial impacts of key items and their linkage to TNFD risk or opportunity categories.	1.2 / 3.3
Risk & Impact Management	(b) Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities	<ul style="list-style-type: none"> In reference to Sections 1.2 and 3.3 on risk and opportunity identification and prioritization, the bank explains the natural dependencies and impacts of sectors under exposure limits (highly sensitive industries), and selects significant sectors for drought scenario analysis using the LEAP methodology. The table below supplements case studies applying the LEAP methodology from the perspective of individual credit transactions. 	1.2 / 3.3
	(c) Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes	In reference to Section 3.1 on climate and nature governance structure, the bank describes its governance and reporting framework for nature-related risks and opportunities, including how management supervises and makes decisions on these issues. In reference to Section 3.3 on climate and nature-related risk management, the bank explains how it manages nature-related risks and incorporates relevant factors into investment and financing decisions from top (risk appetite and limits) to bottom (approval and post-investment/lending management).	3.1 / 3.3
Metrics & Targets	(a) Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management processes	1. Financing Activities The Bank follows its ESG risk management process by integrating climate and nature-related risk identification into its existing investment and credit procedures, covering ESG factors such as climate, forests, and biodiversity. In alignment with the TNFD framework, forest management targets are used as indicators to assess nature-related risks and opportunities. The Bank excludes tropical deforestation activities from its financing scope, requiring clients to commit to avoiding deforestation in tropical forests and to monitor compliance. All corporate lending clients must meet the Bank's forest management requirements to mitigate forest-related risks. For forest high-risk clients in specific countries and industries, the Bank further prohibits involvement in the conversion of High Conservation Value (HCV) areas, peatland development, and related operations, which are explicitly excluded from its financing activities.	1.3
	(b) Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature	The Bank excludes tropical deforestation activities from its financing scope, requiring clients to commit to avoiding deforestation in tropical forests and to monitor compliance. All corporate lending clients must meet the Bank's forest management requirements to mitigate forest-related risks. For forest high-risk clients in specific countries and industries, the Bank further prohibits involvement in the conversion of High Conservation Value (HCV) areas, peatland development, and related operations, which are explicitly excluded from its financing activities.	1.3 / 2.3
	(c) Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these	2. CUB Operations The bank has committed to achieving a per capita water usage of 18.7 cubic meters by 2034, 18.5 cubic meters by 2025, and 18.0 cubic meters by 2030.	2.3

LEAP Methodology - Case Study

LEAP	Identification Results
<p>L (Locate) Examine business footprint and nature interface</p>	<p>The siting and operation of offshore wind farms involve marine ecosystems, with potential impacts including fishery resource compensation, changes to marine species habitats, and adjustments to ecological balance. The development process may alter marine ecosystems and environmental conditions, thus requiring environmental impact assessments and ongoing monitoring programs to ensure ecological sustainability.</p>
<p>E (Evaluate) Dependencies and impacts</p>	<p>Dependency: Scientific analysis of wind conditions in Taiwan's offshore areas—including wind speed, direction, and long-term climate change trends—is conducted to evaluate the power generation efficiency of offshore wind farms and to forecast annual average output, ensuring energy supply stability and economic feasibility.</p> <p>Impact: Underwater noise generated by turbine operations may interfere with marine species that rely on echolocation (e.g., whales and dolphins), affecting their foraging and migration behaviors. In addition, construction and long-term operations may alter local hydrological conditions, further impacting the distribution of fishery resources and, consequently, the economic activities and livelihoods of coastal fishing communities.</p>
<p>A (Assess) Nature-related risks and opportunities</p>	<p>Risk: Offshore wind development involves the allocation of marine rights and ecological protection, requiring coordination with fishing communities and other stakeholders. The financial burden of fishery compensation mechanisms must also be assessed. Furthermore, environmental risks during construction and operation may affect investor confidence and influence long-term capital market evaluations of the project.</p> <p>Opportunity: Wind power is a key driver of global energy transition and aligns with the national 2050 net-zero emissions target. Through continuous technological innovation and environmental management, offshore wind can promote the upgrading of the green energy industry, attract long-term capital investment, and enhance the competitiveness of wind power developers in the global sustainability arena.</p>
<p>P (Prepare) Response measures and external disclosure</p>	<p>Response Measures: Financial institutions continuously monitor the financial and operational status of their investment and financing targets. Wind power developers also maintain long-term collaboration with third-party environmental consultants to strengthen nature-related risk assessments and adaptation strategies, ensuring stable project operations and investment soundness.</p> <p>(1) Black-faced Spoonbill Conservation: Use satellite positioning technology (GPS) to track the migration patterns of black-faced spoonbills, accurately identifying critical habitats to enhance conservation efforts and ensure that offshore wind development proceeds in parallel with ecological protection.</p> <p>(2) Marine Ecosystem Protection: Implement multi-level protection strategies such as establishing a cetacean identification database, enforcing vessel speed limits, enhancing marine mammal monitoring systems, and applying underwater noise mitigation technologies to reduce the potential ecological impacts of construction and operations, thereby ensuring long-term biodiversity and ecosystem stability.</p>

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5.7 Summary of Subject Matter Assured

No.	Subject matter	Applicable criteria	Page Number
1	As of December 31, 2024, the amounts of Cathay United Bank's Green Corporate Loan and Sustainability- Linked Loan (SLL) were NT\$25.000 billion and NT\$49.513 billion, respectively.	As of December 31,2024, the amounts of products or services related to loans undertaken by Cathay United Bank in 2024.There were two types of products related to green loans of Cathay United Bank: 1. Green Corporate Loan 2. Sustainability-Linked Loan A green corporate loan is a type of financing or refinancing that is exclusively used to fund green projects. Definition of Sustainability-Linked Loan (SLL) is detailed on the Cathay United Bank official website.	28
2	Cathay United Bank has ceased to extend credit facilities for coal-related loans since April 2021. This policy covers the upstream, midstream, and downstream coal industry chains, including upstream, midstream, and downstream sectors such as coal mining, products, wholesale, and retail, all of which are added to our exclusionary screening.	The target has been approved by CUB internal management meeting.	15
3	Cathay United Bank's environmental financing in 2024 amounted to 6.07% of the total amounts of corporate lending.	The amount of environmental financing by Cathay United Bank in 2024 divided by the total lending amount. Cathay United Bank's environmental financing includes investments in sustainable-related industries category such as low-carbon investments and low-carbon transition-related infrastructure in infrastructure investment. Cathay United Bank determines low-carbon investments according to following criteria: 1. Industry classification belongs to alternative energy, construction, waste recycling, transportation, energy-saving industry, and carbon sinks. 2. The company's business items include above categories. 3. The investments are included in the Bloomberg's green bond list. Cathay United Bank determines low-carbon transition-related infrastructure in infrastructure investment according to following criteria: 1. The industrial classification belongs to the categories of energy storage, battery cell materials, energy efficiency, electric arc furnace steelmaking, charging piles, charging facilities, electric vehicle charging stations, electric power grid parts & svcs, power management, thermal energy storage, hydrogen transmission & storage and CO ₂ transmission & storage. 2. The company's business items include above categories.	27
4	As of the end of 2024, 3 cases reached Financial Close (ready for disbursement upon signing) in accordance with Equator Principles.	Total number of Cathay United Bank's financing projects that reach financial close (ready for disbursement upon signing) according to the Cathay United Bank's "Rules Governing Project Finance of Equator Principles" in 2024.	59

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No.	Subject matter	Applicable criteria	Page Number
5	Appendix 5.1 Scope 3 Financed Emissions for Financial Assets in compliance with BAROC Guidelines. <ul style="list-style-type: none"> Total financed emissions from investment portfolios, including LULUCF, in 2024 were 1,232,894 tCO₂e; Total financed emissions from investment portfolios, excluding LULUCF, in 2024 were 1,312,783 tCO₂e; Data quality score of investment portfolios in 2024 was 3.09; Total financed emissions from lending portfolios, including LULUCF, in 2024 were 2,273,403 tCO₂e; Total financed emissions from lending portfolios, excluding LULUCF, in 2024 were 2,267,843 tCO₂e; Data quality score of lending portfolios in 2024 was 3.88. 	In reference to Partnership for Carbon Accounting Financials (PCAF) standards, CUB formulated the Taiwan FSC's manual for determining scope 3 emissions in investment and lending portfolios for banks to calculate and disclose financed emissions for each credit asset category. <ul style="list-style-type: none"> Financed Emissions from Investment and lending portfolios: The financed emissions in metric tons of CO₂ equivalent (tCO₂e) for Scope 1 and Scope 2 categories related to the investment and lending portfolios held by CUB. CUB strives to use the "latest obtainable emissions data or estimation data". This includes: <ol style="list-style-type: none"> The latest emissions data resources for Scope 1 and Scope 2 including: MSCI database, PCAF database, emissions data directly obtained from investment and lending companies, Architecture and Building Research Institute, Ministry of the Interior, Bloomberg, national enterprise websites, government-released carbon emissions data, Taiwan Economic Journal (TEJ) database, or other publicly available third-party statistics. Estimation data based on the methodology recommended by PCAF, using emissions data calculated from Energy Use Intensity (EUI) of the building type, or physical and economic activity, or obtained from MSCI database and Bloomberg classified by industry to calculate estimated industry specific emissions factors or the distribution factor estimated based on the closest annual financial information or accounting financial information. Scope of Financed Emissions of Investment Portfolios: As of December 31, 2024, conducted an inventory of listed equities, corporate bonds, unlisted equities and sovereign bonds held as part of proprietary investments assets. The scope includes the following accounts: "Financial Assets at Fair Value through Profit or Loss (FVTPL)", "Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)", "Financial Assets at Amortized Cost (AC)" and Equity Method for self-managed investment portfolios. Scope of Financed Emissions of Lending Portfolios: As of December 31, 2024, business loans, project finance (all for which are renewable energy loans), commercial real estate loans, mortgages, and sovereign loans provided by CUB. Data quality score: Calculated with PCAF-recommended methodology and includes data quality scores provided by MSCI database and PCAF database. A weighted average is calculated based on investment and lending position values. Industry classification disclosure: The classification is based on the 11 economic sectors at level one of the Global Industry Classification Standard (GICS) structure. 	65
6	Appendix 5.1 Scope 3 Financed Emissions for Financial Assets in compliance with BAROC Guidelines. <ul style="list-style-type: none"> Financed emissions from proprietary investment asset portfolios (excluding sovereign bond investments) by industry in 2024. Total financed emissions of commercial loans by industry in 2024. 		67

5.8 External Assurance and Attestation Statement

Limited Assurance Report

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資誠
Independent Limited Assurance Report

FWCM24000832

To Cathay United Bank Co., Ltd

We have been engaged by Cathay United Bank Co., Ltd ("Company") to perform assurance procedures in respect of the key performance indicators identified by the Company and reported in the 2024 Climate and Nature Report (hereinafter referred to as the "Identified Key Performance Indicators") and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" of the Climate and Nature Report. The scope of the aforementioned Identified Key Performance Indicators is set out in the "About the Report" of the Climate and Nature Report.

The respective applicable criteria referred to above are the PRB Reporting and Self-Assessment Template, Guidelines for Domestic Banks' Climate Risk Financial Disclosure issued by the Financial Supervisory Commission, the Company's financed portfolio carbon emissions calculation criteria, which is based on the Global GHG Accounting and Reporting Standard for the Financial Industry, published by the Partnership for Carbon Accounting Financials (the "PCAF") and Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks, the Global Industry Classification Standard (the "GICS"), and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported (hereinafter referred to as the "Applicable Criteria").

Management's Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Climate and Nature Report in accordance with the respective applicable criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段333號27樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
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Inherent Limitations

Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

The quantification of the Portfolio Carbon Emissions data (hereinafter referred to as the "Portfolio Carbon Emissions") underlying the Portfolio Carbon Emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases, and the estimation uncertainty from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge. There are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance by Company on proxy data. As there are currently no legislative requirements or regulation prescribing the preparation, disclosure and verification of the Company's Portfolio Carbon Emissions, the Portfolio Carbon Emissions needs to be read and understood together with the financed portfolio carbon emissions calculation criteria designed by the Company.

Compliance of Independence and Quality Management Requirement

We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the Statement of Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements" of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.



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Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Portfolio Carbon Emissions
 - Evaluate the suitability in the circumstances of the Company's use of the respective applicable criteria as the basis for preparing the Portfolio Carbon Emissions;
 - Through inquiries, obtained an understanding of the Company's control environment and information system relevant to the Portfolio Carbon Emissions quantification and reporting, but did not evaluate the design of specific control procedures, obtain evidence about their implementation, or test their operating effectiveness; and
 - Evaluated the appropriateness and consistency of the Company's methods for developing estimates. However, our procedures performed did not include testing the data underlying the estimates or separately developing our own estimates against which to evaluate the estimates made by the Company;
 - Reconciled the emission data back to the underlying records on a sample basis to obtain evidence for limited assurance. However, our procedures did not include corroborating the accuracy and completeness of the underlying greenhouse gas emissions and financial data from third parties; and
 - Considered the presentation and disclosure of the Portfolio Carbon Emissions, including the categorization of data by industry sector and the quality score, but excluding the coverage rate of greenhouse gas emission data.
- Other Identified Key Performance Indicators
 - Made inquiries of the persons responsible for the Identified Key Performance Indicators to



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obtain an understanding of the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

- Based on the above understanding and the areas identified, performed substantive testing on a selective basis, including inquiries, observation, inspection, and reperformance to obtain evidence for limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

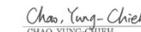
We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the applicable criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the applicable criteria have been subsequently modified.


CHAO, YUNG-CHIEH
Partner
For and on behalf of PricewaterhouseCoopers, Taiwan
August 27, 2025



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● ISO 14064-1 :
2018 Greenhouse gas inventory at organizational level (consolidated group)




Opinion Statement

Greenhouse Gas Emissions
Verification Opinion Statement

This is to verify that: Cathay United Bank Co., Ltd. No. 7, Songren Rd. Xinyi Dist. Taipei City 110412 Taiwan	國泰世華商業銀行股份有限公司 臺灣 台北市 信義區 松仁路7號
---	---

Holds Statement No: GHGEV 805651
 Verification opinion statement
 As a result of carrying out verification and validation procedures in accordance with ISO 14064-3:2019, it is the statement for mixed engagement including reasonable assurance for verification activity, validation and agreed-upon procedures (AUP) contains the following:

- The Greenhouse Gas Emissions with Cathay United Bank Co., Ltd. for the period from 2024-01-01 to 2024-12-31 was verified and validated.
- The verified organization-level greenhouse gas emissions include direct greenhouse gas emissions 1,861.4234 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 23,686.5655 tonnes of CO₂ equivalent.
- Cathay United Bank Co., Ltd. has defined and explained its own process and pre-determined criteria for significance of indirect Greenhouse Gas Emissions and quantify and report these identified significant emissions accordingly.


 For and on behalf of BSI:
 Managing Director BSI Taiwan, Peter Pu

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.
 Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
 BSI Taiwan is a subsidiary of British Standards Institution.

● ISO 14001 :
2015 Environmental management systems




Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that: Cathay Financial Holdings No. 296, Sec. 4, Ren' ai Rd. Da' an Dist. Taipei City 10633 Taiwan	國泰金融控股股份有限公司暨子公司 臺灣 台北市 大安區 仁愛路四段 296號 10633
---	--

Holds Certificate No: **EMS 735138**
 and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

The composed of insurance, securities, banking and other diversified financial institutions.


 For and on behalf of BSI:
 Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2012-03-14
 Latest Revision Date: 2023-11-30
 Effective Date: 2024-01-13
 Expiry Date: 2027-01-12
 Page: 1 of 9
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● ISO 50001 :
2018 Energy management systems




Certificate of Registration

ENERGY MANAGEMENT SYSTEM - ISO 50001:2018

This is to certify that: Cathay Financial Holdings No. 296, Sec. 4, Ren' ai Rd. Da' an Dist. Taipei City 10633 Taiwan	國泰金融控股股份有限公司暨子公司 臺灣 台北市 大安區 仁愛路四段 296號 10633
---	--

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 and operates an Energy Management System which complies with the requirements of ISO 50001:2018 for the following scope:

The composed of insurance, securities, banking, and other diversified financial institutions.
 The main energy uses include:
 - electricity for lighting, office equipment and air conditioning
 - diesel for emergency power generator and gasoline for company car.


 For and on behalf of BSI:
 Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2016-11-23
 Latest Revision Date: 2023-11-30
 Effective Date: 2024-01-17
 Expiry Date: 2027-01-16
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國泰世華銀行

Cathay United Bank