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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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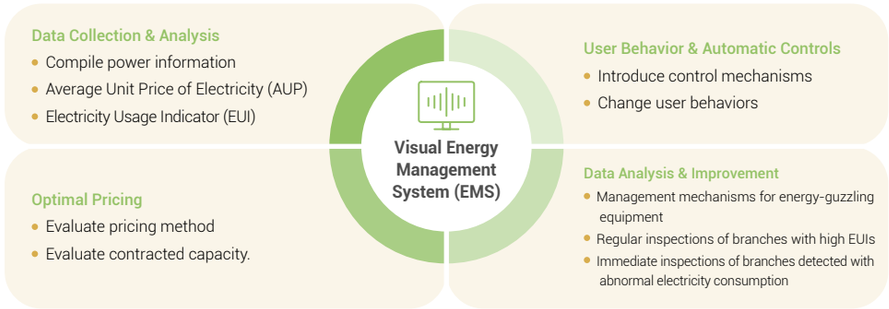
Expand solar installations

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