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1.4 Material Sustainability Issues Identification

Cathay United Bank integrates stakeholder feedback and references international trends including the GRI Standards, peer sustainability issues, and the SASB disclosure standards for the banking industry, compiling a total of 17 sustainability issues that affect stakeholders. The Bank adopts a double materiality approach: financial materiality and impact materiality. Financial materiality assesses the impact of sustainability issues on the Bank's business vision and financial performance, while impact materiality considers the degree to which the Bank's operations and business activities affect external stakeholders in climate, environmental, and broader sustainability dimensions. By consolidating the positive and negative impacts identified through both financial and impact materiality assessments for each sustainability issue, the Bank identifies its material sustainability issues.

Based on the ranking of impact levels, the Bank classifies sustainability issues into 7 Key Material Issues and 10 Focus Issues. After confirmation by the Sustainable Development Committee, the evaluation results and response measures are submitted to the Board of Directors.

Material Sustainability Issue Identification Process

1



Collect Sustainability Issues

Through its day-to-day operations and communication with stake-holders, the Bank continuously monitors global sustainability disclosure standards, sustainability ratings, benchmark companies, and international trends. Through a preliminary analysis, the Bank identifies 17 sustainability issues covering governance, environmental, and social dimensions.

2



Assess Positive and Negative Impacts

To identify material sustainability topics, the Bank invited the heads of 30 sustainability-related units to complete the "Material Sustainability Topic Impact Assessment Questionnaire." The feedback was consolidated and reviewed by six sustainability task forces and the Corporate Sustainability (CS) Secretariat. Through the assessment process, the probability of occurrence and the scale and scope of both positive and negative impacts were quantified. The Bank evaluated the degree to which each of the 17 sustainability topics affects financial materiality and impact materiality across economic, environmental, and people/human rights dimensions. The assessment results were further analyzed by incorporating the collective views of task force members.

For the "probability of occurrence" assessment, stakeholder engagement results and internal information were taken into consideration, and the scores were adjusted where relevant impact events had occurred in recent years. For the assessment of "impact scale and scope," factors including scale, scope, and irremediability were considered. Topics associated with longer recovery periods, broader affected populations or geographic areas, and impacts that are more difficult to remedy were assigned a higher priority.

3



Rank Sustainability Issues

Based on the results of the positive and negative impact assessment conducted through the material sustainability topics questionnaire, and after discussions with senior management and the sustainability team, the results are submitted to the Sustainable Development Committee for reporting and discussion. Ultimately, 17 material sustainability Issues were identified, including 7 Key Material Issues and 10 Focus Issues, and were disclosed in the Bank's annual Sustainability Report.

4



Review Key Material Issues

When preparing the sustainability report, the Bank aligns the Key Material Issues with the relevant GRI disclosure requirements and formulates management approaches together with short-, medium-, and long-term targets (see Sections 1.5 and 1.6).

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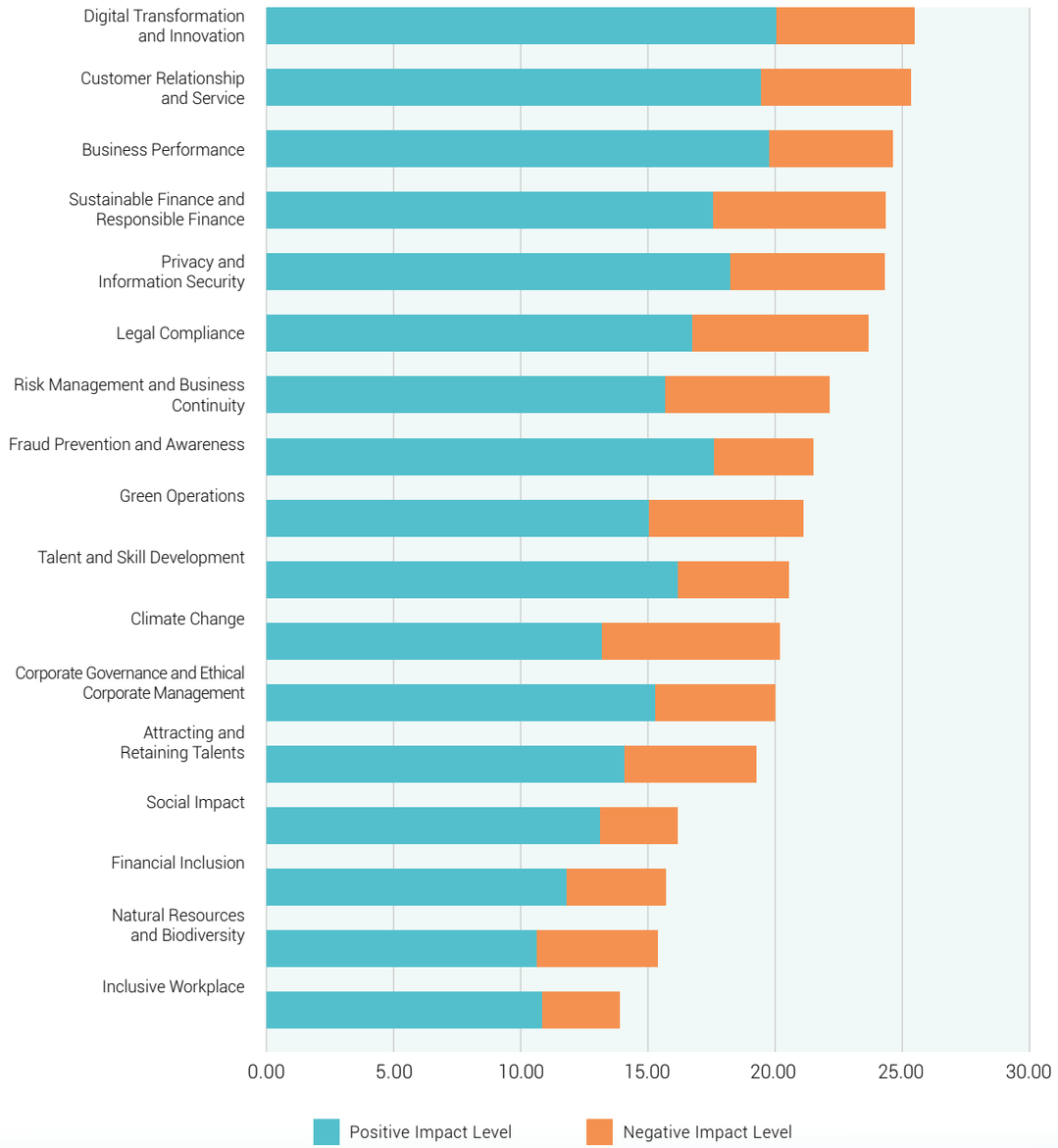
Sustainable Development Impact and Material Sustainability Issues



Material Sustainability Issues

Key Material Issues

Digital Transformation and Innovation	Governance
Customer Relationship and Service	Social
Business Performance	Governance
Sustainable Finance and Responsible Finance	Environment
Privacy and Information Security	Governance
Legal Compliance	Governance
Risk Management and Business Continuity	Governance

Focus Issues

Fraud Prevention and Awareness	Governance
Green Operations	Environment
Talent and Skill Development	Social
Climate Change	Environment
Corporate Governance and Ethical Corporate Management	Governance
Attracting and Retaining Talents	Social
Social Impact	Social
Financial Inclusion	Social
Natural Resources and Biodiversity	Environment
Inclusive Workplace	Social

Note 1: To express the underlying meaning more precisely, the 2025 sustainability issues renamed "Risk Management" as "Risk Management and Business Continuity" and newly added "Natural Resources and Biodiversity."

Note 2: In consideration of stakeholder concern and impact severity, "Social Impact" was removed from the Key Material Issues this year, while "Business Performance" was newly included.