

1.2 Focus Areas for Sustainable Strategy

In line with Cathay FHC's vision of "Best Financial Institution in Asia Pacific," CUB consistently integrates the concept of corporate sustainability into its core operations. By leveraging our financial influence and implementing effective risk management strategies, we are driving the advancement of sustainable finance. Additionally, CUB is actively supporting Cathay FHC's three sustainability themes of "Climate, Health, and Empowerment." To such ends, we've established a sustainability strategies, blueprints, and planning task forces to promote low-carbon economy, environmental sustainability, health promotion, financial health, workplace empowerment, and social empowerment in reference to the UN SDGs.

CUB is the first financial institution in Asia to collaborate with the CDP (formerly known as the Carbon Disclosure Project) to promote the participation of domestic small and medium-sized enterprises in its Carbon Disclosure Rating Project. AS Cathay FHC is the first RE100 member in the entire Taiwan financial industry, CUB has committed to full renewable energy usage (100% renewable energy across all CUB locations in Taiwan and 60% across global locations) by 2030 and net zero emissions by 2050.

CUB offers individuals the opportunity to entrust a range of assets for specific purposes, ensuring the safe inheritance of assets. We are the only financial institution to have been honored with the Best Trust Financial Award at the Elite Award six times. At the same time, we concentrate on external social welfare initiatives and internal talent transformation programs. These efforts ensure that employees can adapt to changes in the external environment and align with the standards of international benchmark enterprises.

Corresponding Table of the Focus Areas and Development Goals of the Sustainability Strategy and the Corresponding SDGs

	Summary of Development Goals	Chapters
 <h3>Climate</h3> <p>In the face of the challenges of climate change, the Bank has set a 2050 net-zero emission target, participated in global initiatives and actively negotiated with customers through low-carbon economy and environmental sustainability strategies, and strengthened sustainable development partnerships. The Bank has introduced green operation management thinking in the daily management process, using green electricity and environmentally friendly decoration to move towards a zero-carbon operation future.</p>	<p>Net zero emissions from financial assets by 2050</p> <ol style="list-style-type: none"> The Bank has set scientific and quantifiable decarbonization targets as well as a zero-coal financing goal to promote the low-carbon transformation of financial assets, steadily implementing the target of net-zero emissions from financial assets by 2050. Set science-based carbon reduction targets (SBT): Establish carbon reduction pathways for investment and financing portfolios based on emission and impact basis; at the same time, use impact basis to promote investment targets and loan customers in general manufacturing, semiconductor, oil and gas, petrochemical, and electronics manufacturing industries. Establishment of a target of 45% of the loan portfolio by 2026. The Bank is also withdrawing from financing coal-fired power generation and promoting financing for natural gas and renewable energy to achieve the goal of "zero coal financing" by the end of the first quarter of 2027, when all coal credit limits will be reduced to zero. 	<p>2.2.3 Net-Zero Emissions from Financial Assets By 2050</p>
	<p>Provide Comprehensive Climate Finance Solution</p> <ol style="list-style-type: none"> The Bank actively supports the national "Green Energy and Renewable Energy" policy through corporate lending, setting a target for the proportion of credit for renewable energy in electricity supply to reach 85% by 2025. This goal provides a tangible measure to monitor the effectiveness of the Bank's support for renewable energy lending. Funds from green lending must be used for green projects such as renewable energy, energy conservation, pollution control, and natural environmental management, ensuring that the investment improves environmental benefits. Through sustainability-linked loans, CUB links credit criteria (e.g., interest) with borrowers or their affiliated enterprises' sustainability performances as a way to encourage the achievement of sustainability goals. CUB's goal is to exceed hundreds of billions of New Taiwanese Dollar in sustainable loans by 2030. <p>Note: As competent authorities place a stronger focus on socially responsible lending, CUB has also introduced the new category of social loans to our sustainable loans in 2025. As such, 2025 Sustainable Loans = Outstanding Green Loans + Outstanding SSLs + Outstanding Social Loans.</p>	<p>2.2.1 Sustainable Finance</p>
	<p>2050 Zero Carbon Operations</p> <ol style="list-style-type: none"> Green Energy: Promote energy transition to achieve 100% renewable energy usage for all Taiwan operational sites by 2030, and 100% renewable energy usage for all global operational sites by 2050. Green Operations: Implement the "Three Workplace Strategies" (mobilize operations, digitalize services, and share workspaces) and aim to reach a total green procurement amount of 156 million by 2030. Green Real Estate: Construct a low-carbon real estate ecosystem to drive industry participation in energy transition. The goal is to have 100% of renovated branches meeting environmentally friendly renovation standards by 2030, with a branch compliance rate of environmentally friendly renovation reaching 45%. 	<p>2.3 Environmental Sustainability</p>



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Health

The Bank takes responsibility for ensuring a safe working environment and actively organizes various health promotion activities and nutrition seminars to encourage employees to maintain physical and mental health and improve their quality of life. At the same time, we promote healthy financial concepts to the public and develop innovative digital financial products to prevent fraud, combat organized crime, and promote inclusive financial infrastructure.



Empowerment

The Bank values the growth of its employees and provides professional skill development to empower the principles of Diversity, Equity, and Inclusion (DEI), creating an innovative and inclusive workplace. Externally, the Bank is committed to promoting financial literacy, taking action to provide quality education, reduce social inequality, and promote sustainable lifestyles to encourage responsible consumption.



Summary of Development Goals

Financial Health

1. The target for the total assets under management entrusted to the Bank by clients is set to reach 1.64 trillion by 2025.
2. The goal for the number of elderly clients entrusting their assets to the Bank with peace of mind is to reach 1.89 million by 2025.
3. The target for the number of wealth management clients investing in funds announced in the ESG section of the Fund Information Observation Station is set to reach 22,000 people, with an investment scale of 7 billion by 2025.

Financial Inclusion

1. Continuously enhance the Bank's anti-fraud capabilities, with a target of investing 30 million in education, training, and system resource optimization by 2025, actively safeguarding the security of customers' assets.
2. Continuously promote financial education for financially vulnerable groups and rural schools, with a target of reaching 2.4 million people by 2025, producing 12 youth financial education videos, organizing 10 financial education courses for rural schools and eight courses or lectures to promote trusts.
3. Provide the necessary funding for the operation and development of small and medium-sized enterprises, accompanying their growth and prosperity. The target for a loan amount is to reach 337 billion by 2025, supporting 5,700 families.

Note: As the Central Bank's Special Accommodation Facility to Help SMEs (Program C) has concluded, existing loans under the program are now maturing and repayments are being made, resulting in the decrease in loans to SMEs.

Employee Health Services

1. Continuously improve health promotion activities. By 2026, the goal is to maintain the percentage of employees with normal BMI at over 52%; by 2030, the target is to maintain the percentage at over 55%.
2. Provide effective psychological support programs for employees, by 2025, the target is to assist 80% of employees in maintaining their mental and physical health continuously.
3. Continuously maintain the effectiveness of the ISO 45001 Occupational Health and Safety Management System as a short-, medium-, and long-term goal.
4. Provide health checks for employees every two years that exceed regulatory requirements. By 2026, the goal is for 83% to undergo cancer screenings; and by 2030, the target is for 85% to undergo cancer screenings.

Summary of Development Goals

Enhancing Employee Skills and Workplace Support

1. Increase digital proficiency training coverage to achieve a goal of a 50% coverage rate on the theme of "AI Collaboration Skills" by 2025.
2. By 2025, the target is to achieve a 90% coverage rate for ESG sustainability programs to equip employees with the necessary professional knowledge and skills to respond to future trends.
3. By 2025, the target is to attain an 80% retention rate for employees returning from parental leave; achieve a 90% coverage rate for DEI micro-courses.

Youth Empowerment

1. Enhance students' understanding of banking roles through the Cathay Seed Program (CSP) and collaborations with colleges and universities, with a target of partnering with 25 schools by 2025.
2. Through the Cathay Internship Program (CIP) initiative, provide professional training in information technology, digital finance, financial management, and operational planning for student, expanding to include 5 non-financial internship positions within the Bank by 2025.
3. Offer programming language courses and practical training to individuals from non-traditional IT backgrounds to develop their programming skills, aiming to have 250 interns by 2025.

Supporting the Underprivileged

1. By 2025, aim to serve 10 rural elementary schools, with a cumulative total of 35 served by the end of the year.
2. Achieve a total of 50 person-time and a total of 400 hours of service from CUB online financial education volunteer instructors by 2025.
3. Continue the Elevated Tree Program, providing scholarships for students and sponsoring special educational programs in schools.

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