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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<br>• Equator Principles (EP) Implementation Guidelines<br>• Environmental, Social and Governance (ESG) Rules for Financial Trading<br>• Principles for Identifying Corporate Banking Sustainable Loan Products<br>• Principles Governing Corporate Banking Sustainable Loans<br>• Environmental, Social, and Governance (ESG) Rules for Corporate Loans<br>• Sustainability Information Compilation Management Rules | • United Nations Principles for Responsible Banking (PRB)<br>• Taiwan Sustainable Taxonomy<br>• Transition Lending Review Reference Guide<br>• Suggested Elements of a Transition Plan<br>• Green Loan Principles (GLP)<br>• Social Loan Principles (SLP)<br>• Sustainability-Linked Loan Principles (SLLP) | • Sustainability Report<br>• Stewardship Report<br>• Records of Voting at Shareholders' Meetings<br>• 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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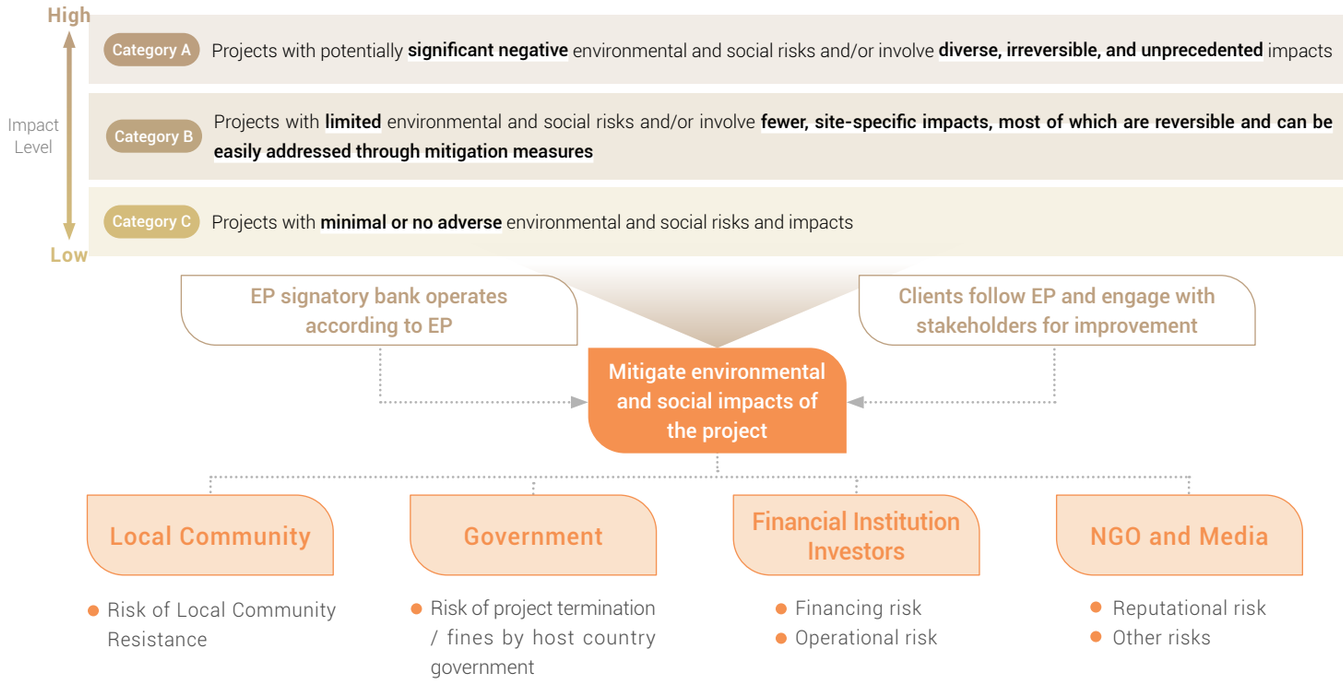
## Project Finance of Equator Principles (EP)

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.