國泰世華銀行
Cathay United Bank

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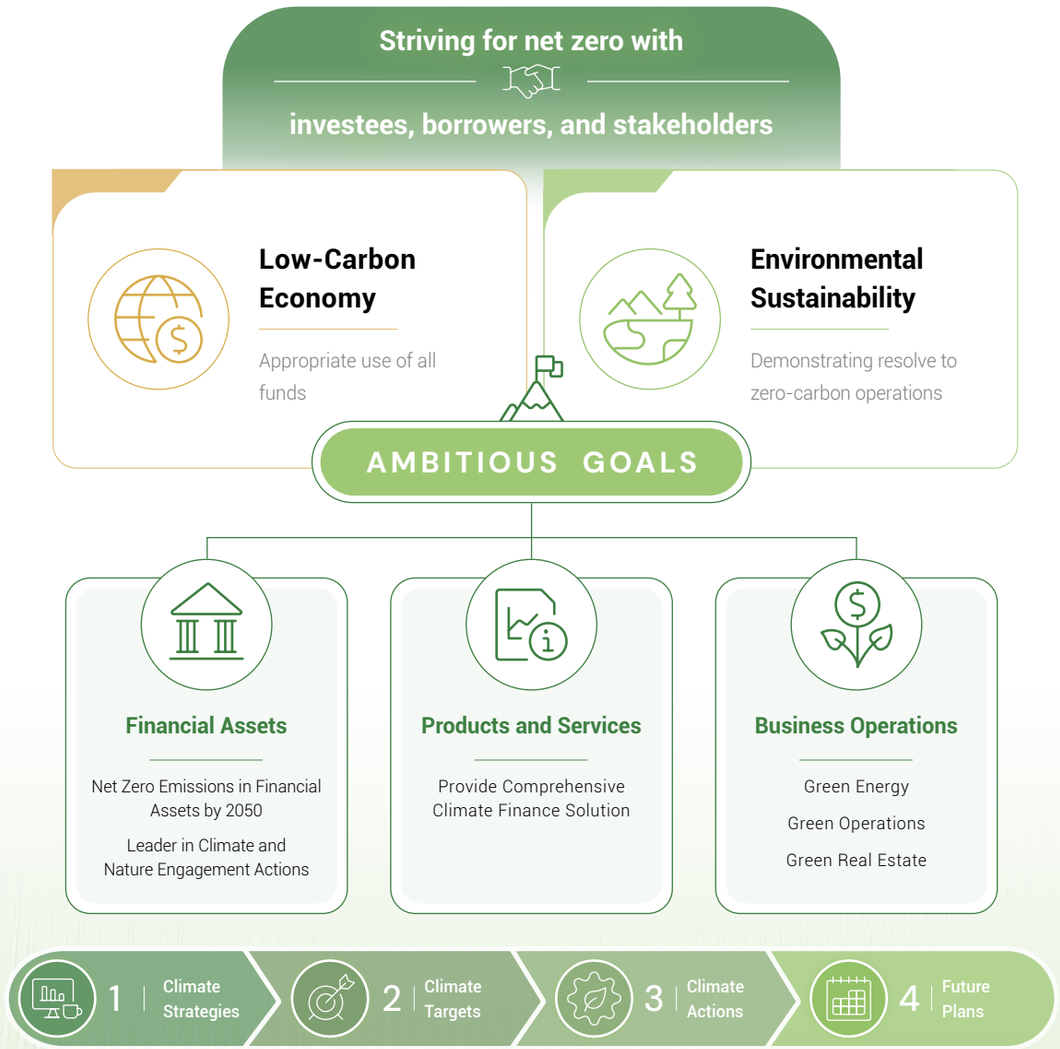
2.1 Vision and Strategic Goals

2.1.1 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.

Climate Strategy Blueprint



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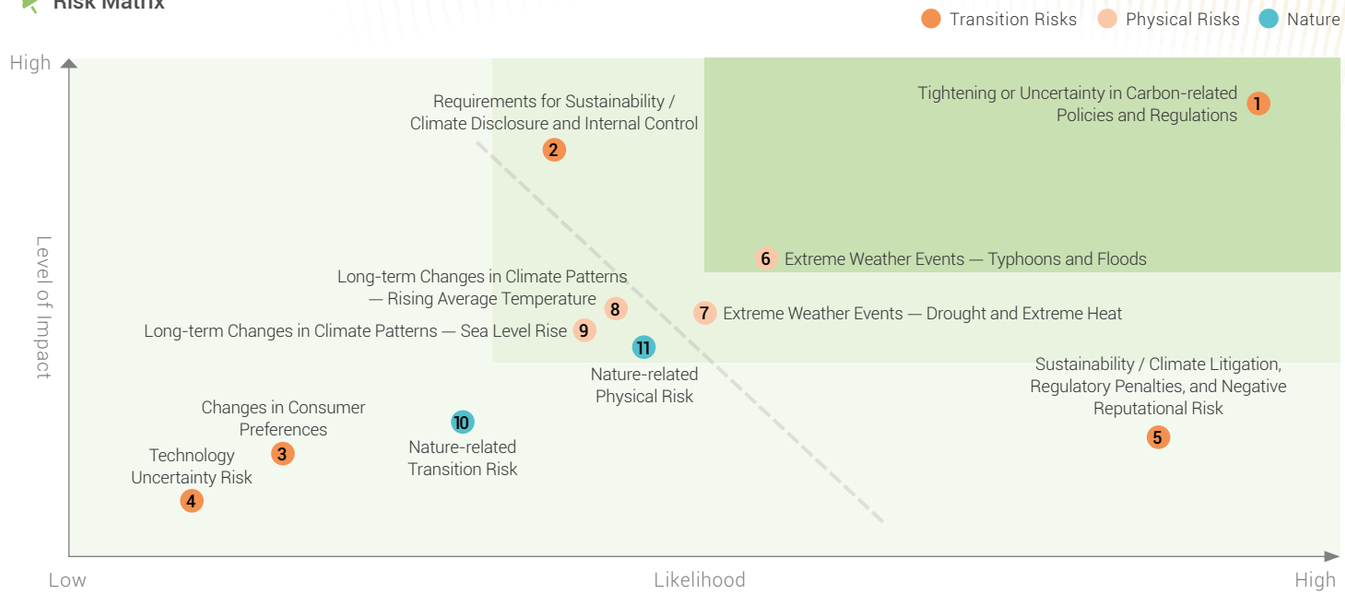
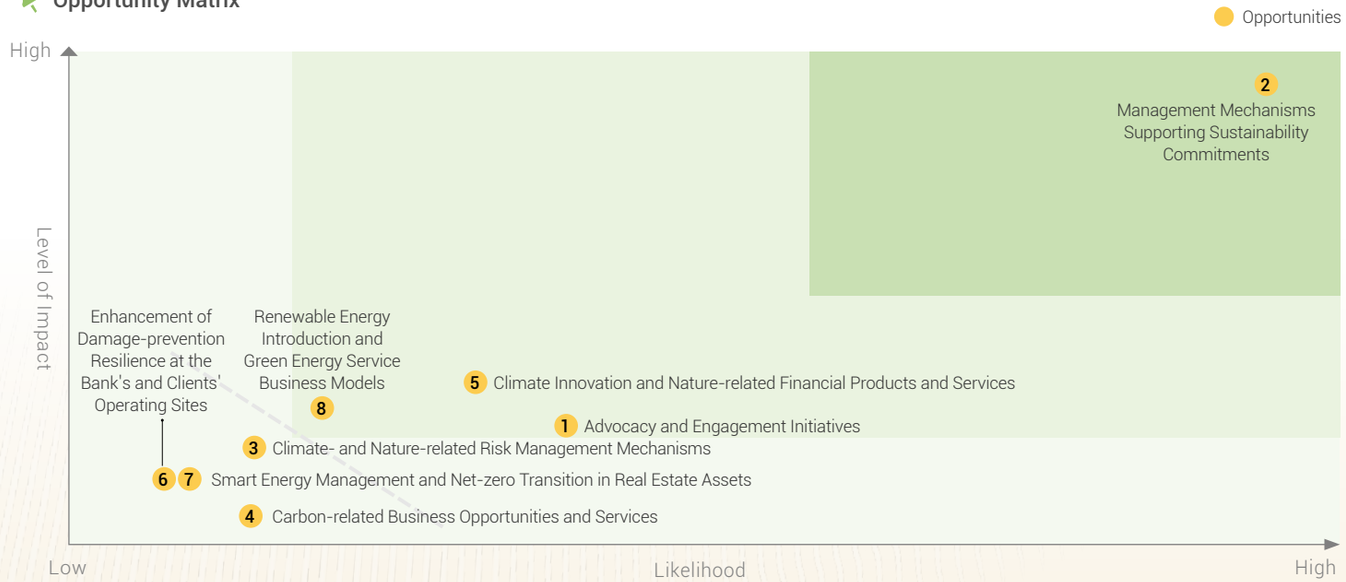
2.1.2 Risks and Opportunities

Based on Cathay FHC's material risks, CUB has identified six risk categories: health and medical, environmental and energy, technology, politics, 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 2.3.2 Climate and Nature Risk Management. Based on the results of the climate and nature risk and opportunity matrix, five 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 2.2 Implementation and Engagement Strategies and 2.3 Governance and Risk Management.

Risk Matrix



Opportunity Matrix



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Overview of Material Climate- and Nature-Related Risks and Opportunities

Risk Category		Risk Item Materiality Ranking	Description	Impact Dimension	Time Horizon	Relevant Traditional Risks
Transition	**Policy & Legal**	R1 Tightening or Uncertainty in Carbon-related Policies and Regulations	Carbon-related policies and regulations may become increasingly stringent or uncertain, including carbon taxes, carbon fees, energy-efficiency requirements, and renewable energy policies. Such developments may increase operating costs and transition pressure, while also creating financial pressure for high-carbon-emitting enterprises and counterparties, thereby raising default risk and resulting in declines in the value of related securities.	Investment & Lending CUB operations	Short-term Mid-term Long-term	Credit risk Market risk
Transition	**Policy & Legal**	R2 Requirements for Sustainability / Climate Disclosure and Internal Control	As supervisory authorities and market participants continue to raise expectations for sustainability and climate disclosure and internal control, enterprises are required to disclose and strengthen internal control in accordance with international standards such as IFRS S1/S2 and SASB. This may increase compliance costs and operational burdens, and may also increase the Bank's own compliance and operating costs.	Investment & Lending CUB operations	Short-term Mid-term Long-term	Operational risk Reputational risk
Physical	**Acute**	R6 Extreme Weather Events — Typhoons and Floods	As climate change intensifies, the frequency and severity of typhoons and flooding may increase, exposing assets located in low-lying or flood-prone areas to flood and wind damage. This may lead to physical asset damage, business interruption, and financial losses, and may affect corporate asset values and financial resilience.	Investment & Lending CUB operations	Short-term Mid-term Long-term	Operational risk Credit risk Market risk
Transition	**Reputation**	R5 Sustainability / Climate Litigation, Regulatory Penalties, and Negative Reputational Risk	If an enterprise fails to comply with sustainability / climate laws and regulations or provides inaccurate or misleading disclosures, it may face litigation and penalties, resulting in legal liabilities, financial losses, and reputational damage. If an enterprise or the Bank fails to fulfill external sustainability commitments, related negative news may also undermine stakeholder confidence.	Investment & Lending CUB operations	Short-term Mid-term Long-term	Operational risk Reputational risk
Physical	**Acute**	R7 Extreme Weather Events — Drought and Extreme Heat	Climate change may increase the frequency of drought and extreme heat events, leading to water shortages, deterioration in labor conditions, lower operating efficiency, and higher health and safety risks. Such impacts may in turn result in asset impairment, business disruption, increased operating costs, and adverse impacts on financial performance.	Investment & Lending CUB operations	Short-term Mid-term Long-term	Operational risk Credit risk Market risk

Note: The impact period is defined as follows: short term refers to within 1 year, medium term refers to 2–5 years, and long term refers to 6 years or more.

Opportunity Category		Opportunity Item Materiality Ranking	Description	Impact Dimension	Time Horizon
Responsible Investment and Lending	**Resilience**	O2 Management Mechanisms Supporting Sustainability Commitments	The Bank publicly commits to sustainability-related products and services while establishing management mechanisms to fulfill such external commitments or declarations. Through self-monitoring and review of related actions, the Bank enhances customers' willingness to do business with the Bank and strengthens customer confidence and trust in the Bank.	Investment & Lending CUB operations	Short-term Mid-term Long-term
Responsible Investment and Lending	**Market**	O1 Advocacy and Engagement Initiatives	Through initiatives and engagement actions, the Bank leverages its financial influence to raise clients' emphasis on ESG and encourages climate-sensitive or high-carbon-emitting industries and enterprises to respond proactively to climate- and nature-related risks. By building alliances, endorsing initiatives, and creating ESG-themed engagement scenarios, the Bank also connects industry, government, and academic resources to support investment and lending counterparties in planning and executing low-carbon transition action plans, thereby helping lead industries and society toward net zero.	Investment & Lending	Short-term Mid-term Long-term
Financial Products with Environmental and Social Benefits	**Products & services**	O5 Climate Innovation and Nature-related Financial Products and Services	The Bank actively seeks innovative investment and lending opportunities with strong future potential, such as green bond investments and renewable energy projects, so as to expand climate- and nature-related markets and business opportunities, strengthen the resilience of financial assets, and increase investment returns.	Investment & Lending	Short-term Mid-term Long-term
Environmental Impacts of Operations	**Energy sources**	O8 Renewable Energy Introduction and Green Energy Service Business Models	The Bank actively pursues corporate power purchase agreements (CPPAs) and installs solar panels on the rooftops of its own buildings to improve energy self-sufficiency and reduce carbon emissions and electricity costs. It also expands the Green Landlord mechanism and develops green energy service business models by allocating renewable energy to tenants, simplifying the green electricity adoption process, enhancing convenience for tenants, and creating new business models to jointly advance the energy transition.	CUB operations	Short-term Mid-term Long-term

Note: The impact period is defined as follows: short term refers to within 1 year, medium term refers to 2–5 years, and long term refers to 6 years or more.

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Overview of Other Climate- and Nature-Related Risks and Opportunities

Risk Category		Risk Item Materiality Ranking	Impact Dimension	Time Horizon	Relevant Traditional Risks
Climate Physical	**Chronic**	R8 Long-term Changes in Climate Patterns — Rising Average Temperature	Investment & Lending CUB operations	Mid-term Long-term	Operational risk Credit risk Market risk
Nature	**Physical**	R11 Nature-related Physical Risk	Investment & Lending CUB operations	Mid-term Long-term	Operational risk Credit risk Market risk
Climate Transition	**Market**	R3 Changes in Consumer Preferences	Investment & Lending	Short-term Mid-term Long-term	Market risk
Climate Physical	**Chronic**	R9 Long-term Changes in Climate Patterns — Sea Level Rise	Investment & Lending CUB operations	Mid-term Long-term	Operational risk Credit risk Market risk
Nature	**Transition**	R10 Nature-related Transition Risk	Investment & Lending CUB operations	Mid-term Long-term	Credit risk Market risk
Climate Transition	**Technology**	R4 Technology Uncertainty Risk	Investment & Lending	Short-term Mid-term Long-term	Credit risk Market risk

Opportunity Category		Opportunity Item Materiality Ranking	Impact Dimension	Time Horizon
Financial Products with Environmental and Social Benefits	**Products & services**	O4 Carbon-related Business Opportunities and Services	Investment & Lending	Short-term Mid-term Long-term
Environmental Impacts of Operations	**Resource efficiency**	O7 Smart Energy Management and Net-zero Transition in Real Estate Assets	CUB operations	Short-term Mid-term Long-term
Responsible Investment and Lending	**Resilience**	O3 Climate- and Nature-related Risk Management Mechanisms	Investment & Lending	Mid-term Long-term
Environmental Impacts of Operations	**Resilience**	O6 Enhancement of Damage-prevention Resilience at the Bank's and Clients' Operating Sites	CUB operations	Short-term Mid-term Long-term

Note: The impact period is defined as follows: short term refers to within 1 year, medium term refers to 2–5 years, and long term refers to 6 years or more.

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2.1.3 Transition Plan

To address the risks and opportunities arising from climate change (see 2.1.2 Risks and Opportunities), the Bank has formulated a transition plan centered on Low-Carbon Economy and Environmental Sustainability as a concrete Climate Strategy Blueprint. In line with the Taiwan Sustainable Taxonomy and the Recommended Elements for Transition Plans, related requirements have been incorporated into financing assessments, decision-making processes, product design, and corporate engagement so as to direct capital toward sustainable economic activities across downstream financial assets and products and services, the Bank's own operations, and upstream suppliers. This is intended to drive corporate sustainability and support an orderly decarbonization transition. In addition, the Bank references the five key elements of the Transition Plan Taskforce (TPT) guidelines to align the transition plan with climate disclosure and ensure comprehensiveness and reliability. Each year, the Bank reviews and updates its annual sustainability plans and targets, submits them to the Sustainable Development Committee and the Board of Directors for approval, and then executes them. The Corporate Sustainability Team (CS Team), chaired by the President, oversees the implementation of sustainability-related projects, meets quarterly to track and review progress against climate and sustainability goals, consolidates implementation results, and reports them to the Sustainable Development Committee and the Board. The Bank also publishes sustainability reports regularly to communicate results to stakeholders, enhance transparency and trust, and support continuous improvement.

Climate Strategies	Climate Goals	Risks & Opportunities	Climate Actions	Affected Stakeholders
Net Zero Emissions in Financial Assets by 2050	• SBT emissions reduction targets (SBTs) for investment/lending • Achieve zero credit exposure to the coal value chain by 2027	R1 R3 R4 R5 O2 O3	1. Monitor decarbonization progress 2. Zero coal financing strategy	Clients / Government
Leader in Climate Engagement Actions	• Engage with investment/lending targets to participate in SBTi (Science Based Targets initiative)	R1 R3 R10 O1	1. Facilitate climate engagement 2. Commit to international initiatives	Clients / Government/ Peers
Provide Comprehensive Climate Finance Solution	• Double Sustainable Loans by 2030 and exceed NT$200 billion by 2035 Note	R3 R4 R5 R10 O4 O5	1. Green capital 2. Green finance products/services	Clients
Green Energy	• Achieve 100% renewable energy usage at headquarters by 2026, and over 50% renewable energy usage at CUB locations across Taiwan • 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	R1 R3 O2 O8	1. Fulfill the RE100 commitment and increase renewable energy usage 2. Establish energy management systems 3. Expand solar power installations and strengthen self-generation and self-consumption of green electricity	Employees
Green Operations	• Achieve net-zero emissions in operations (Scope 1 & 2) by 2050 • Implement internal carbon fees across all units in Taiwan by 2026, including both a basic carbon fee and an excess carbon fee • Starting from 2026, achieve an annual 3% growth rate in green procurement spending compared with the base year (2023) • Achieve 17.5 cubic meters per capita water consumption by 2035 • Achieve 26.5 kg per capita waste by 2035	R1 R3 R7 R11 O2 O6 O7	1. Decarbonize CUB operations 2. Implement internal carbon pricing in operations 3. Sustainable procurement 4. Water management 5. Waste reduction	Employees /Suppliers
Green Real Estate	• Achieve 55% of CUB branches meeting eco-friendly renovation standards by 2035	R1 R3 R6 R9 R11 O2 O6 O7	1. Green retrofit 2. Low-carbon buildings 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 further included "Social Loans" for the first time. Using 2023 as the base year, the Bank set short-, medium-, and long-term target amounts.

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2.2 Implementation and Engagement Strategies

2.2.1 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.

2.2.1.1 Net Zero Emissions in Financial Assets by 2050

Climate Strategy and Targets

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.

◆ **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	Sectoral Decarbonization Approach	2019	By 2026, decrease emissions intensity (tCO_2e/MWh) by 33% from base year	4.73%
Commercial Real Estate Loans			By 2026, decrease emissions intensity ($kgCO_2e/m^2$) by 39% from base year	5.56%
Long-Term Corporate Loans (Electricity Generation Industry)			By 2035, decrease emissions intensity (tCO_2e/MWh) by 69% from base year	4.30%
Long-Term Corporate Loans (Commercial Buildings)			By 2035, decrease emissions intensity ($kgCO_2e/m^2$) 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 limit global warming well below 2° C and achieve net zero across the Group 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.

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Divestment from Coal Industries

Target

"Zero Coal Financing"

By end of 2027 Q1, reduce coal value chain credit balance to zero.

Strategy

- 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 facilities expired at the end of 2022, the designated transition period, and will not be renewed. Mid-to-long-term facilities 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.
- Utilize the framework of the Partnership for Carbon Accounting Financials (PCAF).

2 Carbon Inventory and Emission Reduction Targets for Investment and Lending

Investment Carbon Inventory:

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

Lending Carbon Inventory:

- Scope primarily includes electricity generation project financing, 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 lending portfolios, 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 lending strategies and portfolios.

5 Action Plan

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

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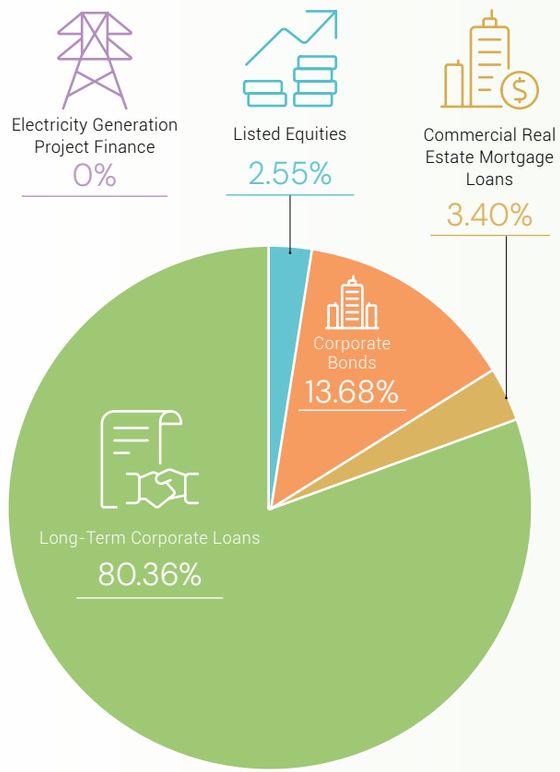
◆ **Results from the 2025 SBT Scope 3 carbon inventory for financial assets are as follows:**



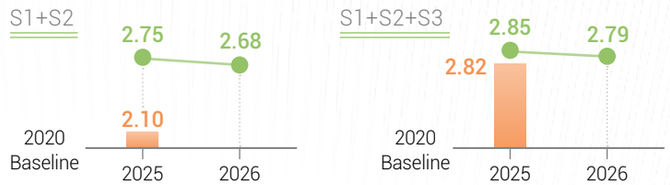
SBT scope 3 carbon inventory for financial assets

1,039,061 tCO_2e

◆ **2025 progress towards SBT Scope 3 emissions reduction targets for all financial assets are as follows:**

Temperature Rating

Listed Equities and Corporate Bonds (Proprietary Investment Portfolio)

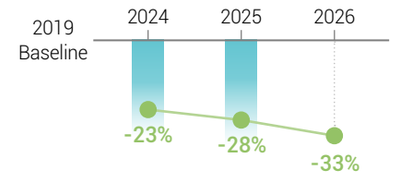


Target Value: SBT-aligned temperature pathway (° C)

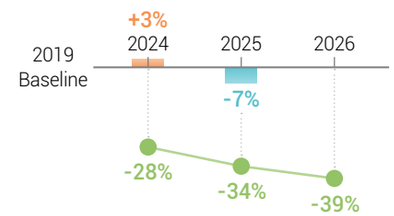
Actual Value: Actual temperature changes (° C)

Sectoral Decarbonization Approach

Electricity Generation Project Finance ☑ Ahead of Target



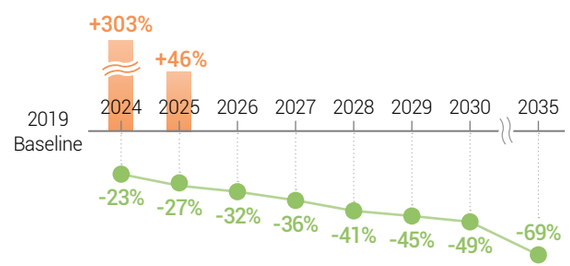
Commercial Real Estate Mortgage Loans



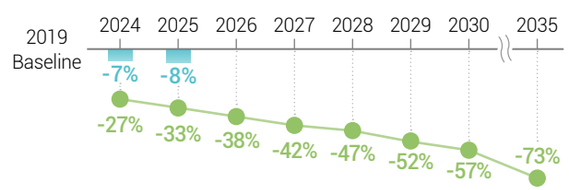
Target Value: Reach required reduction rate from baseline value to meet Cathay FHC' SBT target.

Actual Value: CUB's actual reduction rate from baseline value.

Long-term Corporate Loans (Electricity Generation Sector)

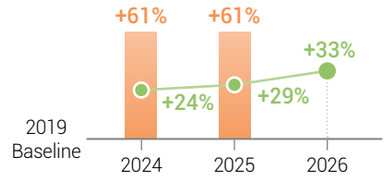


Long-term Corporate Loans (Commercial Buildings)



SBT Portfolio Coverage Approach

Long-Term Corporate Loans (Fossil Fuel, Electrical and Electronic Equipment, Semiconductors, General Manufacturing Sectors)



Target Value: Engagement outcomes required to meet Cathay FHC's SBT target.

Actual Value: CUB's actual engagement outcomes.

Note: 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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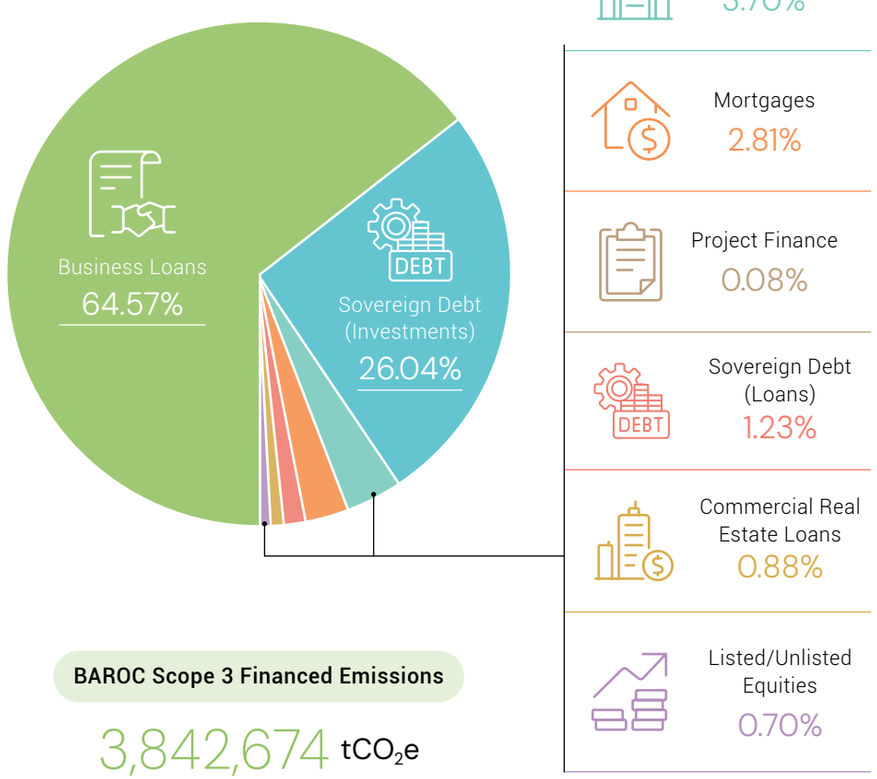
Scope 3 carbon inventory for financial assets in compliance with BAROC guidelines

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 carbon inventory mechanism for financial assets in compliance with BAROC guidelines. The inventory scope is larger and more comprehensive than the Scope 3 carbon inventory for SBT. In the future, CUB will leverage BAROC Scope 3 carbon inventory results to develop and establish our emissions reduction strategies and targets. CUB's inventory task force conducted a carbon inventory of its investment and lending portfolios as of the end of 2025 in accordance with the second edition of "The Global GHG Accounting and Reporting Standard", published by PCAF in November 2022. The inventory scope covers listed and unlisted equity investments, corporate bonds investments, sovereign debt, business loans, project investments/finance, commercial real estate loans and investment, and mortgages. CUB's in-house verification team cross-checked the inventory results to verify the accuracy and reasonableness of the underlying data, corrected any identified errors, and the results were further subject to external third-party assurance.

Results from the 2025 carbon inventory for financial asset categories within the BAROC's scope are as follows (For details, please refer to 7.1 ESG Performance Data)

Emissions by Assets



BAROC Scope 3 Financed Emissions

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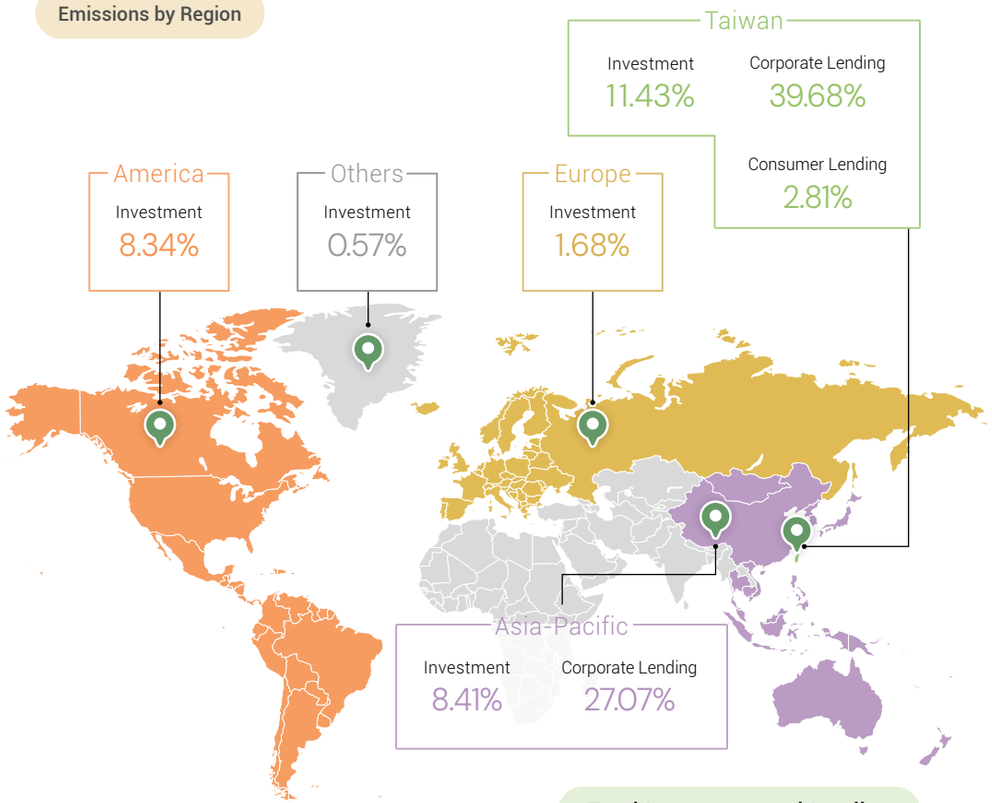
Emissions by Region



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

Total Investment and Lending

3,842,674 tCO_2e

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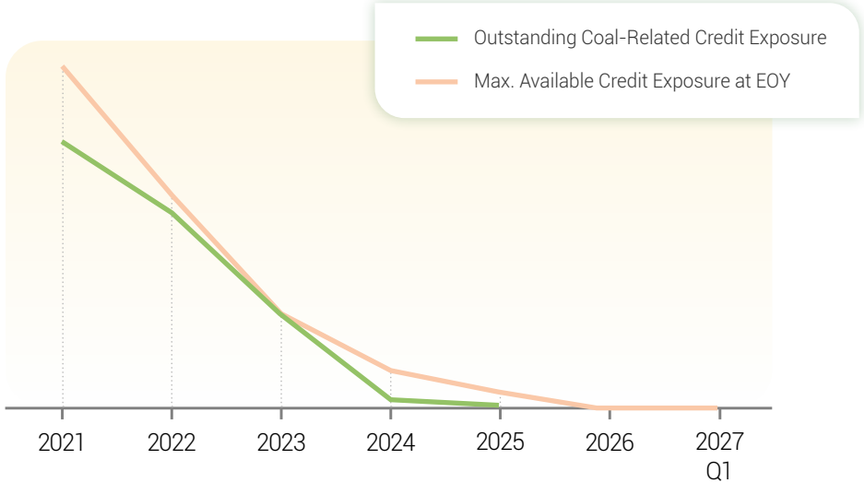
Zero Coal Financing Strategy

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 outstanding balance to coal-related businesses to track current progress toward zero coal financing goals. The following details how CUB verifies strategy resilience:





Next Steps

CUB will continue to comply with PCAF and SBTi methodologies to gradually expand the scope of carbon inventory 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 of investees in sensitive industries by reviewing their disclosures 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) Conduct in-depth 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 lending portfolio or carbon-intensive industries/companies to inform future adjustments to lending strategies and portfolio, and develop corresponding carbon reduction strategies and action plans.

(2) Continue promoting the low-carbon transition of financial assets based on SBT targets and the zero coal financing goal, steadily advancing toward net-zero emissions for financial assets by 2050.

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2.2.1.2 Leader in Climate and Nature Engagement Actions

Climate Strategies and Targets

As one of the systemically important banks in Taiwan, CUB fully understands the importance of climate action in enhancing the resilience of financial assets. By translating climate ambitions into practical actions, the Bank uses advocacy and engagement to raise clients' awareness of the importance of energy efficiency and decarbonization. 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. CUB actively engages with borrowers to encourage them to join SBTi. Cathay FHC commits to having at least 33% of its long-term corporate loan portfolio by outstanding balance within the fossil fuel, electrical and electronic equipment, general manufacturing, and semiconductor sectors covered by SBTi 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 references 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 2025, please refer to 2.2.1.1 Net Zero Emissions in Financial Assets by 2050.

During 2025, CUB also collaborated with the Metal Industries Research & Development Center (MIRDC) to engage enterprises in selected regions and provided Sustainable Loans to clients demonstrating a willingness to decarbonize, thereby helping clients take concrete actions to mitigate climate change.

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

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The Bank references 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 defi ne what constitutes a sustainable economic activity and to assess whether clients meet the sustainability standards set forth in the Taxonomy. 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 Self-assessment 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.

For companies whose economic activities are not applicable to the Taxonomy, the Bank encourages the development of climate-related action plans to support investment evaluation and direct capital toward sustainable economic activities and orderly decarbonization. The Bank discloses the amount and sustainability ratio of its domestic investment portfolio based on the Taxonomy:

Type	Economic 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	Issuers	Amount (NT$ 100 million)
Ordinary Economic Activities (OEAs)	Semiconductors	Aligned	Aligned	Aligned	Aligned	2	361.08
Forward-Looking Economic Activities (FLEAs)	Renewable energy generation, facilities, and related components	Aligned	Aligned	Aligned	Aligned	1	23.92
Sustainable Bond[Note1]		Aligned	Aligned	Aligned	Aligned	3	80.95

2025 Domestic Investment – Amount and Sustainability Ratio	Amount (NT$ 100 million)	Share of Investment (%)
A. Investment Amount Eligible	467.65	24.79%
A-1 Investment Amount Aligned	465.95	24.70%
Sum of Each Investee's Aligned Ratio Multiplied by the Investment Amount	146.56	7.77%
Green Bonds	289.39	15.34%
Social Bonds	-	-
Sustainable Bonds	30.00	1.59%
Sustainability-linked Bonds	-	-
Total Amount of Funds Complying with the ESG Fund Review Supervisory Principles	-	-
Investment Real Estate — Buildings (only buildings that comply with the construction, building, and real estate indicators under the revised Taxonomy are recognized)	-	-
A-2 Investment Amount Eligible but Not Aligned	1.70	0.09%
Eligible / Aligned Ratio	99.64%	

Note 1: The Taiwan Sustainable Taxonomy currently do not yet cover the economic activities applicable to these bond issuers.
Note 2: CUB invested in 29 sustainable bonds aligned with OEAs/FLEAs; 17 cases in the Bank's investment portfolio were both eligible and aligned with the guidelines.

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Corporate Loan

To encourage corporate borrowers to transition to low-carbon operations and promote sustainable development, CUB has incorporated Green Loans[Note 1], Sustainability-Linked Loans[Note 2], and social loans[Note 3] 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 reference to the guidelines. In 2025, 799 corporate borrowers completed "Corporate ESG Information and Self-Assessment Questionnaire on Sustainable Economic Activities" and successfully submitted them to the JCIC, accounting for 8.28% of domestic customers with credit facility approvals and renewals (excluding overdue accounts). In 2025, total domestic lending portfolio eligible to the guidelines amounted to NT$104.5 billion, of which NT$103.2 billion was aligned with the Taxonomy, including NT$6.4 billion in loans calculated based on the eligibility and alignment status of financed counterparties and NT$96.8 billion in other Green Loans or Sustainability-Linked Loans that were certified or verified by third parties or had obtained relevant labels.

Code	Type	Economic Activities	Number of Cases	Result of Sustainability Self-assessment		
				Aligned	In Transition	Not Aligned
C01	OEA	Cement	3	2	-	1
C04	OEA	Iron and Steel	1	1	-	-
C05	OEA	Textiles	2	1	1	-
C09	OEA	Computers and Peripheral Equipment	4	-	2	2
E03	OEA	Waste Reuse	1	1	-	-
F01	OEA	New Buildings	2	1	-	1
F06	OEA	Installation and Maintenance of Renewable Energy Technology Equipment	1	1	-	-
H05	OEA	Road Transport and Public Transport Infrastructure	1	1	-	-
Z01	FLEA	Renewable energy generation, facilities, and related components	9	9	-	-
Z02	FLEA	Hydrogen application technology R&D and infrastructure	1	1	-	-
Z04	FLEA	Manufacture of High-efficiency Equipment and Related High-efficiency Technology Applications	1	1	-	-
Z09	FLEA	Carbon Capture, Utilization and Storage (CCUS) Technology R&D and Application	1	1	-	-
Z13	FLEA	Installation of equipment or systems, technology development, and professional services for water conservation, water resource recycling, or new water-source development	1	1	-	-

2025 Domestic Corporate Loan – Balance and Sustainability Ratio	Balance (NT$ 100 million)	Share of Corporate Loan (%)
A-2 **Total Loans Eligible (Corporate)**	1,044.90	13.35%
A-2-1 **Total Loans Aligned (Corporate)**	1,031.93	13.18%
Loan Amount Calculated Based on the Eligibility and Alignment Status of Financed Counterparties	63.94	0.82%
Other Green Loans or Sustainability-Linked Loans Verified by Third Parties or Certified with Relevant Labels	968.00	12.37%
Eligible / Aligned Ratio	98.76 %	

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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 fl ow 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.

The Bank has established 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. Where a company demonstrates a willingness to improve its sustainability performance, has already begun planning climate change-related action plans, or expresses such intentions through the Bank's engagement process, the Bank will provide encouragement in accordance with its Principles Governing Corporate Banking Sustainable Loans. The Bank will also assist in preparing transition plans and related documentation and, where necessary, may extend support through transition finance to help companies progressively achieve their sustainability transition goals.

Identifying Gaps

The Bank identifies carbon-intensive clients as priority engagement targets. It assists clients in evaluating the sustainability of their current economic activities and understanding the gaps between their current status and the Guidelines. The Bank may also convene joint engagement meetings and provide professional advisory services to help clients formulate transition and improvement plans covering production processes, supply chain management, and energy use, thereby gradually enhancing the sustainability of their economic activities. In addition, the Bank participates in joint engagement initiatives organized by Cathay FHC and actively supports improvement efforts for industries in transition. During the year, the Bank shared engagement experience with clients in the petrochemical and aviation sectors.

Encouraging Transition through Preferential Financing

In addition to assisting clients in developing transition and improvement plans, the Bank also provides green finance products and preferential interest rates to support their transition, such as Green Loans and Sustainability-Linked Loans. This helps companies reduce costs during the transition process and improve economic benefits.

Setting Targets with Regular Follow-ups

The Bank assists clients in establishing long-term transition timelines and setting sustainability targets. It also reviews and monitors their transition progress during annual review stages and makes adjustments based on market developments and changes in guideline requirements, ensuring that companies meet sustainability standards as early as possible.

Education and Training

To help clients stay informed about domestic and international sustainability trends and regulatory guidance, the Bank regularly holds ESG forums to provide the latest knowledge on sustainable development and case analysis, thereby enhancing corporate sustainability awareness and practical capabilities. In addition, the Bank also offers courses related to supporting economic activities and key strategic industries for both internal employees and corporate clients.

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For companies whose economic activities are not eligible to the "Taiwan Sustainable Taxonomy," the Bank, in the course of credit and other business relationships, provides information on climate change and sustainability issues as appropriate, taking into account each company's size, industry characteristics, and actual operational needs. The Bank also encourages such companies to gradually adopt basic response actions, improvement measures, or transition plans within their capabilities.

Where a company demonstrates a willingness to improve its sustainability performance, the Bank may also assist it in setting appropriate sustainability targets and measurement indicators through financial products such as Sustainability-Linked Loans, thereby enabling the company to make tangible progress in climate change mitigation and sustainability actions. In 2025, the Bank engaged with clients in industries such as printed circuit board manufacturing, electronic component manufacturing, and optoelectronic component manufacturing, whose economic activities are currently not eligible to the Taiwan Sustainable Taxonomy. Through engagement, the Bank encouraged these companies to adopt decarbonization measures and actions and further provided sustainable finance products, including Sustainability-Linked Loans, to support these companies in setting decarbonization targets, implementing decarbonization strategies in concrete ways, and jointly advancing climate change mitigation.

◆ Engagement Case Study

Target	Topics	Content	Achievements
A domestic rubber products manufacturer	Clean technology, toxic emissions and waste management, carbon emissions	Based on material sustainability topics in the tire industry, the Bank explained the key sustainability transition areas most emphasized by international rating agencies and investors. It also discussed sustainability practices that, while not identified as material by rating agencies, are commonly prioritized by leading companies in the industry, such as circular materials. The Bank further assisted the company in connecting its sustainability strategy with sustainable finance instruments to promote the industry's low-carbon transition.	This engagement led to the provision of a sustainability-linked loan. The Bank and the company reached consensus on setting sustainability performance targets (SPTs), including management targets for greenhouse gas emissions, total water withdrawal, and hazardous industrial waste management. These targets are measured based on the company's annual environmental performance and will serve as the basis for post-lending interest rate adjustments and sustainability performance reviews, thereby providing concrete support for the company's sustainable development and orderly decarbonization transition.

● Direct Engagement

Due Diligence as Institutional Investor

In compliance with due diligence policies, CUB actively engaged with investees in 2025, participating in votes at 56 shareholder meetings, 308 investor conferences, and 118 direct engagements on environmental issues via phone calls, emails, etc. Focus areas included occupational safety, 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.



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Due Diligence as Institutional Investor

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 2025 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. The company undergoes ISO 9001 and ISO 14001 certification assessments to maintain internationally recognized environmental and quality standards across its supply chain.
2. In accordance with ISO 14064-1, the company conducts greenhouse gas inventories and promotes low-power product design and product miniaturization, with the aim of reducing environmental impacts across the product life cycle.
3. It is recommended that the company adopt measurement methodologies such as Social Return on Investment (SROI) or Business for Societal Impact (B4SI) to assess and quantify the social or environmental impacts of its philanthropic activities, thereby making its social contributions more tangible and measurable.

Company B

1. The company received a BB rating in the TIP Taiwan Sustainability Ratings.
2. It is recommended that the company disclose whether it has undertaken green innovation and integrated green concepts into its environmental management policies and activities to build a green value chain, and disclose specific results achieved, such as energy savings generated through green logistics policies.
3. Regarding occupational safety indicators, it is recommended that the company's logistics operations also be included within the reporting scope.
4. The company should target achieving a BBB rating or above in the TIP Taiwan Sustainability Ratings in the future.

Thematic Engagement

Engagement Topics and Scope

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

Engagement Background and Actions

CUB's Low-Carbon Economy Task Force engages with senior executives or sustainability-related management teams of corporate banking clients through ESG engagement meetings. These thematic discussions focus on companies' practical needs and challenges encountered during the decarbonization process, such as equipment replacement. Through in-person meetings, CUB exchanges views with companies and discusses action plans.
Topics covered include assisting companies in setting decarbonization commitments aligned with the 1.5°C pathway and providing financial support for industrial sustainability transition. Guided by the dual engagement pillars of "ESG Ratings and Disclosure" and "Climate Change," CUB encourages engagement counterparties to proactively address climate change and transition-related challenges.

In addition to providing advisory services on sustainability issues and customized green finance solutions, CUB also leverages external partner resources to help companies formulate appropriate solutions. This ensures that companies can advance their decarbonization transition smoothly and achieve their carbon reduction targets on schedule. Through concrete actions, CUB helps enhance ESG performance and supports net-zero commitments, creating sustainable value together with Taiwanese enterprises.

Achievements

The company responded positively to the topics discussed and subsequently began planning its internal low-carbon transition in order to align with sustainability trends.

To improve internal energy management efficiency, the company plans to optimize and upgrade its production lines and enhance energy efficiency, thereby reducing carbon emissions and energy consumption at its plant sites.

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Forums/Workshops

CUB ESG Forum: Toward a Net-Zero and Sustainable Future

CUB collaborated with CDP and the Industrial Technology Research Institute (ITRI) to host the Cathay United Bank ESG Forum, centered on corporate sustainability needs and focusing on key topics such as environmental disclosure, plastic reduction policies, carbon markets, and green finance. During the forum, CDP shared insights on climate- and nature-related risks, as well as key considerations for companies in advancing environmental disclosure. ITRI provided insights into industry transition pathways amid the trend toward plastic reduction, while the Taiwan Carbon Solution Exchange further examined the development potential of the carbon market, helping companies gain practical insights and recommendations for their net-zero transition. The event received an enthusiastic response from corporate clients, and through multi-stakeholder exchange, helped companies gain insight into challenges and opportunities in the era of carbon pricing, while working together toward sustainable transformation goals.



2025 Achievements

CUB recognized and presented the **Best Climate Action Award** and **Best Carbon Disclosure Award** to **6 outstanding companies** that participated in and completed the CDP questionnaire.

The forum attracted **84** in-person participants.





New Opportunities in Deep Energy Saving: Seminar on Toward a Net-Zero and Sustainable Future

CUB, in collaboration with Cathay Century Insurance, hosted the "New Opportunities in Deep Energy Saving: Seminar on Advancing Toward Net Zero and Sustainability", centered on corporate needs for energy saving and carbon reduction, with a focus on energy management, energy-efficiency strategies, and net-zero transition. The event invited the Metal Industries Research & Development Centre (MIRDC) to share practical experience in energy and carbon management and to illustrate corporate energy-saving strategies through case studies. MIRDC also introduced its achievements in technology development and advisory services relating to circularity, hydrogen energy, carbon capture, and regenerative thermal oxidation, and provided corporate clients with ESCO energy-saving advisory, diagnostic, and measurement report services. From the perspective of loss prevention services, Cathay Century Insurance also analyzed market trends in renewable energy and energy storage, highlighting the value of energy saving in risk management.
CUB additionally introduced Cathay One, its one-stop transition finance platform, which integrates financial products, services, and external partner resources to provide comprehensive solutions that combine operational efficiency with sustainability value. The seminar attracted enthusiastic participation from corporate clients, and through professional sharing and exchange, helped companies respond to net-zero trends and developments in carbon fee mechanisms.

2025 Achievements

Participating companies: **67**

Number of participants: **82**

Participating companies covered diverse sectors, including metals and steel, chemicals and plastics, and energy supply.

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CDP Corporate Banking Program

CUB is the first financial institution in Asia to participate in CDP's Corporate Banking Program. Since 2023, CUB has continuously promoted the CDP Corporate Banking Program for three consecutive years, supporting companies of different sizes and at different stages of maturity in progressively strengthening their environmental disclosure capabilities. By inviting clients to participate in CDP scoring projects, CUB helps them understand the importance of achieving net-zero emissions and managing environmental impacts. The program also encourages companies to demonstrate concrete actions in response to the climate crisis and improve the quality of carbon disclosure, while supporting SMEs in obtaining CDP scores and entering international sustainable supply chains.

2025 Achievements

- CUB continues to support companies in completing CDP environmental disclosure and obtaining scores. As of the end of 2025, the cumulative number of disclosures completed exceeded 200, further expanding the Bank’ s positive impact on corporate carbon transparency and climate governance capabilities.
- Companies' willingness to participate and the maturity of their disclosures have improved year by year, demonstrating that environmental disclosure has gradually evolved from one-time participation into a more regularized and continuously improving practice.
- In 2025, CUB again participated in the CDP questionnaire advisory group, continuing to help optimize the questionnaire structure for SMEs.
- In 2025, overseas branches were included in the program for the first time, successfully establishing a cross-border model for corporate engagement and the promotion of environmental disclosure, thereby further expanding the Bank's sustainability impact.

Direct Climate Engagement Case

One manufacturing company's low-carbon transition journey is a representative case of CUB's long-term engagement. When the company first made a CDP disclosure, it received only a D score. As customer requirements increased, the company's management decided to establish a dedicated ESG unit and continued to participate in CUB's CDP Corporate Banking Program from 2023 to 2025. Over time, the company gradually established its inventory management system, initiated substantive carbon reduction actions, completed organizational inventory verification, expanded its Scope 3 data collection to cover the supply chain, and promoted green design and packaging reduction. These transition efforts were also reflected in its CDP scores, which improved from C in 2023 to B in both 2024 and 2025.

To encourage the company to achieve further progress in sustainability performance, CUB agreed with the company on sustainability performance targets and linked them to financing terms, providing economic incentives when the client met the targets. Two indicators were set, covering corporate governance and greenhouse gas reduction. Through this collaboration, sustainability is no longer merely a disclosure requirement, but a key issue that materially affects the company's financing costs and strategic planning. Throughout this transition journey, CUB has gone beyond being simply a provider of capital. Through engagement, it has helped the company transform sustainability from a disclosure obligation into governance capability and operational resilience, making the company's low-carbon transition more robust and long-term.

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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 in, signs, and complies with domestic and international sustainability standards and initiatives. We consistently challenge and assess ourselves using the highest standards available, guided by the vision of "bringing Taiwan to the world and bringing 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

國泰金控
Cathay Financial Holdings

- 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

國泰世華銀行
Cathay United Bank

- 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)

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

NET ZERO

Strengthening Clients' Net-Zero Transition Capabilities and Advancing Toward a Net-Zero Future 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 clients.

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 (SBTs) 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 lending portfolios in line with SBT methodologies, 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 tCO_2e 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 lending clients or engagement counterparties 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.

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Next Steps

As a pioneer in Taiwan's financial sector, CUB remains committed to participating in climate engagement initiatives and international climate initiatives. We assist and support our investees and borrowers in developing and implementing low-carbon transition plans, serving as a key partner in the sustainable financial value chain. Our efforts aim to contribute to Taiwan's transition toward net-zero emissions by 2050.

Leading Climate Engagement and Sustainable Partnerships for a Low-Carbon Future

- **Creating a one-stop transition financial platform:** To support companies in progressing from information disclosure to tangible transition action, CUB launched the Cathay One One-Stop Transition Finance Platform in 2025. Leveraging the Bank's extensive experience in sustainability engagement, the platform brings together the key resources and solutions companies need throughout their low-carbon transition journey, providing practical sustainability transition support applicable across industries and to businesses of various sizes.

  With "One" as its core concept, Cathay One integrates the sustainability influence and professional expertise of Cathay Financial Holdings Group and connects companies with external strategic partners to provide comprehensive support throughout their low-carbon transition journey, from baseline assessments to advanced transition initiatives. The platform offers advisory and technical services covering carbon inventories, decarbonization technologies, carbon neutrality, ESG disclosure, and third-party verification and assurance. In terms of financial products, it also leverages the Group's capabilities to provide a wide range of solutions, including Sustainability-Linked Loans, Green Loans, and Carbon Credits Trading Fund Trust Service, helping companies align their transition efforts with their sustainability objectives while securing appropriate financing and resource support.

  In addition, Cathay One offers ESG engagement meetings and industry workshops to help companies define their transition pathways, connect with technical partners, and develop comprehensive solutions by integrated financial tools, thereby enabling a comprehensive transition from disclosure to action.

2.2.2 Products and Services

As a leading green finance brand, CUB focuses on its core business, uses capital to lead industries and society toward net-zero transition, develops more convenient digital services, and continuously improves the quality of green financial products and services, with the aim of creating shared environmental and economic prosperity.

2.2.2.1 Provide Comprehensive Climate Finance Solution

Climate Strategies and Targets

Through capital, financial products, and services, the Bank supports enterprises and industries in creating opportunities for low-carbon transition, mitigating or adapting to climate change, enhancing competitiveness, and helping society move in an orderly manner toward a green economy.

Climate Finance Solution Targets

Climate Target

Sustainable Loans[Note]

Short-term Target (2026)

Amount: 82.3 billion TWD

Mid-term Target (2030)

Amount: 122.2 billion TWD

Long-term Target (2035)

Amount: Exceed 200 billion TWD

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," with 2023 used as the base year for target-setting. In 2025, CUB also added "Social Loans."

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Climate Actions and Progress

In line with the Group's dual-track transition strategy, the Bank promotes a data-driven culture through three major pillars—digitalization, data, and technology. By improving the quality of green financial products and services, the Bank encourages and assists both corporate lending clients and retail customers in low-carbon transition, integrates environmental, social, and nature considerations into financial activities, directs capital toward green and sustainable development, and develops personalized sustainable finance services so as to broaden public participation in green finance and expand the influence of responsible banking. For more details on green financial products and services, please refer to 5.1 Responsible Investment/Lending and 5.2 Sustainable Financial Products.

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 "Personal Unsecured Loan Service" and "Personal Housing Loan Service," both of which have obtained Carbon Footprint Label and Carbon Reduction Label certifications, the Bank plans to establish carbon-neutrality management plans in accordance with ISO 14068-1, conduct product carbon footprint inventories, formulate decarbonization pathways, and execute carbon credit retirement after confirming residual emissions each year so as to complete carbon-neutrality claims and continuously identify life-cycle emission reduction opportunities.
- CUB will participate in green bond underwriting for large enterprises and affiliated companies engaged in negative-emission technologies, advanced energy, and the circular economy.
- CUB will engage with high emission industries and enterprises that have decarbonization plans and are willing to disclose transition-related information, and will provide transition finance support to such clients.

2.2.2.2 Quality control of information disclosure for financial products and services

In line with the principles set out in the competent authority's "Reference Guidelines for Financial Institutions to Prevent Greenwashing," the Bank conducts cross-functional reviews prior to externally releasing information relating to sustainable finance products and related achievements to ensure alignment with the Guidelines. The review covers the accuracy and completeness of disclosed information, whether any information that could mislead readers has been omitted, whether the language used is clear and understandable, and whether the information complies with relevant sustainability requirements. However, most qualitative information is not independently verified by a third party prior to publication.

To strengthen governance over sustainability information, the Bank has established the "Operational Rules for Sustainability Information Management," which set out the governance framework, data collection requirements, review procedures, control mechanisms, and division of responsibilities for sustainability information to ensure completeness, accuracy, and reliability. The preparation and management of sustainability information are also incorporated into the internal control and internal audit framework, with relevant departments required to conduct periodic reviews.

In addition, the Bank has established anti-greenwashing systems and internal controls through the "Principles Governing Corporate Banking Sustainable Loans" and the "Environmental, Social, and Governance (ESG) Rules for Corporate Loans." Starting from the lending assessment stage, the Bank reviews corporate sustainability performance and third-party verification reports to strengthen transparency and credibility. When arranging Sustainability-Linked Loans, the Bank sets challenging sustainability metrics and targets by referencing historical performance and the borrower's own targets, and it requires third-party assurance reports after disbursement to ensure objectivity in measurement and disclosure. For Green Loans or Social Loans, the Bank requires clients to submit regular fund utilization reports to track whether proceeds are being used in line with the promised sustainability or social-benefit purposes.

In summary, the Bank has established a comprehensive internal control and risk management process covering sustainability disclosure requirements, third-party assurance mechanisms, use-of-proceeds tracking, and internal management rules, to effectively prevent and avoid greenwashing.

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2.2.3 Business Operations

On environmental issues, the Bank steadily implements its Zero-Carbon Operation Transition Plan through three major dimensions—Green Energy, Green Operations, and Green Real Estate—in pursuit of its 2050 net-zero emissions target. The Bank is also committed to transforming workplace models and work patterns, reducing emissions from its own operations, and increasing renewable energy use. After Cathay FHC became the first financial institution in Taiwan to join RE100 in 2022, the Group further expanded its sustainability influence across the real estate ecosystem by providing more convenient access to renewable energy and working with stakeholders to jointly create a net-zero economy and achieve sustainability goals.

2.2.3.1 Green Energy

Climate Strategies and Targets

As approximately 90% of the Bank's operational greenhouse gas emissions are attributable to purchased electricity, the Bank is advancing its energy transition and reducing its environmental impact by focusing on three key areas: increasing the use of renewable energy, deploying energy management systems, and expanding solar installations to strengthen its capacity for the self-generation and self-consumption of green electricity. The Bank is also fully committed to the international RE100 initiative in pursuit of its 2050 net-zero emissions target.

Climate Target	Short-term Target (2026)	Mid-term Target (2030)	Long-term Target (2035)
Increase renewable energy use	Renewable energy to account for 50% of total electricity used at Taiwan operating sites and 40% of total electricity used at global operating sites	Renewable energy to account for 100% of total electricity used at Taiwan operating sites and 60% of total electricity used at global operating sites	Renewable energy to account for 100% of total electricity used at Taiwan operating sites and 80% of total electricity used at global operating sites
Expand solar installations to strengthen the capacity for self-generation and self-consumption of green electricity	Cumulative self-generation/self-consumption solar installed capacity to reach 427.2 kW, representing 1,600% of the 2020 baseline	Cumulative self-generation/self-consumption solar installed capacity to reach 453.9 kW, representing 1,700% of the 2020 baseline	
Deploy Energy Management Systems	All sites with installation benefits to be fully included; newly added or relocated sites to be evaluated continuously for inclusion		

Climate Actions and Progress

◆ **Increase renewable energy use**

After Cathay FHC officially became the first RE100 member in Taiwan's financial industry in April 2022, the Bank actively pursued corporate power purchase agreements (CPPAs) and obtained Renewable Energy Certificates (RECs) through diversified channels, including bidding on the National Renewable Energy Certificate Center platform and negotiating purchases with renewable energy retailers. The Bank has also set short-, mid-, and long-term renewable energy targets to increase usage year by year.

By the end of 2022, the Bank's headquarters had already achieved
100%
green electricity use

By the end of 2025,
the renewable energy ratio had reached
53%

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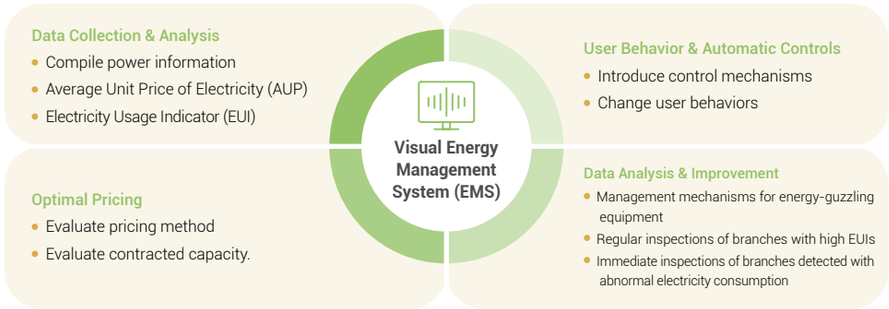
Expand solar installations

In addition to obtaining renewable energy through CPPAs, the Bank has installed solar power generation equipment on building rooftops to further improve building energy efficiency and reduce carbon emissions.

- **2013** Pioneered the first solar-powered bank branch in Taiwan.
- **2018** Turned Ruihu Branch into the largest solar powered branch in the Greater Taipei area.
- **2025** Added 3 new solar powered sites, bringing the total to 14 solar-powered locations across Taiwan with an installed capacity of 494.08kW, including 440.08 kW for self-generation and self-consumption.
- **2026 and beyond** Continue evaluating sites with potential installation benefits.

Deploy Energy Management System

Since 2020, the Bank has introduced a visualized energy management system. To date, more than 90% of branches have been included, and the system has also been extended to the units in the head office. Through a scientific approach to collecting and analyzing electricity-use information at each branch, the Bank improves energy-use behavior, controls energy costs, builds a foundation for energy management, and strengthens climate resilience. By the end of 2025, all operating sites with installation benefits had been fully included. Going forward, the Bank will continue installing smart meters at newly added or relocated sites to monitor electricity use, support energy-saving campaigns, and evaluate the replacement of older air-conditioning equipment to achieve energy conservation and carbon reduction.



Important Financial Impacts of the Green Energy Strategies

Climate Action	Cumulative Input as of 2025	Financial Impact in 2025	Expected Future Financial Impacts
Increase renewable energy use	Purchased 5.17 million kWh of renewable energy certificates, proceeding with 39.21 million kWh of green electricity supply, increasing cumulative electricity expenses by approximately NT$76.75 million.	Purchased 2.06 million kWh of renewable energy certificates, proceeding with 21.47 million kWh of green electricity supply, increasing current-period electricity expenses by approximately NT$25.30 million.	Each unit will allocate an annual budget for green electricity supply charges, while the head office will budget for the renewable energy certificates (RECs) required to make up for any shortfall in green electricity supply. Operating expenses are expected to rise for at least the next ten years. Between 2026 and 2030, as renewable energy usage gradually increases, cumulative electricity expenditures are projected to rise by approximately NT$186.01 million. Once domestic operating sites achieve RE100 in 2030, annual electricity expenditures are projected to increase by approximately NT$58.13 million.
Expand solar installations to strengthen the capacity for self-generation and self-consumption of green electricity	Installation of solar power generation equipment is estimated to cost a cumulative NT$43.40 million.	3 new solar powered sites were installed in 2025, increasing current-period capital expenditure by approximately NT$12.95 million.	The Bank will continue to expand solar power generation equipment using its own funds to strengthen self-generation and self-consumption. Capital expenditure and operating expenses are expected to increase annually for the next ten years, after which annual operating expenses are expected to decline.
Deploy Energy Management Systems	Cumulative expenditure on the visualized energy management system reached approximately NT$31.55 million.	No additional sites were newly added to the system in 2025, so current-period capital expenditure increased by NT$0.	The Bank will continue to establish energy management systems using its own funds. Capital expenditure and operating expenses are expected to increase annually for the next ten years, after which annual operating expenses are expected to decline.

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- **Received the "Climate Leadership Award" at the 2025 TCSA and the "Model Award in the Low-Carbon Operations Category" at the Global Views Monthly ESG Corporate Sustainability Awards**

By participating in the Taiwan Corporate Sustainability Awards (TCSA) and the Global Views Monthly ESG Corporate Sustainability Awards—two of the most credible and representative sustainability awards in Taiwan—the Bank has demonstrated its commitment to and achievements in advancing a low-carbon transition. Key initiatives include the introduction of an internal carbon fee in 2025 to accelerate progress toward net zero, the achievement of RE50 across all domestic locations in 2025, and the continued implementation of low-carbon operations in line with the Bank's core objective of becoming a green enterprise and progressing toward net-zero emissions. The Bank has also advanced a wide range of carbon reduction measures, including increasing the use of renewable energy, strengthening resource recycling and reuse, enhancing waste management effectiveness, improving energy and resource efficiency, establishing a sustainable supply chain, launching green products and services, and actively developing circular economy business models. These concrete actions have been recognized by professional judges in the sustainability field, marking an important milestone in the Bank's efforts to promote environmental sustainability.

Next Steps

To support the 2050 net-zero carbon emissions target and demonstrate the Bank's commitment to global energy transition, the Bank will continue expanding solar power generation equipment, strengthening self-generation and self-consumption of green electricity, and supporting diversified forms of renewable energy to promote energy innovation and mitigate climate change.

2.2.3.2 Green Operations

Climate Strategies and Targets

To reduce the environmental impacts of operations and provide employees with a better working environment, the Bank starts with its own operations and actively introduces management systems such as the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System, thereby promoting environmental management and resource efficiency through a systematic approach. Each year, high-energy-consuming equipment is replaced on a rolling basis according to indicators such as years of use and energy consumption. Since 2023, the Bank has planned to use internal carbon pricing as a supplementary tool to drive greenhouse gas reduction, and the system was formally announced in 2024. Internal carbon fees are collected in phases: a "basic carbon fee" has been charged to all Taiwan units since 2025, and an "excess carbon fee" will be introduced from 2026 onward. By collecting internal carbon fees, the head office promotes related energy-saving and carbon-reduction measures, effectively improving energy efficiency, reducing operating costs, and reinforcing decarbonization outcomes. The Bank also simultaneously promotes waste reduction, paperless operations, and green procurement measures, and regularly tracks performance to continuously reduce operational impacts on the natural environment and fulfill its environmental sustainability commitment.

Climate Target	Short-term Target (2026)	Mid-term Target (2030)	Long-term Target (2035)
Decarbonization of own operations	Reduce Scope 1 and Scope 2 greenhouse gas emissions from own operations by at least 25.2% from the 2020 baseline	Reduce Scope 1 and Scope 2 greenhouse gas emissions from own operations by at least 42% from the 2020 baseline	Reduce Scope 1 and Scope 2 greenhouse gas emissions from own operations by at least 63% from the 2020 baseline
Internal carbon pricing for operations	In addition to the basic carbon fee, collect an excess carbon fee from units whose electricity consumption increases compared with the previous year	Continue collecting the basic carbon fee and the excess carbon fee	
Sustainable procurement	Green procurement amount to grow by 3% per year from the 2023 baseline		
Waste reduction	Per-capita waste generation to reach 29.5 kg	Per-capita waste generation to reach 27.5 kg	Per-capita waste generation to reach 26.5 kg

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Climate Actions and Progress

Decarbonization of own operations

In response to the national net-zero policy and in pursuit of SBT targets, the Bank has implemented an average annual reduction of 4.2% in Scope 1 and Scope 2 greenhouse gas emissions from own operations since 2021. To review decarbonization performance on a regular basis, the Bank conducts greenhouse gas inventories in accordance with ISO 14064-1 each year, tracks environmental data, and obtains third-party verification as an important basis for target-setting.

Domestic Scope 1 and Scope 2 emissions reduction

Target for 2030	Progress in 2025
At least 42% reduction from the 2020 baseline	51% reduction from the 2020 baseline

Internal carbon pricing for operations

Scope 2 emissions from purchased electricity account for the majority of the Bank's operational carbon emissions. Based on current decarbonization cost estimates, annual operating costs are expected to increase by approximately NT$58.13 million. By charging actual carbon costs to each unit, the Bank makes the concept that "carbon has a price" more tangible and enables each unit to implement low-carbon operations. This helps accelerate energy transition, improve energy-use efficiency, reinforce behavior change, achieve energy saving and carbon reduction, lower operating expenses, generate real decarbonization effects, mitigate financial impacts, and align with the Bank's zero-carbon transition strategy and goal.

2023

The Bank began planning internal carbon pricing and used it as a supplementary management tool in electricity-saving and carbon-reduction competition. Internal carbon pricing is adjusted on a rolling basis each year according to renewable energy costs, conventional electricity costs, and the electricity emission factor published by the Ministry of Economic Affairs.

2024

The Bank formally announced an internal carbon price of NT$12,323 per metric ton. Data on the basic carbon fee and excess carbon fee were displayed in electricity-saving and carbon-reduction competition, and incentives were provided to departments and individuals with strong energy-saving performance.

2025

The internal carbon price was NT$12,869 per metric ton. The Bank collected the basic carbon fee from all domestic units based on electricity consumption from non-renewable energy, and it collected approximately NT$39.06 million for the full year. The funds were centrally allocated by the head office to support energy-saving and carbon-reduction measures.

2026

In addition to continuing to collect the basic carbon fee, the Bank will begin charging an excess carbon fee on electricity consumption above the energy-use quota.

Important Financial Impacts of the Green Operations Strategies

Climate Action	Cumulative Input as of 2025	Financial Impact in 2025	Expected Future Financial Impacts
Internal carbon pricing for operations	Since 2023, the Bank has used internal carbon pricing in electricity-saving and carbon-reduction competition to encourage employee energy-saving behavior. As of 2025, the cumulative reduction attributable to the competition was approximately 828.9 tCO_2e, equivalent to a reduction of approximately NT$10.756 million in carbon costs.	The 2025 electricity-saving and carbon-reduction competition reduced emissions by approximately 100.9 tCO_2e. Based on the 2025 internal carbon price of NT$12,869 per metric ton, this was equivalent to reducing carbon costs by approximately NT$1.299 million. The financial impacts of the internal carbon fee mechanism are currently reflected mainly in internal management and resource allocation, with no material external cash outflow impact.	Over at least the next ten years, the Bank expects to continue driving electricity-saving behavior across units through internal carbon pricing (i.e., internal carbon fee collection), thereby achieving energy-saving and carbon-reduction effects and lowering operating expenses.

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Sustainable Procurement

The Bank has issued a Supplier Sustainable Procurement Guide that provides concrete green procurement requirements and recommendations, actively promotes green procurement, and encourages suppliers to work toward sustainable development. In addition to increasing renewable energy procurement, the Bank prioritizes products and services with environmental labels, such as energy-saving and water-saving equipment, green building materials, and environmentally friendly office supplies. The Bank also promotes a "lease instead of purchase" model, replacing ownership with usage and allowing items to remain in circulation through rental, return, repair, and reuse, thereby extending product life and reducing waste generation at the source. In 2025, the total green procurement amount reached NT$498 million, while the local procurement ratio reached 96.2%. The Bank was also recognized in 2024 by the Ministry of Environment as an outstanding green procurement enterprise. Operating expenses may increase as a result over at least the next ten years.

Waste Reduction

For a financial institution, waste mainly consists of general domestic waste and ordinary recyclables and does not include hazardous waste. The Bank reviews waste statistics regularly, tracks the status of data collection, makes timely improvements, and implements resource recycling. Through EDM campaigns and other communication channels, the Bank continues to strengthen employee awareness and action with respect to waste reduction and plastic reduction. Beginning in 2024, the Bank also joined the Ministry of Environment's "Free Water Refill Action" to reduce plastic use. All 144 branches equipped with drinking water facilities in their business halls have been registered as public water refill stations, allowing the public to bring their own reusable cups and refill drinking water. The Bank has also set related targets and committed to reaching per-capita waste generation of 26.5 kg by 2035.

Advancing Low-Carbon Transition through a Dual-track Approach — Sustainable Practices from Internal Carbon Fees to Energy-saving Public Welfare

To encourage employees to implement energy-saving and carbon-reduction practices and adopt environmentally friendly actions, the Bank has actively introduced an internal carbon fee mechanism that incorporates carbon emission costs into the day-to-day operational evaluation of each unit to promote low-carbon decision-making. In parallel, since 2017 the Bank has continuously organized electricity-saving competitions to reward units with strong performance in energy conservation. Through the dual-track approach of cost internalization and incentive mechanisms, the Bank effectively improves energy-use efficiency, further implements low-carbon operation targets, and channels part of the energy-saving benefits into environmental protection and public welfare.

In 2025, the Bank used energy-saving benefits to support the replacement of aging lighting equipment at the Taipei Yongming Development Center and the Taipei Chengzhong Development Center, both affiliated with the Yu-Cheng Social Welfare Foundation, improving lighting quality while reducing energy consumption. The Bank also supported the "Marine Citizen Scientists" biodiversity conservation project promoted by the Society for Environmental Education in Taiwan at Keelung Heping Island Geopark, contributing to marine ecological monitoring and environmental education, and strengthening public understanding of marine conservation. Through ongoing energy-saving initiatives and public welfare engagement, the Bank hopes to bring together the efforts of internal and external stakeholders to advance environmental sustainability and contribute corporate strength to the protection of the planet's ecosystems.

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 implement its zero-carbon operations transformation plan, the Bank will continue to align with its SBT targets and comprehensively decarbonize its operating processes across Scope 1 and Scope 2 emissions management, while extending decarbonization responsibility to its supply chain, products, and employee behavior. Key actions include the continued collection of internal carbon fees, the implementation of green procurement and circular economy practices, the promotion of digital services, the minimization of waste generation, the reduction of the environmental impact of operations, and the incorporation of decarbonization into management evaluation, demonstrating the Bank's commitment to protecting the planet and achieving sustainable coexistence.

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2.2.3.3 Green Real Estate

Climate Strategies and Targets

With ESG as the core concept, the Bank adopts environmentally friendly renovation concepts for premises and branches, improves the energy efficiency of existing buildings, actively obtains green building labels and energy-efficiency certifications, uses green building materials extensively in renovation and operation, and acts as a "green landlord" to help tenants introduce renewable energy and expand sustainability influence.

Climate Target	Short-term Target (2026)	Mid-term Target (2030)	Long-term Target (2035)
Green Retrofit	35% of branches to meet environmentally friendly renovation standards	45% of branches to meet environmentally friendly renovation standards	55% of branches to meet environmentally friendly renovation standards
Green Landlord	Continue to provide renewable energy introduction services to interested tenants		

Climate Actions and Progress

Green Retrofit

Since 2019, environmentally friendly branch renovations have been promoted with green building materials accounting for more than 60% of total renovation surface area. The Bank is committed to ensuring that 100% of fully renovated branches comply with environmentally friendly renovation standards.

Important Financial Impacts of the Green Real Estate Strategies

Climate Action	Cumulative Input as of 2025	Financial Impact in 2025	Expected Future Financial Impacts
Green Retrofit	As of 2025, 56 environmentally friendly branches had been completed, accounting for 33.7% of all branches and exceeding the annual target of 30%. Cumulative renovation expenditure reached approximately NT$2.0 billion.	Seven environmentally friendly branch renovation projects were completed in 2025, increasing current-period capital expenditure by approximately NT$250 million.	The Bank plans to complete ten environmentally friendly branch renovation projects in 2026, which is expected to increase current-period capital expenditure by approximately NT$350 million. Capital expenditure and operating expenses are expected to increase over at least the next ten years.

Low-Carbon Buildings

New building projects adopt low-carbon building assessments covering items such as building exterior, location, greening, energy-saving and water-saving labeled equipment, and the evaluation of photovoltaic panels and rainwater recycling systems to reduce reliance on conventional energy through onsite generation and self-use.

Green Landlord

The Bank has established a green landlord mechanism to help introduce renewable energy and allocate it to building tenants. This mechanism effectively addresses the challenges of green electricity access for multiple users under a single electricity account and for SME tenants. It also enables tenants to use renewable energy without the need to sign separate agreements with the power supplier, Taipower, and the landlords, thereby making green electricity more accessible. After signing a corporate power purchase agreement (CPPA) in 2024, the Bank began offering tenants the option to use green electricity, which received a positive response. In 2025, the Bank assisted tenants in supplying approximately 300,000 kWh of green electricity and will continue to support those interested in adopting green electricity.

Next Steps

The Bank will continue environmentally friendly renovations for premises and branches, incorporate ESG and low-carbon building design concepts, and promote green leasing solutions that help SME tenants access renewable energy more conveniently. Going forward, the Bank will continue to advance its three major directions—Green Retrofit, Low-Carbon Buildings, and Green Landlord—in support of energy transition and sustainable development goals.

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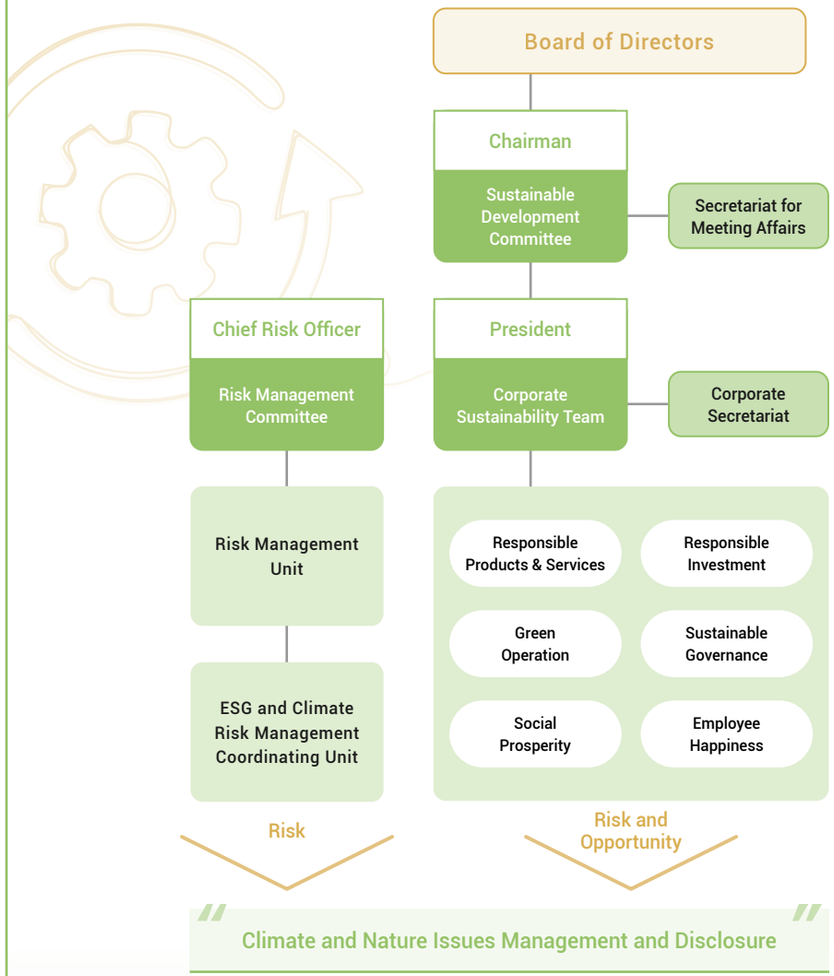
2.3 Governance and Risk Management

2.3.1 Climate and Nature Governance Framework



Organization	Chair	Climate- and Nature-related Issues 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	Semiannually	A committee responsible for overseeing CUB's overall risk management
Corporate Sustainability Team (CS Team)	President	Quarterly and as needed	Climate- and nature-related working groups under this team include: • **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.

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2.3.1.1 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- and nature-related risk management and disclosure. At the end of each year, the Board of Directors conducts an annual performance evaluation to ensure that Board members effectively fulfill their duties. The evaluation incorporates corporate sustainability-related indicators, thereby creating a tangible link between sustainability performance and Board remuneration, while strengthening governance accountability and implementation effectiveness.

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, including areas such as operational decarbonization, the use of green electricity, and customer satisfaction, 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 the 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	Climate Performance Indicators	2025 Performance Results
President and Vice Presidents of relevant responsible units	• Operational carbon emissions • Renewable energy usage rate • Employee engagement • Customer satisfaction	1 Domestic operational decarbonization ✓ Achieved 2 Renewable electricity usage rate at domestic locations ✓ Achieved 3 Employee engagement survey response rate and satisfaction rate ✓ Achieved 4 Customer satisfaction: CUBE App NPS (Net Promoter Score) ✓ Achieved

2.3.1.2 Climate and Nature Governance Performance

Climate and nature governance encompasses a range of topics, including 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 2025, the following climate- and nature-related proposals were submitted to the Board of Directors:

Major climate- and nature-related matters approved/submitted by the Board

- Sustainable Strategy Blueprint and its key action plans
- Progress of Scope 3 carbon inventory for financial assets and 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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2.3.1.3 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. To achieve the Group's 2050 net-zero target and comply 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 international trends and new regulations issued by local supervisory authorities.

Overseas Branches	Working Progress in 2025
Hong Kong Branch	1. In April 2025, the Branch completed the Hong Kong Monetary Authority (HKMA) Climate Risk Management offsite review and duly submitted its response to the regulator on April 25, 2025, demonstrating continued compliance with supervisory expectations and ongoing engagement with the HKMA on climate risk management matters. 2. To support the Group's sustainable finance objectives and further strengthen the Branch's green and sustainable finance capabilities, the Branch engaged an external consultant to develop a "Sustainable Product Framework", establishing a systematic approach to the classification and governance of green and sustainable finance products. A Second Party Opinion on the framework was obtained from the Hong Kong Quality Assurance Agency (HKQAA) to ensure alignment with international sustainable finance standards and market best practices. In parallel, the Branch formulated the Corporate Banking Sustainable Credit Management Guidelines, which set out clear criteria, approval processes, and ongoing monitoring requirements for green loans and sustainability linked loans, thereby embedding sustainability considerations in a structured and consistent manner into corporate lending. 3. As of the end of 2025, the total sustainable credit exposure of the Branch reached HKD 3.73 billion. Through the use of sustainability linked loans (SLLs), the Branch supported enterprises in sectors such as telecommunications and water services by incorporating sustainability objectives into their financing structures, while undertaking roles including lead arranger and underwriter in the related transactions. These financing arrangements enabled borrowers to advance sustainability related initiatives within their operational activities. In July 2025, the relevant projects received two awards under The Asset's Triple A Sustainable Infrastructure Awards, indicating recognition of these cases within the sustainable finance field. Regarding product governance, the Branch officially released its "Sustainable Product Framework" during the same year. This framework, verified by the Hong Kong Quality Assurance Agency (HKQAA) as a third-party, formalizes operational standards across product lines including sustainable deposits, green loans, and transition finance. Furthermore, the Branch participated in the ALMAC 2025 forum in November, contributing practical insights on decarbonization finance within the logistics and shipping industries. In December 2025, the Branch received three accolades at the "Hong Kong Green and Sustainable Finance Awards" hosted by the HKQAA, including the "Distinguished Contribution Award for Green and Sustainable Loan Structuring Advisor" for Textile Industry and Pulp/Paper Industry, as well as the "Outstanding Award for Green and Sustainable Deposit Facilitator (Banking Industry)." Looking forward, the Branch will continue to develop sustainable financing projects across various industries, maintaining alignment with regulatory directions to support the transition to a low-carbon economy while strengthening related risk management frameworks.
Singapore Branch	1. The Branch has enhanced employees' ESG knowledge through both internal (ESG Sustainability Program) and external training (accredited ESG courses). 2. The Branch is one of the two Taiwanese banks to join the Singapore Sustainable Finance Association, a key industry body established to advance sustainable finance across financial and non financial sectors, with the Monetary Authority of Singapore and the Association of Banks in Singapore as standing members. 3. The Branch supported a mid size client in completing the CDP Questionnaire, marking the first such representative case among CUB's overseas branches. 4. The Branch organized sustainability initiatives for staff and the community, including a CSR Day and an upcycling workshop. 5. The Branch received the 2025 Best Sustainable Financing Deal award under CUB.
Manila Branch	In March 2025, the Branch implemented its initial climate risk stress testing (CRST) methodology to assess its exposure to climate-related risks, encompassing both physical and transition risks, under various hypothetical scenarios. This tool is crucial to understand how different pathways may affect the Branch's financial performance. The process involves conducting scenario analyses that simulate potential climate change impacts, such as extreme weather events, regulatory shifts, and changes in market dynamics. By integrating these analyses into the risk management frameworks, the Branch can identify vulnerabilities, evaluate capital and liquidity adequacy, and formulate strategies to mitigate potential risks. For the Branch's 2025 CRST, the Branch used the latest financial statements as of December 31, 2024. The results of the CRST in a Baseline scenario, the Branch is well-positioned to sustain resilience, accommodate business expansion, and meet future regulatory requirements. Under the climate stressed "Current Policies" scenario, despite the declining trend in capital adequacy, the Branch continues to operate well above regulatory minimums, demonstrating resilience in managing capital under stress conditions. Whereas, under the "Delayed Transition" scenario, the reflected increased capital pressure due to climate stress remains above the regulatory thresholds, however, the Branch must strengthen capital buffers, optimize RWA exposures, and enhance risk management to ensure long-term resilience during climate stress conditions.
Ho Chi Min City Branch	1. In February 2025, the Branch submitted the annual report (for the year 2024) to the State Bank of Vietnam (SBV) regarding the implementation of the Green Banking Development Project in Vietnam (based on Decision No. 1604/QD-NHNN). 2. To demonstrate the Bank's strong commitment to sustainable development and innovation, the Branch celebrated its 20th anniversary under the theme "Better Together" by hosting the seminar "ESG: Challenges and Practices for Sustainable Development" in May 2025. As ESG standards exert an increasingly strong influence on global business strategy, the event provided key industry stakeholders with concrete, actionable insights and strategic guidance to help respond to evolving sustainability trends. 3. The Branch conducted the annual review on Credit Risk Management Rules–Corporate Banking and obtained the approval in November 2025. The revision includes the update of EP/ESG rules and Principles governing sustainable loans to ensure that the Branch's internal risk management on EP/ESG and sustainable loans is in line with headquarters.

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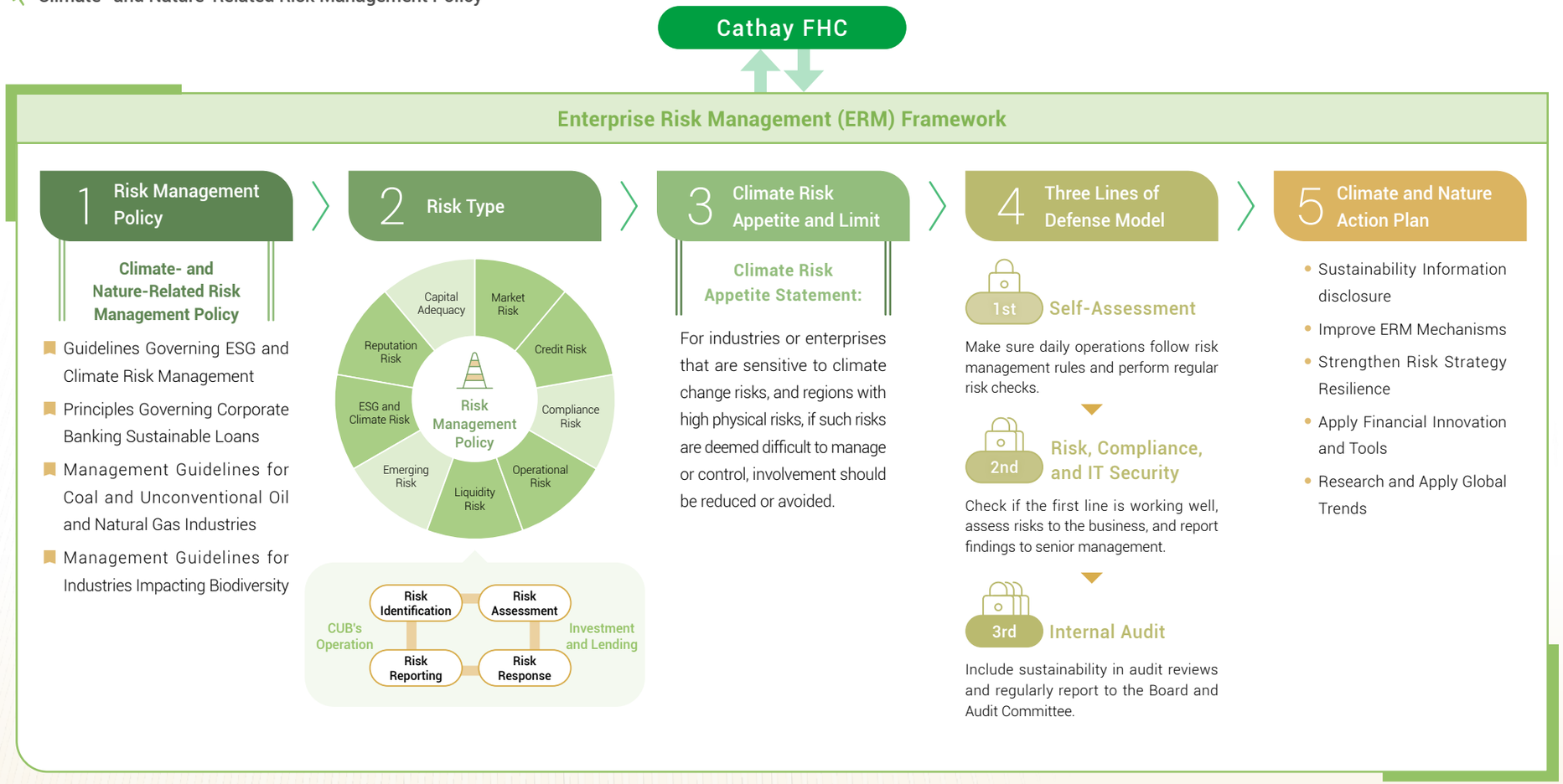
2.3.2 Climate and Nature Risk Management

2.3.2.1 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. The bank continues to develop and promote climate and nature action plans to respond to and monitor material climate and nature risks.

Climate- and Nature-Related Risk Management Policy



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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

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."

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 2.1.2 Risks and Opportunities, 2.3.2.2 Risk Identification). Through the formulation and ongoing implementation of the 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
Sustainability Information Disclosure	Build a framework for analyzing the financial impacts of key risks and for information disclosure in line with IFRS S1 / S2 so as to improve transparency.	R2 R5	2.1.2 Risks and Opportunities 2.3 Governance and Risk Management
Improve ERM Mechanisms	Improve the management of material risks by establishing identification and assessment processes, integrating emerging risks and climate- and nature-related risk mechanisms, and incorporating transition plans/speed into investment and financing evaluations. • ESG and Climate Risk Management Mechanism • Climate Transition Assessment Framework • Physical Climate Risk Assessment Framework • Climate- and Nature-related Risk Indicators	R1	2.3.2.2 Risk Identification • Identification Process of Climate and Nature Risks and Opportunities 2.4.3 Risk and Impact Management • Investment & Lending in Highly Nature-Sensitive Industries 5.1.1.1 Investment and Lending Risk Management
Strengthen Risk Strategy Resilience	Conduct climate quantitative analysis for investment, lending, 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. • Scenario Analysis and Stress Testing • Mechanism for Validating Strategy Resilience and Risk Appetite	R1 R6 R7	2.3.2.3 Risk Measurement and Management • Climate and Nature Risks and Opportunities Concentration • Climate- and Nature-Related 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. • Risk Management Platform and Data Integration Applications • Cross-Domain Data Management and Strategic Opportunity Application	R1	5.1.1.2 ESG Rating and Classification Module System
Research and Apply Global Trends	Monitor domestic and international developments in sustainability policy and trends in climate- and nature-related risks, and deepen the Bank's understanding and application of its sustainable risk culture. 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. • Deepen the Group's Climate- and Nature-related Risk Culture • Research on Emerging Issues	R1 R6 R7	2.3.2.3 Risk Measurement and Management • Climate and Nature Risks and Opportunities Concentration • Climate- and Nature-Related Scenario Analysis 2.4.3 Risk and Impact Management • Investment & Lending in Highly Nature-Sensitive Industries • Water Resources: Drought Scenario Analysis

Note: The Bank formulated its 2026 Climate and Nature Action Plan in 2025. To ensure that the Board of Directors and senior management oversee the progress of the implementation of climate- and nature-related issues, the action plan was submitted to the Board of Directors and the Risk Management Committee in the first quarter of 2026, and Cathay FHC will regularly track the subsidiaries' implementation progress.

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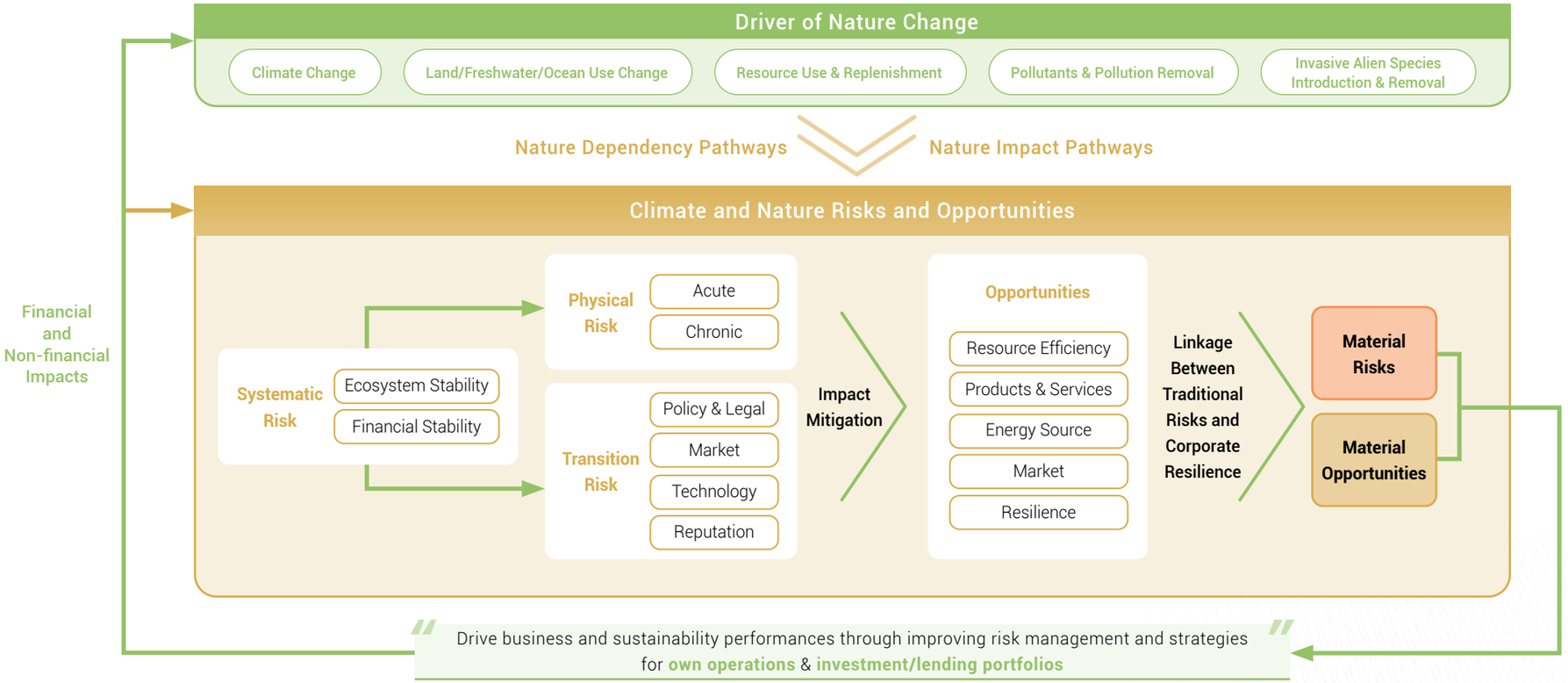
2.3.2.2 Risk Identification

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). 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 lending 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/lending 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 2.1.2 Risks and Opportunities.



In addition to analyzing climate- and nature-related risks, the Bank also collects sustainability topics that affect stakeholders and adopts a double materiality approach to assess the sustainability and operational impacts of various sustainability topics, as well as to understand potential sustainability risks and opportunities (including climate- and nature-related ones), their interactions, and their prioritization. For detailed analysis processes, impact descriptions, and management approaches, please refer to Sections 1.4 Material Sustainability Issues Identification, 1.5 Management Guidelines of Sustainability Issues, 1.6 Targets for Material Sustainability Issues.

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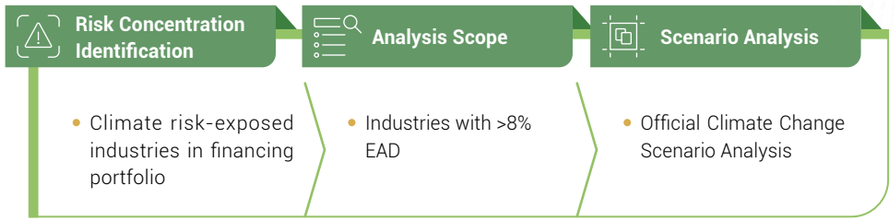
2.3.2.3 Risk Measurement and Management

Concentration of Climate and Nature Risks and Opportunities

Physical and Transition Risks Across Specific Industries

The impact of climate- and nature-related risks is intensifying. In addition to the introduction of domestic and international policies, including the Carbon Border Adjustment Mechanism (CBAM), Carbon Cost Adjustment (CCA), and the Climate Change Response Act, the frequency of extreme weather events has significantly increased. To better understand the Bank's exposure to transition and physical risks on CUB[Note], priority was given to analyzing domestic industries with significant credit exposure 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						Top Three Geographic Areas by Credit Concentration
		Orderly Net Zero		Disorderly Transition		Passive Transition		
		2030	2050	2030	2050	2030	2050	
Real Estate Development	18.80%	0.88%	1.06%	1.59%	1.34%	1.36%	2.25%	Da'an District, Taipei City Risk Level 1 ; Zhongshan District, Taipei City Risk Level 1 ; Xitun District, Taichung City Risk Level 2
Real Estate Management & Services	13.10%	0.69%	0.79%	1.13%	1.00%	1.03%	1.65%	Da'an District, Taipei City Risk Level 1 ; Xinyi District, Taipei City Risk Level 1 ; Songshan District, Taipei City Risk Level 1
Wholesale & Retail	14.13%	1.43%	1.63%	1.84%	1.72%	1.68%	1.94%	Neihu District, Taipei City Risk Level 1 ; Xinyi District, Taipei City Risk Level 1 ; Zhongshan District, Taipei City Risk Level 1
Financial Services	11.35%	1.17%	1.33%	1.51%	1.41%	1.38%	1.59%	Da'an District, Taipei City Risk Level 1 ; Zhongshan District, Taipei City Risk Level 1 ; Xinyi District, Taipei City Risk Level 1
Manufacturing of Electronic Components & Related Products	11.27%	1.11%	1.17%	1.28%	1.27%	1.16%	1.37%	Guishan District, Taoyuan City Risk Level 2 ; Nanzi District, Kaohsiung City Risk Level 1 ; Neihu District, Taipei City Risk Level 1

Note: 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 (2024)," loan portfolios impacted by physical or transition risks can be categorized into five risk levels according to level of impact, while those impacted by industry-specific physical risk (heatwaves) are categorized into three risk levels. A higher risk level indicates a greater degree of impact from physical or transition risks.

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

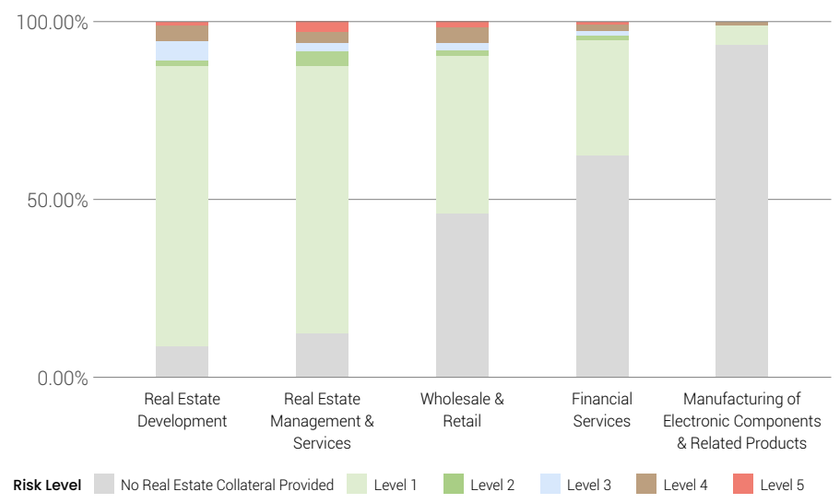
Physical Risk – Registered Locations



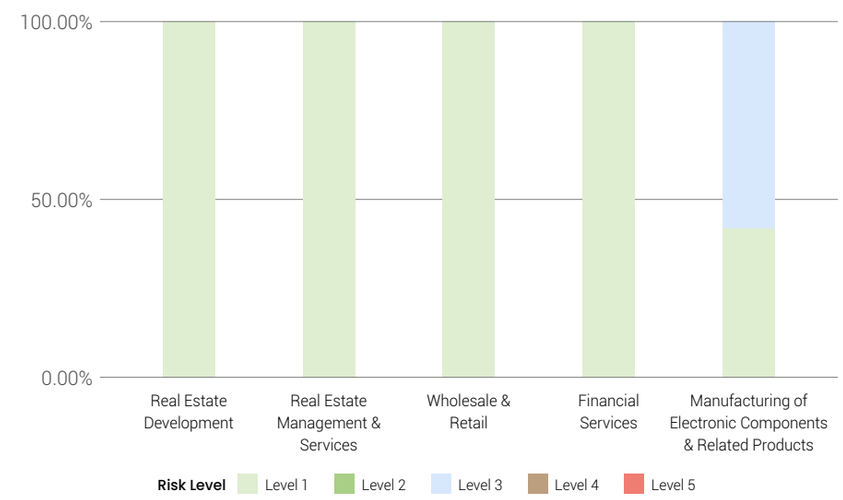
Physical Risk – Industry



Physical Risk – Real Estate Collateral



Transition Risk – Industry



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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 operating locations to assess the exposure status as of the end of 2025. The evaluation concluded that the risk is considered within acceptable thresholds.

Percentage of High Flood Risk Areas

	Baseline	Future
Outstanding balance of retail mortgage loans	0.26%	5.82%
Number of CUB operating locations	0.00%	5.49%
Number of CUB-owned real estate properties	0.00%	5.70%

Risk Concentration Identification
- CUB locations in climate risk areas
- Mortgage collaterals in climate risk areas

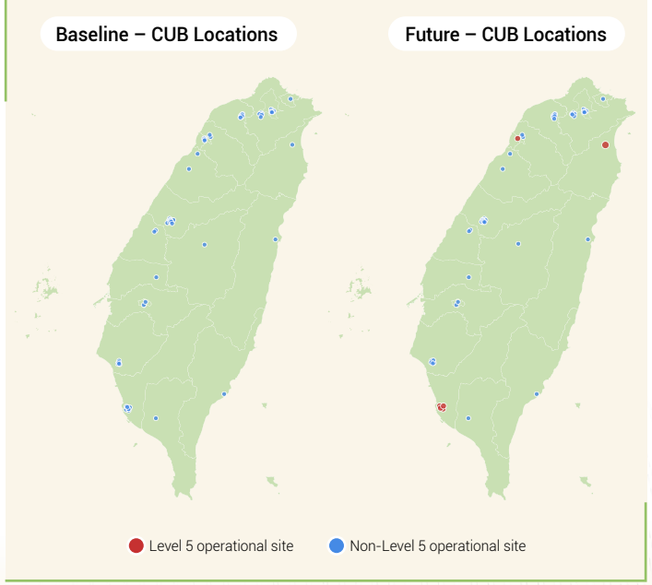
Analysis Scope
- Top 20% in hazard-vulnerability level

Scenario Analysis
- NCDR Flood Scenario

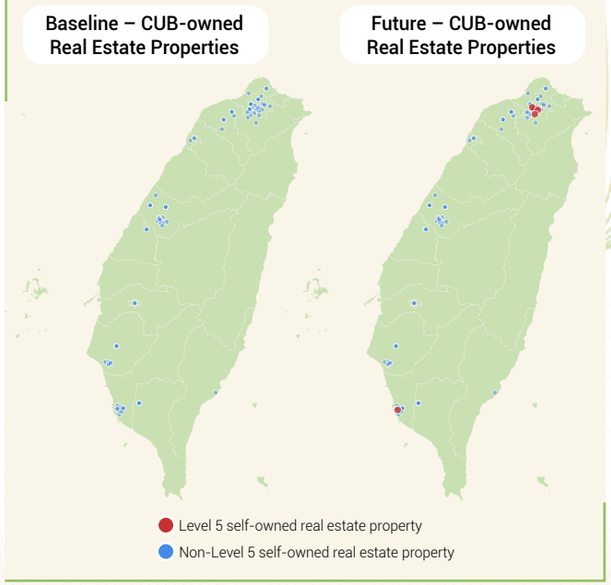
Mortgage Collateral Balances with High Physical Risk



CUB Locations with High Physical Risk



CUB-owned real estate properties with High Physical Risk



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Climate- and Nature-Related Scenario Analysis

To assess the financial impacts of climate- and nature-related impact, 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/lending portfolios, 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, 2025)

Scenario Type	Risk Type		Analysis Timeframe	Scope	Scenario Description	Analysis Result
Official Climate Change Scenario Analysis (Long-term)[Note1]	Physical	Floods/Landslides/ Rainfall-caused work stoppage/Drought/ Heatwaves	2030 2050	Domestic corporate & consumer lending Overseas corporate lending Domestic banking book investments Overseas banking book 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 47.45% of baseline pre-tax profit and 7.69% of baseline net value. The financial impact is assessed to be within CUB's risk tolerance levels.
	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 banking book 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 24.76% of baseline pre-tax profit and 4.01% of baseline net value. 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[Note 2]	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 portfolios at Singapore branch are 5.97% and 0.30%, respectively. 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 1.93% 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)," 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 portfolios—Domestic Corporate and Consumer Lending, Overseas Corporate Lending, Domestic and Overseas Banking Book 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 lending assets in the long term (2030 and 2050).
- **Risk Assessment:** Physical risks 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 risks 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 portfolios—Domestic Corporate and Consumer Lending, and Domestic Banking Book Investments.
- **Scenario Design:** Based on risk 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 portfolios from specific climate-related physical or transition risk 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 types. Other risk types and risk linkage pathways are consistent with those used in the long-term scenario.

Analysis Results and Resilience Verification

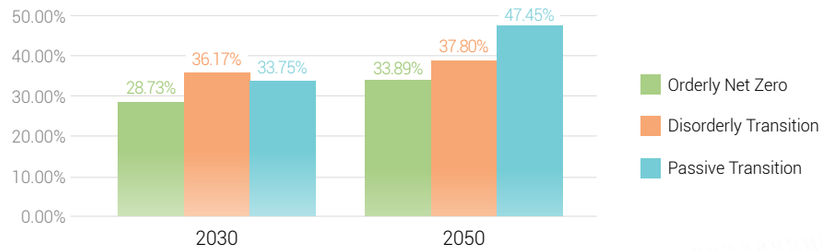
Based on the results of the official climate scenario analysis, a summary of key findings is provided below. For detailed results, please refer to Appendix 7.1 ESG Performance Data. Due to differences in time horizons and underlying assumptions, the results of the long-term and short-term scenarios are 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 47.45% of baseline pre-tax profit and 7.69% of baseline net value. Under the short-term scenario, the highest expected loss occurs in the Combined Loss scenario, accounting for approximately 24.76% of baseline pre-tax profit and 4.01% of baseline net value. After evaluation, the total expected losses from the scenario analysis are considered financially manageable for CUB.

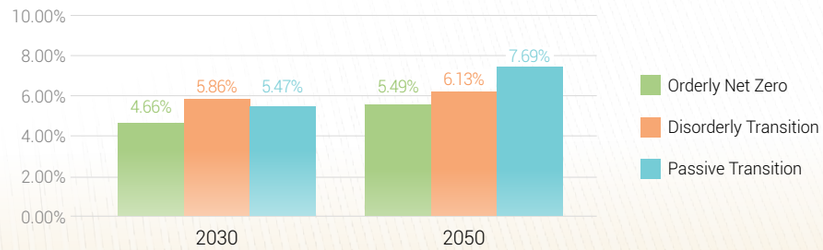
(2) In the long-term scenario under the 2050 Passive Transition (PT) scenario, for collateral located in townships classified as high physical risk (Level 5), the exposure amount related to the loss in collateral value for domestic corporate and consumer lending accounts for approximately 2.26%.

(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 4.59%.

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



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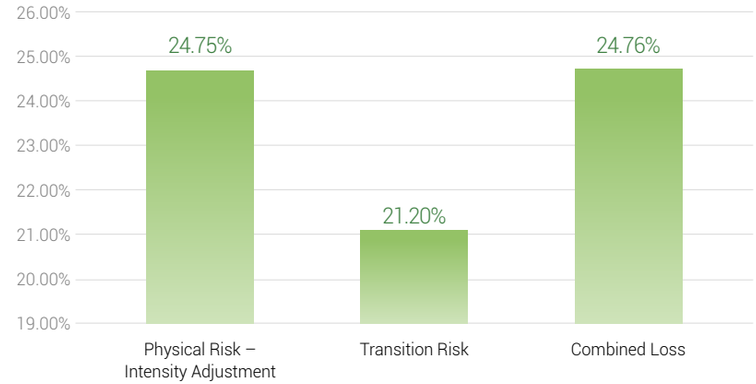
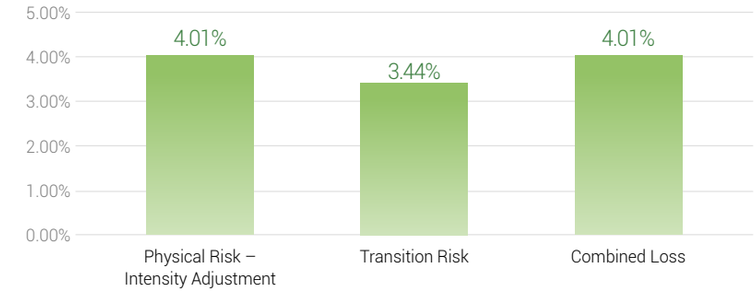
Short-Term Scenario Expected Loss as a Ratio of Baseline Year Pre-Tax Profit



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 verification 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-, mid-, and long-term investment and lending targets to track progress toward net-zero transition. For details, please refer to 2.2.1.1 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.

Scenario Analysis of Loans in the Aviation Industry

Loan Type	Secured Loan	Unsecured Loan
Risk Scenario	Policy Change	
Scenario Assumption	Airliners' 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	6.87 %	0.52 %
Percentage of ECL to the industry's EAD in the baseline scenario	0.90 %	0.22 %
Percentage increase in ECL due to transition risks	5.97 %	0.30 %

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

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Analysis Results and Resilience Verification

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 loans, are 5.97% and 0.30%, respectively. The expected total loss from the scenario analysis is deemed manageable.

Risk Mitigation Strategies

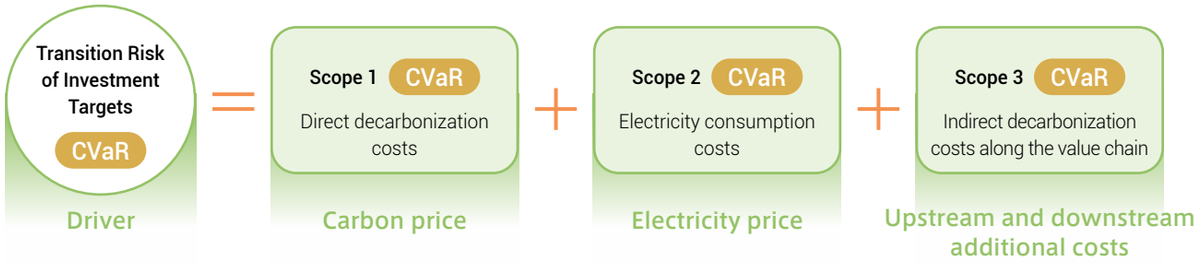
CUB complies with TMRAC and rules for aircraft collateral valuation when screening clients and managing collateral for all aircraft financing cases. The Singapore branch's aviation team refers to the latest TMRAC and considers the environmental impacts of aircraft financing by undertaking new/energy-efficient 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.



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 official climate change scenario analysis to assess credit risk losses in the banking book investment, CUB has also adopted a model developed by MSCI. Using scenarios from NGFS Phase 5, CUB assesses 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-little-too-late). 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 1.93%, 0.41%, and 0.01% of the portfolio'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 1.93% of the portfolio'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 and controls over highly sensitive industries into its internal investment processes as crucial factors in investment decisions to reduce climate risk losses and enhance the Bank's climate resilience.

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2.4 Nature-related Financial Disclosures (TNFD)

2.4.1 Governance

The Board of Directors is the Bank's highest governance and oversight body for climate- and nature-related issues and is responsible for approving relevant policies, strategies, and targets while considering risks, opportunities, dependencies, and impacts. The Sustainable Development Committee, Risk Management Committee, President, Chief Risk Officer, Corporate Sustainability Team, and relevant working groups jointly support implementation, monitoring, and reporting. Please refer to 2.3.1 Climate and Nature Governance Framework for details.

2.4.2 Strategy

The Bank continues to incorporate nature-related issues into its overall business operations and financial decision-making, with close attention to the potential impacts of climate- and nature-related risks and opportunities on investment and lending, and business development, and adjusts its asset allocation and business development direction accordingly. With respect to nature-related issues, the Bank has included water scarcity risk within its key assessment scope. For high-exposure industries such as the technology hardware and semiconductor industry, consumer staples, and the raw materials industry, the Bank analyzes the potential impacts of water scarcity on client operations and on the Bank's financial performance, thereby gaining a clearer understanding of exposures to high-risk industries and geographic locations. By regularly reviewing the reasonableness of scenario assumptions and data, the Bank ensures the robustness of relevant risk analyses and estimation results. At the same time, it monitors the utilization of limits for highly sensitive industries and tracks the status and trends of asset exposure to geographic areas with high water resource risk.

In addition, the Bank continues to promote green loans, sustainability-linked loans, and transition finance to gradually direct funding toward low-carbon and sustainable transition activities, while also capturing nature- and climate-related financial opportunities. Among these, the use of proceeds for green loans also cover areas such as natural environment management, biodiversity, water resource management, and climate change adaptation, which helps further integrate nature-related issues into the Bank's business development direction. For clients that have not yet met sustainability standards or that require transition, the Bank also provides engagement, advisory support, and financial assistance to help them identify gaps, formulate transition plans, and establish improvement timelines, thereby strengthening the resilience of industrial transition.

2.4.3 Risk and Impact Management

The Bank has incorporated nature-related dependencies, impacts, risks, and opportunities into its existing management processes. Based on the characteristics of its businesses, the Bank identifies, assesses, prioritizes, and monitors such factors through scenario analysis, industry- and portfolio-level analysis, credit review, and client engagement. In addition, through the ESG rating and classification module system, the Bank uses data extraction, analysis, and processing to quickly screen borrowers' ESG risk levels and support post-lending management and risk early warning, serving as a reference for credit decision-making and risk management.

In the management of its investment/lending value chain, the Bank assesses clients' and investment targets' dependence on natural resources, their impacts on nature, and the potential credit risks, market risks, and financial impacts that may arise through industry- and portfolio-level analysis. At the same time, the Bank evaluates the impact of water shortages on client operations in high-exposure industries and pilots the LEAP approach in its analysis by incorporating the distribution of borrowers' registered operating addresses and production sites, which serves as a basis for identifying, assessing, and prioritizing exposure to high-risk geographic locations. In addition, for project finance cases subject to the Equator Principles, the Bank assesses not only climate change risks but also environmental risks such as biodiversity. For cases with significant impacts, the Bank also requires third-party consultants to issue assessment reports and tracks the implementation of mitigation measures. The table below provides a supplementary case example of applying the LEAP approach from the perspective of an individual credit case.

LEAP Methodology - Case Study

L — Locate Examine business footprint and nature interface		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.
E — Evaluate Dependencies and impacts	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.
	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.
A — Assess Nature-related risks and opportunities	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.
	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 — Prepare Response measures and external disclosure	Response Measures	Financial institutions continuously monitor the financial and operational status of their investment and lending 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. **(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. **(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.

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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 lending, as a reference for risk management and strategic planning. The results are as follows: the investment amount and corporate lending balance[Note 4] in highly sensitive industries accounted for approximately 2.74% and 23.7% of CUB's total investment amount and total corporate lending balance, respectively.



Identification Results of Nature-Related Risk Dependency and Impact

Very High | High | Medium | Low | N/A

Industry	Nature Dependency					Nature Impact						Investment	Lending
Highly Sensitive Industries	Water Resource	Atmosphere	Species	Soil	Habitat	Water Resource Use	Other Resource Use	Climate Change	Ecosystem Changes	Pollution	Distribution to Species		
Fossil Electric and Coal Mining Industry												0.04%	0.003%
Manufacture of Chemical Material and Fertilizers												0.34%	3.25%
Extraction of Crude Petroleum and Natural Gas												0.22%	0.49%
Manufacture of Building Materials (Contains Cement)												0.04%	0.28%
Food and Beverage Products												0.60%	1.12%
Transport												0.02%	1.07%
Agriculture, Forestry, Fishery & Animal husbandry Industry												0.00%	0.47%
Mining												1.29%	1.93%
Real Estate Management & Development												0.18%	14.14%
Manufacture of Motor Vehicles and Parts												0.00%	0.77%
											Total	**2.74%**	**23.52%**

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 portfolios. The scope of total investment portfolios 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. Lending is calculated as the proportion of corporate lending balance in highly sensitive industries relative to total corporate lending balance.

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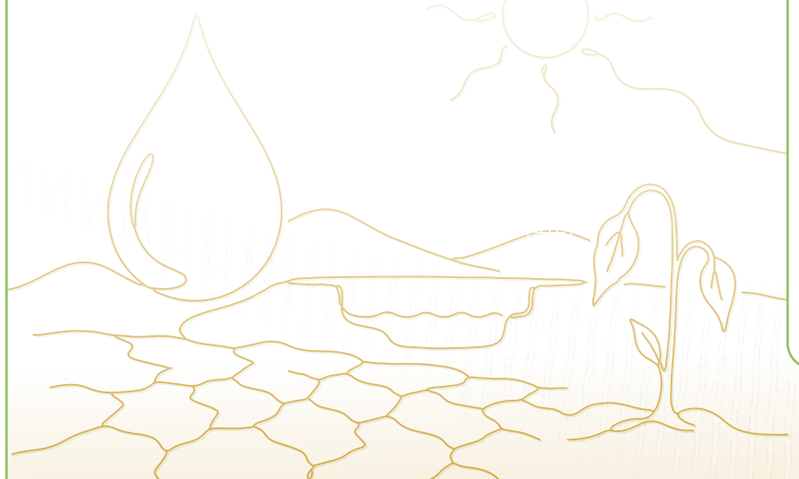
Water Resources: Drought Scenario Analysis

◆ 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. The Bank assesses industry-specific water resource risks through a complementary use of qualitative and quantitative information. Based on this assessment, the "technology hardware and semiconductor industry," "consumer staples," and "raw materials industry" were selected as the target sectors for analysis. The analysis examines the financial impact of water shortages on investment and lending counterparties and the associated financial impacts on the Bank. The LEAP approach was also piloted for domestic corporate lending borrowers.



Highly Sensitive Industry

Technology hardware and semiconductor industry; consumer staples; raw materials industry

Associated Risk

Physical risk (acute): Climate change causes uneven rainfall distribution, leading to water shortages.

Financial Impact on Invested/Lent Entities in the Industry

The operations of companies highly dependent on water resources may be affected. For example, higher water procurement costs may increase expenses, and disruptions in production processes may reduce revenue.

Financial Impact on CUB from Investing/Lent in this Industry

If the operations of investment/lending counterparties are affected, thereby impacting their financial performance, this may in turn affect credit risk and trigger changes in market risk, resulting in a potential decline in the Bank's investment gains and interest income, as well as an increase in provision expenses.

Note: "Consumer staples" and the "raw materials industry" cover highly sensitive industries such as agriculture, forestry, fishery & animal husbandry Industry; food and beverage products; and mining. Although the "technology hardware and semiconductor industry" is not classified as a highly sensitive industry, it was included in the analysis in view of its water-intensive characteristics.

1 Locate

In addition to their registered operating addresses, manufacturing companies often have varying numbers of production sites. Since the actual interface between borrowers and nature is primarily at these production sites, the first step is to identify the full site distribution of each borrower, including its registered operating address and active production sites.

2 Evaluate

Due to their industry characteristics, the target sectors either have a high dependence on or exert a significant impact on water resources. For the analysis results on nature-related dependencies and impacts of highly sensitive industries, please refer to the section on the Concentration of Climate and Nature Risks and Opportunities.

3 Assess

A "water resource drought scenario analysis" was conducted for the target sectors. All administrative districts were categorized into four different water resource risk levels, and the drought risk faced by each borrower's sites was assessed based on the overall distribution of its locations. This step measures the operational impacts that enterprises may face at different points in time when water shortages affect or even disrupt operations, and links these impacts to credit risk in order to evaluate the potential financial impact on the Bank.

4 Prepare

Based on the assessment of the Bank's potential financial impact, follow-up management and response measures are developed.

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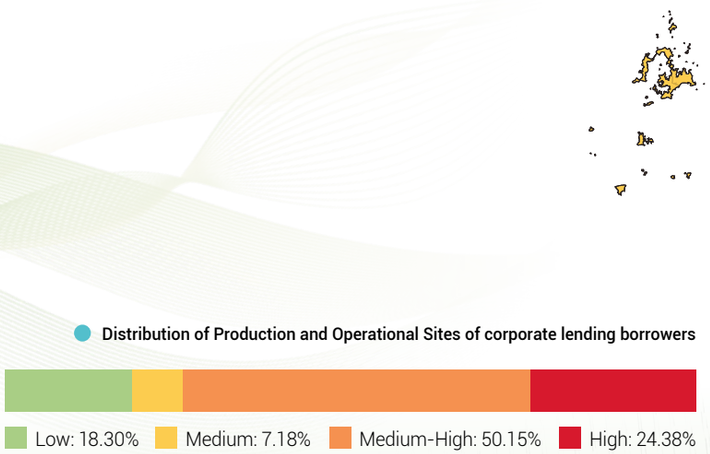
Analysis Results and Resilience Verification

The distribution of risks across administrative regions, the locations of production and operational sites of CUB's corporate lending borrowers, 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 0.65%. After evaluation, the total expected loss is considered to have a controllable financial impact for CUB.

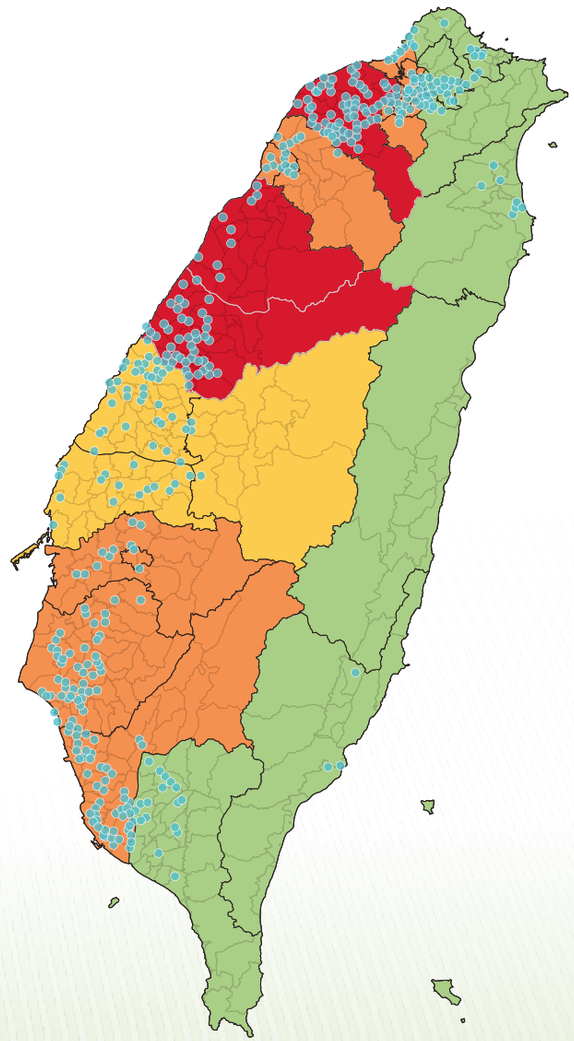
Water Resources: Drought Scenario Analysis

Industry Analyzed	Raw materials industry, technology hardware and semiconductor industry, and consumer staples		
Borrower Type	Domestic Corporate Lending Borrowers		
Scenario Design	SSP1-2.6		
Analysis Timeframes	2020 - 2040	2030 - 2050	2040 - 2060
EL% under Scenario Analysis	0.65%	0.65%	0.64%
Baseline EL%	0.25%		
Increase in EL% due to Physical Risk	0.39%	0.39%	0.39%



Risk Mitigation Strategies

By regularly reviewing the assumptions and data used in scenario analysis to ensure the robustness of risk assessments and estimations. 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.



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2.4.4 Metrics, Targets, and Implementation Results

In response to nature-related issues, the Bank is progressively advancing natural resource management and conservation initiatives, while strengthening nature-related metrics, targets, and management approaches through its operational management, core financial business, and employee engagement. At this stage, the Bank focuses on water resource management, supporting financing projects that generate nature conservation benefits, and organizing environmental initiatives such as beach and mountain cleanups that involve employees, their family members, and suppliers. Through these efforts, the Bank aims to reduce pressure on the natural environment and increase its positive contributions to freshwater resources, ecosystems, and biodiversity.

Water resource management

Nature Target

Water resource management

Short-term Target (2026)

Per-capita water consumption to reach 18.4 m^3

Mid-term Target (2030)

Per-capita water consumption to reach 18.0 m^3

Long-term Target (2035)

Per-capita water consumption to reach 17.5 m^3

Water resources are one of the key natural resources on which the Bank's operations depend and represent a critical area of management within nature-related issues. In response to changes in the water cycle and increasing water stress, the Bank continues to monitor water consumption at its operating sites and seeks to reduce pressure on natural resources by improving water-use efficiency, promoting rainwater harvesting, and strengthening management systems, thereby supporting the sustainable use of freshwater resources. In 2025, the Bank's per capita water consumption was 17.8 cubic meters, achieving ahead of schedule its 2026 target of 18.4 cubic meters per capita. The Bank has also committed to keeping per capita water consumption at no more than 17.5 cubic meters by 2035. To achieve the target, the Bank has implemented the following measures:



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Promoting Financing for Natural Ecosystem Conservation

Through its financing activities, the Bank encourages clients to align with the United Nations Sustainable Development Goals, place greater emphasis on biodiversity, and undertake actions that support natural ecosystem conservation. In 2025, the Bank provided shipbuilding financing for a high-specification ocean research vessel constructed by a shipyard. The vessel features advanced green and energy-efficient technologies, including low-noise operating standards designed to meet underwater noise requirements, thereby minimizing environmental disturbance and reducing impacts on marine ecosystems. It is also equipped with a battery energy storage system and waste heat recovery equipment, which enhance energy efficiency while reducing thermal pollution and carbon emissions. These technical features are expected to contribute positively to marine ecosystem conservation, reduce environmental burdens, strengthen regional marine scientific research capacity, and support the sustainable development of the blue economy.

From Internal Operations to Common Good with Natural Environments:

Supporting SDG 14 "Life Below Water" and SDG 15 "Life on Land" by Conserving and Sustainably Using Marine and Terrestrial Ecosystems, Safeguarding Biodiversity, and Preventing Environment Degradation

Beach Cleanups

Since 2018, the Bank has organized beach cleanups for eight consecutive years, rallying employees, their families, and suppliers to help protect the oceans. To date, the Bank has held more than 22 beach cleanup events across Taiwan. In 2025, four beach cleanups were carried out at Guanyin Coast in Taoyuan, Evergreen Forest in Zhunan, Miaoli, Shalun Beach, and the Bali North Embankment Beach adopted by the Bank, collecting a total of 414 kilograms of marine debris. The Bank also participated in the International Coastal Cleanup (ICC) marine environmental protection initiative by recording the types and quantities of debris collected through beach cleanup data cards and uploading the information to the cloud for expert analysis and monitoring, helping identify sources of pollution.



Mountain Cleanups

To protect local biodiversity, the Bank organized an invasive plant species removal activity and a mountain cleanup in Yangmingshan in 2025. A total of 156 kilograms of Tradescantia fluminensis and other aggressive plant species were removed, creating more living space for native species and sustaining natural vitality.



國泰世華銀行
Cathay United Bank

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Sustainable Finance

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5.1 Responsible Investment/Lending

5.1.1 Responsible Investment/Lending Policy

Internal Policies or Management Guidelines	International Standards or Relevant Taiwan Regulations Followed / Referenced	Information Disclosure
• Guidelines Governing ESG and Climate Risk Management • Equator Principles (EP) Implementation Guidelines • Environmental, Social and Governance (ESG) Rules for Financial Trading • Principles for Identifying Corporate Banking Sustainable Loan Products • Principles Governing Corporate Banking Sustainable Loans • Environmental, Social, and Governance (ESG) Rules for Corporate Loans • Sustainability Information Compilation Management Rules	• United Nations Principles for Responsible Banking (PRB) • Taiwan Sustainable Taxonomy • Transition Lending Review Reference Guide • Suggested Elements of a Transition Plan • Green Loan Principles (GLP) • Social Loan Principles (SLP) • Sustainability-Linked Loan Principles (SLLP)	• Sustainability Report • Stewardship Report • Records of Voting at Shareholders' Meetings • Engagement Records

The Bank has established the Principles for Identifying Corporate Banking Sustainable Loan Products, which integrate international sustainable finance standards with the Bank's internal management regulations to serve as a consistent governance framework for sustainable lending products. These guidelines clearly define the recognition principles, review processes, and credit-limit attributes for various sustainable lending products, ensuring that credit decisions balance international alignment, risk control, and the sustainable benefits of the use of proceeds. They cover green, social, sustainability-linked, and transition loan types.

In addition, when developing financial products related to net-zero or sustainable transition, such as transition loans and sustainability-linked loans, the Bank designs the framework with reference to international standards, including SLLP, LSTA, LMA, and APLMA, and incorporates relevant risk-assessment results into the terms of each related financial product. When setting credit terms and sustainability performance targets, the Bank considers the enterprise's transition risks, sustainability governance capabilities, and industry characteristics to ensure that products can effectively promote corporate decarbonization or overall improvement in sustainability performance. At the same time, the Bank adheres to the principle of information transparency and clearly discloses the product's sustainability objectives, measurement indicators, tracking methods, default adjustment mechanisms (such as interest-rate adjustments), and relevant post-lending management requirements during client negotiations and document preparation. This helps clients fully understand and identify product characteristics and strengthens their trust in and willingness to participate in sustainable finance products.

Through the above processes, the Bank ensures that the design of sustainable finance products embodies international consistency, risk control, and information transparency, while substantively supporting enterprises in moving toward net-zero and sustainable transition. In addition, the Bank reviews the sustainability level of clients' economic activities in accordance with the Taiwan Sustainable Taxonomy so as to provide corresponding lending structures or products. In 2025, the Bank provided sustainability-linked loans to such clients whose economic activities were reviewed under the Taiwan Sustainable Taxonomy, setting indicators and targets with reference to their autonomous reduction plans and sustainability performance in recent years, thereby establishing challenging goals and supporting concrete climate-mitigation actions.

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5.1.1.1 Investment and Lending Risk Management

CUB is committed to mitigating risks related to climate change and environmental, social, and governance (ESG) related 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 lending procedures, we also actively respond to TCFD, TNFD, and align with CDP and SBTi management frameworks. We have also established investment and lending management rules to prudently assess the ESG and climate risks of borrowers and investees before investment/lending. By evaluating information related to environmental, social, governance and regulatory violations and sanctions, we assign ESG ratings to corporate lending 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 companies to assist them in transitioning, in order to properly manage the long-term risks of the investment and lending portfolios.

Responsible Investment/Lending Process

Exclusion List → **No Investment/Lending**

Integrate ESG Factors into Decision-Making

- Material ESG risks
- Financial assessment
- Controversial activities
- Climate/Biodiversity/Human rights risks

Approved for Investment/Lending

- ESG due diligence and risk assessment
- Sensitive industry management
- Equator Principles project financing

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 lending clients shall conduct an annual ESG review during the annual review, 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 Cathay FHC's responsible investment and lending policies, CUB revised its list of excluded business activities and introduced additional management measures for unconventional oil and gas and natural gas related activities in 2024.
CUB excludes business engaged in controversial weapons, human rights violations, pornography, mining, coal-fired/nuclear power generation, coal-related activities, upstream exploration and extraction of conventional and unconventional oil and gas, the tobacco industry, gambling, tropical rainforest logging, and drift net manufacturing and fishing. This approach 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."

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ESG Due Diligence and Risk Assessment

CUB strictly controls ESG-related risks arising from investment and corporate lending 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, including Self-determined Reduction Plan approved by the Ministry of Environment, Voluntary Reduction and Offsetting Project, 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 no ESG rating is found, an "ESG Risk Assessment Form" must be completed to further evaluate whether to invest and determine post-investment management.

Corporate Lending:

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 lending cases. ESG incidents of the client must be reviewed, and the client must be consulted to understand the status of corrective actions, risk mitigation measures, and monitoring items.

In addition, clients are encouraged to provide ESG risk management plans, explaining corrective actions or response strategies, to continuously improve their sustainability performance. These plans may refer to the "Taiwan Sustainable Taxonomy"and "Recommended Items for Transition Plans,"or international net-zero transition standards or guidelines. The plan 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. 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. If an enterprise has obtained a Self-determined Reduction Plan approved by the Ministry of Environment, or participates in Voluntary Reduction and Offsetting Project, the Bank regards such actions as important reference information for sustainability practices, incorporates them into the assessment of the enterprise's ESG-related management plans and transition strategies, and considers whether they should be reflected in credit terms and conditions.

Credit Officers assess the risk mitigation measures and monitoring items based on the ESG risk incidents involved in the credit case, which serve as references for the review comments. 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. For environmental pollution cases, the Bank determines the appropriate measures based on the severity of penalties. In severe cases, the Bank may reject the loan, reduce the credit facility, or suspend further drawdowns. If the enterprise demonstrates significant improvement through third-party certification, it may apply for reassessment of the credit conditions. In 2025, there were 55 high-risk cases subject to enhanced environmental review, totaling NT$16.02 billion; 8 cases involving environmental pollution were approved with restrictive conditions, totaling NT$6.75 billion.

Through ESG review and post-lending monitoring, the Bank continuously requires clients to propose improvement plans and reviews their implementation progress. Through the Bank's ongoing follow-up, a client in the manufacturing sector strengthened its waste management, monitoring mechanisms, and process controls, and proposed specific waste management strategies, shifting from passive remediation to institutionalized management. During the ESG review of corporate lending in 2025, the client's environmental penalties over the past three years decreased by more than 40% compared with the previous period. The Bank also provided sustainability-linked loans to encourage the client to strengthen climate actions and improve emissions performance, while offering economic incentives upon achievement of the targets. The Bank continues to guide enterprises in implementing compliance, energy conservation, and carbon reduction through a comprehensive ESG review mechanism supported by sustainable finance tools.

Management of Sensitive Industries

Based on the stringency of government policies in various countries, each industry's exposure to climate-related risks, Cathay FHC's climate risk appetite, and measurable criteria, 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, an exposure limits management mechanism is introduced, and the usage of limits for highly sensitive industries is regularly monitored.

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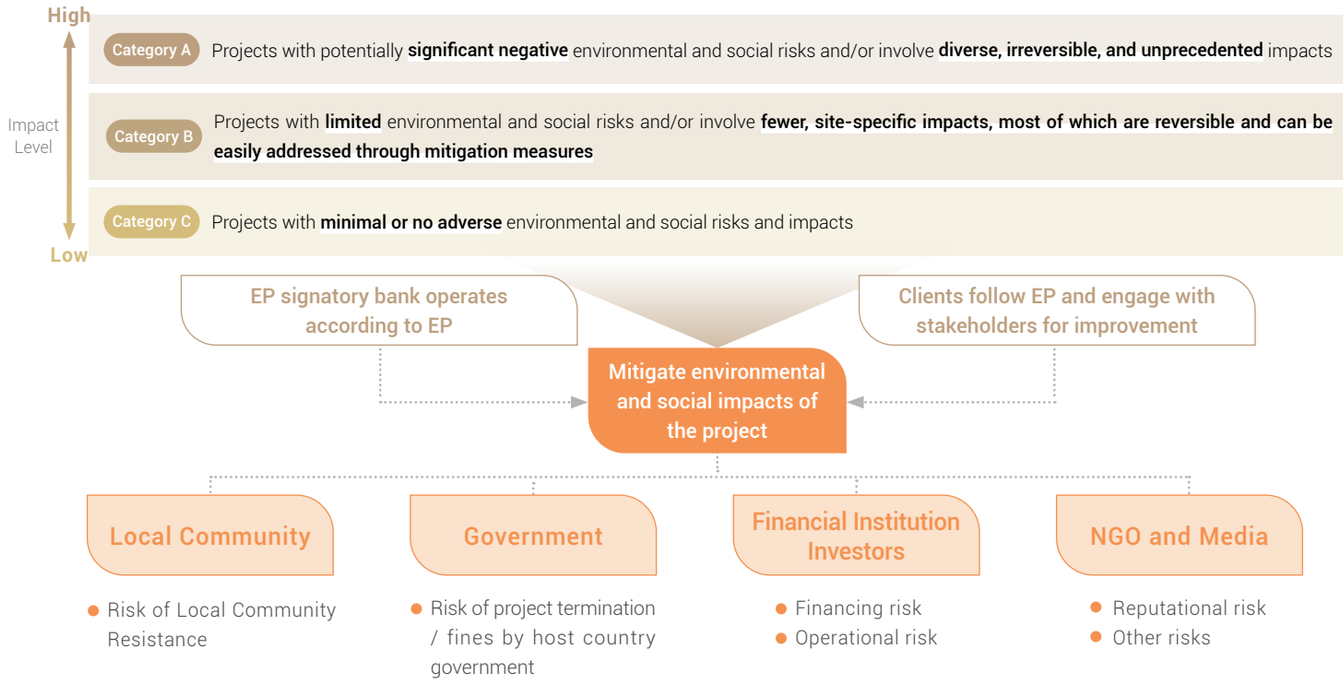
Project Finance of Equator Principles (EP)

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 December 31, 2025, 4 cases reached Financial Close in accordance with EPs, with newly approved credit totaling approximately NT$3,716 million. As of December 2025, CUB had a cumulative total of 31 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	-
2025	4 LA	-	3	1
Total	31	4	13	14

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.

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5.1.1.2 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 big data related to environmental, social, and governance (ESG) factors. This automated system can quickly screen borrowers' ESG risk levels, support post-lending management and risk alerts, helping the front office to quickly identify 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 updated and processed from time to time according to external regulations and international standards to create sustainable value and deepen awareness of environmental, social, and governance risks.

Key Features

- 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 clients' ESG-related negative penalty information and positive ESG information of clients, including SMEs.
- Through "weighting" design, standardizing and aggregating borrowers' positive and negative performance, and classifying them into four rating levels to assess clients' sustainability risks and opportunities, thereby supporting the formulation of 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.

5.1.2 Results of Responsible Lending

The Bank centers its efforts on the responsibilities that financial institutions should fulfill, proactively incorporating environmental and social issues into its lending processes and focusing on low-carbon transition, renewable energy, and the Twelve Key Strategic Industries. Through green loans, renewable energy project finance, sustainability-linked loans, and social loans, the Bank leverages its capital to help clients improve sustainability performance in areas such as carbon reduction, energy conservation, and social inclusion. The Bank continues to deepen its responsible lending strategy, expand the proportion of sustainable capital supply, and help industries pursue sustainable transition through positive financial influence, thereby creating long-term social value that is more inclusive and resilient.

5.1.2.1 Items of Responsible Lending Service

Unit: New Taiwan Dollar (NTD)

Items of Responsible Lending Service	Description	Key indicators	2024	2025
Environmental Lending	To promote the shared prosperity of the environment and society, Cathay FHC has established sustainable thematic investment and lending, among which low-carbon and energy-storage themes are closely related to low-carbon transition. The Bank adopts the Group's philosophy and categorizes these related sustainable themes as Environmental Lending, tracking the implementation of each theme to support the vision of environmental sustainability. The Bank expects to continue leveraging capital to create financial influence, support enterprises in generating low-carbon transition opportunities or climate change mitigation and adaptation, and enhance the competitiveness of industrial Transition. For details on lending under each sustainable theme, please refer to Appendix 7.1 ESG Performance Data.	Amount of environmental lending	51.421 billion	47.962 billion
		(Amount of environmental lending) / Total amount of corporate lending) ×100%	LA 6.07%	LA 5.23%

Unit: New Taiwan Dollar (NTD)

Items of Responsible Lending Service		Description	Key indicators	2024	2025
Twelve Key Strategic Industries Lending		Taiwan's Pathway to Net-Zero Emissions in 2050 establishes action plans across Twelve key domains related to energy, industry, lifestyle, and social transition policies. The government issued the "Twelve 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, financing 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 lending under the Twelve Key Strategic Industries, please refer to Appendix 7.1 ESG Performance Data.	Lending in industries critical to the "Twelve Key Strategies" listed in the "Taiwan's Pathway to Net-Zero Emissions in 2050"	20.150 billion	17.497 billion
Renewable Energy Loans		CUB actively supports the national policy on green electricity and renewable energy by promoting renewable energy financing to reduce greenhouse gas emissions and create green jobs. The Bank has set a goal to continue increasing the percentage of renewable energy loans in total electricity supply loans until it reaches 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, enhances 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	99.79%	99.86%
Corporate Sustainable Loans Note 4	Corporate Green Loans	The use of proceeds is restricted to specific green projects, including renewable energy, energy conservation and efficiency improvement, pollution prevention and control, clean transportation, and water treatment. By supporting these projects, the financing helps borrowers achieve environmental benefits such as carbon emissions reduction and water purification, while ensuring that the allocation of funds results in substantive improvements in environmental outcomes.	Outstanding amount of corporate green loans	LA 25.000 billion	LA 20.628 billion
			(Outstanding amount of corporate green loans) / (Total outstanding amount of corporate lending) ×100%	2.95%	2.23%
	Sustainability-Linked Loans (SLL)	Commercial terms of corporate loans are linked to pre-determined sustainability KPI of the borrower or its controlled and affiliated companies. Currently, most of CUB's sustainability-linked loans incorporate environmental KPIs, encouraging clients to achieve quantifiable environmental outcomes such as carbon emissions reduction, electricity savings, use of renewable energy, and water conservation.	Outstanding amount of SLL	LA 49.513 billion	LA 107.774 billion
			(Outstanding amount of SLL) / (Total outstanding amount of corporate lending) ×100%	5.85%	11.63%
	Corporate Social Loans	The use of proceeds is restricted to specific social projects, including lending to micro and small enterprises in certain regions and the construction of social housing, with the aim of generating social benefits for target populations.	Outstanding amount of corporate social loans	0.983 billion	LA 1.463 billion
			(Outstanding amount of corporate social loans) / (Total outstanding amount of corporate lending) ×100%	0.12%	0.16%
Green Consumer Loans		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.	Amount of green consumer loans	1.196 billion	1.936 billion
			(Amount of green consumer loans) / (Total amount of consumer lending) ×100%	0.07%	0.10 %
Offshore Wind Power Financing		In addition to participating in Taiwan's first offshore wind power syndicated loan — the 128 MW Formosa 1 Offshore Wind Farm— the Bank continues to actively engage in domestic and overseas renewable energy financing projects. Through project finance, syndicated loans, and financial advisory services, the Bank supports offshore wind projects and the development of renewable energy.	Cumulative Installed Capacity of Approved Offshore Wind Power Financing	1,373MW	1,373MW
Solar Financing		The Bank handled Taiwan's first solar financing case and has long promoted renewable energy project finance in support of energy transition and low-carbon economic development. In 2025, the Bank approved financing for solar power plants in Taiwan with a total installed capacity of 4 MW. In addition, the Bank participated in an Australian solar project financing case with a total installed capacity of 800 MW.	Cumulative Installed Capacity of Approved Solar Financing	Domestic: 1,059.00MW；Overseas:156.00MW	Domestic:1,062.86MW；Overseas:956.00MW

Note 1: Figures in the 2024 column are statistics as of December 31, 2024, and figures for 2025 are statistics as of December 31, 2025.
Note 2: The total amounts of corporate lending was NT$846.894 billion in 2024 and NT$926.986 billion in 2025. The total amounts of consumer lending was NT$1,751.016 billion in 2024 and NT$1,882.496 billion in 2025.
Note 3: The total amounts of corporate client lending comprises on- and off-balance-sheet credit for domestic and overseas corporate clients, excluding accounts that are settled, dormant, under collection, bad debt, or frozen. The balance in 2025 was NT$916.864 billion.
Note 4: Corporate sustainable loans cover corporate green loans, sustainability-linked loans, and corporate social loans. However, there may be differences between the total amount of corporate sustainable lending and the sum of the individual sub-items, mainly because some lending cases simultaneously qualify for two or more types of corporate sustainable lending and are therefore excluded to avoid double counting. As of December 31, 2025, CUB's corporate sustainable lending balance was NT$129.616 billion, excluding approximately NT$0.249 billion that simultaneously qualified for two or more types of corporate sustainable lending. Overall growth momentum was driven mainly by the promotion of standardized SLL terms. In 2025, the launch of the SME Sustainable Finance Partner Program also expanded the client base and business scale.

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5.1.2.2 Case Study of Responsible Lending

Case Study

Through engagement, guiding clients to promote carbon reduction and green projects, and fully supporting sustainable transition

With reference to the "Taiwan Sustainable Taxonomy" and the Bank's existing "Principles Governing Corporate Banking Sustainable Loans", the Bank engages clients on sustainability when handling corporate lending. The topics covered include corporate carbon-reduction actions, other specific climate-mitigation measures, and the promotion of green projects that generate environmental benefits.

Based on the results of such engagement, the Bank guides enterprises in sustainable transition and provides corresponding sustainable finance products, including green loans and sustainability-linked loans, taking into account the characteristics of their sustainability initiatives, to help enterprises achieve carbon emission reductions and improve environmental performance. In 2025, the Bank used green loans to help clients replace high-energy-consuming equipment to reduce greenhouse gas emissions, and also used sustainability-linked loans to establish ambitious decarbonization targets that encourage enterprises to continuously improve their sustainability performance.

Case Study

Actively expanding social responsibility loans in domestic and overseas markets to broaden positive social impact through collaboration with clients, other financial institutions, social welfare-related institutions or vendors, and enterprises

By providing financing channels, the Bank indirectly supports disadvantaged and underserved populations. The bank primarily focuses on groups that have difficulty obtaining adequate basic services, such as transportation, medical care, housing, and financial services, as well as those who need to improve basic education, skills, or socioeconomic status. Through its network of partners, the Bank helps specific groups such as people requiring long-term care, low-income households with housing needs, and other project beneficiaries approved by local government social affairs bureaus to obtain the necessary resources. All social responsibility loans are restricted to one or more designated social projects. The Bank has also established sound cash-flow control and fund-tracking mechanisms, requiring borrowers to report regularly on the use of funds to ensure that funds are used for the financing or refinancing of designated projects, thereby enhancing transparency and strengthening tangible social benefits. In 2025, CUB's social loans included both overseas syndicated loans and domestic bilateral loans. These financings supported the construction of social housing, wheelchair transportation services for people requiring long-term care, accessible education and training services, and other designated social responsibility projects.

Case Study

Green guarantee facility supports green shipbuilding, with CUB contributing to marine scientific research and sustainable development

CUB has extended its sustainable finance offering beyond to a broader range of financial products. In 2025, with the support of Enterprise Singapore, the Singapore Branch structured a green guarantee facility with a tenor of up to six years for Marco Polo Shipyard Pte Ltd, a subsidiary of Marco Polo Marine Ltd, to support its construction of a marine research vessel for Taiwan's National Academy of Marine Research. The total shipbuilding amount was NT$4.67 billion. This was a large-scale cross-border project with high specifications, a long construction period, and stringent performance requirements. Through rigorous risk assessment and structured financing design, CUB helped the enterprise alleviate liquidity pressure during project execution and delivery.

The new marine research vessel has a gross tonnage of 4,000 tons. Its design incorporates the Underwater Noise Notation (UWN) standard to minimize underwater noise emissions, and it is equipped with a battery energy storage system and waste heat recovery equipment to improve overall energy efficiency and reduce carbon emissions, thermal pollution, and impacts on marine ecosystems, thereby balancing scientific research needs with environmental protection goals. By supporting a project with energy-saving, carbon-reduction, and public-research value, this case not only helps strengthen regional marine scientific research capacity, but also demonstrates the Bank's concrete achievements in using cross-border finance, guarantees, and structured financing capabilities to support green and transition projects and promote sustainable and blue-economy development. This transaction marked the Bank's first green guarantee facility and received the Best Case of the Year award in the Bank's third annual Overseas Sustainable Finance Best Case and Branch Awards.

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5.1.3 Results of Responsible Investment

The Bank has fully incorporated ESG ratings and climate risk assessments into its sustainable investment practices. It has established an exclusion list and target sustainable thematic investments, actively implemented a phased decarbonization plan, and made specific commitments not to add new investments in, or to phase out and completely exit from, the coal and unconventional oil and gas industries. The Bank also influences the sustainable practices of investees through shareholder actions and engagement.

5.1.3.1 Items of Responsible Investment Service

Unit: New Taiwan Dollar (NTD)

Items of Responsible Investment Service	Description	Key indicators	2024	2025
Environmental Investment	To promote the shared prosperity of the environment and society, Cathay FHC has established sustainable thematic investments, among which themes such as alternative energy, buildings, waste recycling, transportation, energy-saving industries, natural carbon sinks, and green bonds are closely linked to low-carbon transition. The Bank adopts the Group's philosophy and categorizes these related sustainable themes as Environmental Investment, tracking the implementation of each theme to support the vision of environmental sustainability. In 2025, environmental investment increased by NT$13.7 billion compared with 2024. The Bank expects to generate financial influence by increasing capital allocation to support enterprises in creating low-carbon transition opportunities or climate change mitigation and adaptation, thereby making industrial transformation more competitive. For details on investments under each sustainable theme, please refer to Appendix 7.1 ESG Performance Data.	Amount of Environmental Investment	29.821 billion	43.586 billion
		(Amount of environmental investment / Total amount of Investment) ×100%	2.70%	3.20%
Twelve Key Strategic Industries Investment	Taiwan established action plans in the "Taiwan's Pathway to Net-Zero Emissions in 2050" for Twelve key domains critical to energy, industry, lifestyle, and social transition policies. The government issued the "Twelve 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 create financial influence, the Bank also supports the development of related industries by investing in wind power, energy-saving industries, and green finance. In 2025, investment in the Twelve Key Strategic Industries increased by NT$11.9 billion compared with 2024, in response to government policy and in support of enterprise development in green energy and energy conservation, thereby moving toward the positive goals of a green-energy homeland and optimal energy efficiency. For details on investment by industry under the Twelve Key Strategic Industries, please refer to Appendix 7.1 ESG Performance Data.	Investment in industries critical to the "Twelve Key Strategies" listed in the "Taiwan's Pathway to Net-Zero Emissions in 2050"	16.755 billion	28.698 billion
Sustainable Investment	The Bank's sustainable investments include investments in green bonds, social responsibility bonds, sustainable development bonds, and sustainability-linked bonds issued in Taiwan and overseas.	Amount of Sustainable Investment	43.907 billion	57.463 billion
		(Amount of sustainable investment / Total amount of Investment) ×100%	3.97%	4.22%
		Amount of investment in sustainability-related bonds recognized by the TPEx	19.291 billion	38.859 billion
		(Amount of investment in sustainability-related bonds recognized by the TPEx / Total amount of Investment) ×100%	1.75%	2.85%

Note: Figures in the 2024 column are statistics as of December 31, 2024, and figures for 2025 are statistics as of December 31, 2025.

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5.1.3.2 Case Study of Responsible Investment

Case Study

Participating in new sustainable financial products — Sustainable Commercial Paper

The Bank actively participated in investing in a new type of sustainable financial product launched for the first time in Taiwan's New Taiwan dollar money market—the world's first Sustainable Commercial Paper. The issuer was the world's largest manufacturer of food-grade recycled polyester pellets (rPET). The proceeds from the Green Commercial Paper and Social Commercial Paper issued in that transaction will be used respectively for expanding rPET production capacity and renewable energy use, and for building essential living infrastructure and providing funding to maintain jobs for employees of domestic SMEs and micro-enterprises, thereby helping vulnerable groups achieve economic independence and social rights, while supporting enterprise transition and putting responsible investment into practice.

5.2 Sustainable Financial Products

5.2.1 Results of Sustainable Financial Products

5.2.1.1 Items of Sustainable Financial Products

Unit: New Taiwan Dollar (NTD)

Items of Sustainable Financial Products	Description	Key indicators	2024	2025
Renewable Energy Industry Insurance	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. CUB and Cathay Century Insurance are collaborating on Cross-Selling to offer applicable insurance to green energy industries in support of their sustainable development and operations.	Insurance premium of green energy industry clients	16.24 million	15.03 million
Green Time Deposit	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$40.28 billion.	Green time deposit balance	1.007 billion	0.295 billion
ESG Funds	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.	Investment scale of ESG funds	10.370 billion	13.560 billion
		Number of ESG fund clients	24,604	23,201

Note 1: Figures in the 2024 column are statistics as of December 31, 2024, and figures for 2025 are statistics as of December 31, 2025.
Note 2: The 2025 green time deposit balance declined compared with the previous period because funds were reallocated to other internal deposit products.

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5.2.1.2 Case Study of Sustainable Financial Products

Case Study

"Online Fund Application Service" obtained ISO 14067 carbon footprint verification statement and carbon label



In 2025, the Bank's Online Fund Application Service obtained an ISO 14067 carbon footprint verification statement and received the Ministry of Environment's Carbon Footprint Label certification. This reflects the introduction of carbon inventory calculation into financial products and services, recording carbon emissions generated from stages including raw material input, service delivery, and waste treatment, and examining sustainability strategies such as the product life-cycle carbon footprint.

Case Study

Carbon Credits Trading Fund Trust Service



In response to the establishment of Taiwan Carbon Solution Exchange (TCX) and growing overseas demand for carbon credit trading, at the end of 2023, CUB developed "International Carbon Credits Trading Fund Trust Service" and integrated settlement mechanisms, taking on the role of trustee and clearing bank. This service provides a secure and comprehensive international carbon credit trading mechanism, empowering clients' decarbonization efforts and promoting low-carbon transition across industries.

Case Study

SME Sustainable Finance Partner Program



Following the Sustainability-Linked Payroll Innovative Solution, the Bank launched the SME Sustainable Finance Partner Program in 2025. By combining preferential offerings related to payroll transfer, lending, and foreign exchange, the Bank provides customized solutions to support SMEs in decarbonization transition. Enterprises that achieve electricity- or water-use targets are eligible for loan-interest discounts and preferential treatment on various financial services, thereby enhancing environmental awareness and promoting sustainable development.