



國泰世華銀行
Cathay United Bank

CATHAY UNITED BANK

SUSTAINABILITY REPORT 2023

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Cathay United Bank Co., Ltd. (hereinafter referred to as CUB, the Bank, or we) envisions becoming a leading brand in sustainable finance. We are actively advancing towards assisting in the sustainable development of the environment and society, and continuously leveraging the influence of financial institutions to fulfill corporate social responsibility. The Bank adheres to the core values of "Integrity, Accountability, and Innovation" established by Cathay Financial Holdings Co., Ltd. (hereinafter referred to as Cathay FHC or the Group). The Bank aims to convey the idea of sustainable development and specific execution outcomes to various stakeholders through this Sustainability Report (hereinafter referred to as this Report).

This Report is the Bank's first publication of a sustainability report, aiming to showcase our practices in the field of sustainability. In the future, the Bank will regularly publish sustainability reports annually, continuing to disclose our relevant actions and contributions to the Environmental(E), Social(S) and Governance(G), and sustainable development.

Reporting Period

This report primarily covers the period of the year 2023 (from January 1, 2023, to December 31, 2023). Some content will include historical information and mention achievements in 2024, duly noted within relevant sections. This report will be regularly published in the future to provide more valuable information, facilitating ongoing understanding and participation by all stakeholders and the general public in CUB's journey toward sustainable development.

Reporting Boundary and Scope

This report covers all operational locations of CUB. The financial information revealed in this Report aligns with the Bank's consolidated financial statements, with relevant statistical figures calculated based on international standard indicators and presented in New Taiwan Dollars. Any special disclosure requirements that may result in differences between the content of this report and the disclosures in the consolidated financial statements will be noted in each section, specifying the scope and calculation methods. Any data that has been recompiled due to adjustments in defined boundaries, calculation methods, or data sources will be detailed in the relevant sections.

Reporting Principles

This report follows the Global Reporting Initiative (GRI) Sustainability Reporting Standards, Version 2021, and aligns with the United Nations Sustainable Development Goals (SDGs). CUB actively responds to both domestic and international sustainability trends, referencing the "Operating Procedures for Listed Companies to Compile and Report Sustainability Reports" issued by the Taiwan Stock Exchange Corporation, Sustainability Accounting Standards Board (SASB) standards, and recommendations for disclosure from the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB). Additionally, this report adheres to Sustainability Reporting Standards under International Financial Reporting Standards (IFRS) S1. As this is the first edition of the Sustainability report for CUB, there are no data restatements. The financial performance data in this report has been verified by Deloitte and is publicly available in the annual shareholder meeting report. Non-financial performance data in this Report is based on information reported by associations, regulatory agencies, or data verified by external units of management system certification.

Audit and Assurance

CUB engaged PwC (PricewaterhouseCoopers) to perform independent limited assurance on selected sustainability performance indicators reported according to the GRI Standards. This assurance was conducted in accordance with Statement of Assurance Engagement Standards No. 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' issued by the Accounting Research and Development Foundation of the Republic of China (which references ISAE 3000 (Revised)). The limited assurance report is included in the appendix of this report.

Feedback

If you have any feedback on this report or suggestions for our sustainable development initiatives, we sincerely welcome your guidance and opinions.

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2001	In response to the diversification and globalization of the financial industry, as well as the formulation of domestic financial institution acquisition and integration regulations, Cathay Financial Holdings Co., Ltd. was officially established on December 31, 2001, with a registered capital of 120 billion.		We are the first financial institution globally to have successfully completed the ISO 20400: 2017 Sustainable Procurement Guidance audit.
2002	The First Trust and Investment Co., Ltd., restructured as Cathay Commercial Bank, and United World Chinese Commercial Bank, founded in 1975, joined Cathay FHC successively, becoming two wholly owned subsidiary banks under the holding company. Combined with diversified financial institutions such as insurance, securities, and banks, Cathay FHC has established a comprehensive platform for financial products and services.		In February 2021, CUB also became the first bank in Taiwan to obtain limited assurance about its PRB implementation from an accounting firm.
2003	Officially changed our name to Cathay United Bank Co., Ltd.		A zero-coal financing policy and timeline were established with the objective of eliminating financing for coal-related industries by the first quarter of 2027.
2007	With January 1, 2007, as the reference date, the Bank completed a merger with the Seventh Commercial Bank. Additionally, to sustain growth, on December 29, 2007, we broadly assumed specific assets, liabilities, and operations of Zhonglian Xintuo. Following the merger, the number of domestic branches continued to increase.		2021 Cathay FHC has declared its alignment with the global RE100 initiative (100% renewable energy), thereby demonstrating its commitment to climate action. By the year 2030, all business locations in Taiwan of the company aspire to achieve 100% renewable energy usage. By the year 2050, the company aims to achieve net-zero carbon emissions.
2013	CUB established the first solar-power branch in Taiwan.		CUB is the first financial institution in Taiwan to obtain dual certifications of Carbon Footprint Label and Carbon Reduction Label for "personal unsecured loan service."
2015	In March 2015, CUB decided to adopt the Equator Principles, an international environmental financing framework, and became the first signatory in Taiwan. Subsequently, we set management guidelines, standard procedures of loan approval and review.		2022 The Science Based Targets initiative (SBTi) approved Cathay FHC's goals for reducing carbon within its operations and financial assets.
2016	In March 2016, we facilitated Taiwan's the first offshore wind power financing project compliance with the Equator Principles. Furthermore, we have been evaluating and pursuing international project financing opportunities in the Asia-Pacific region with the objective of becoming an international benchmark bank for sustainability.		Cathay FHC became the first RE100 member in the financial sector in Taiwan.
2018	In December 2018, CUB became the first bank in Taiwan to announce its voluntary compliance with the United Nations' Principles for Responsible Banking (PRB). In light of this commitment, CUB has endeavored to demonstrate its resolve and fulfill its obligations by integrating the PRB into its core competencies. CUB has reinforced its commitment to sustainability and corporate social responsibility. We will continue to pursue the deepening of our corporate sustainability initiatives, translating our commitment into concrete actions with the objective of fulfilling the corporate social responsibility of the financial industry. By assisting Taiwan's industries and international benchmark enterprises, we endeavor to facilitate mutually beneficial development of both the economy and the environment, thereby fostering prosperity for businesses, society, and the environment alike.		We have intensified our dedication to sustainable governance by integrating the remuneration of our Presidents and senior executives with sustainable performance metrics.
			2023 CUB is the first financial institution in Taiwan to obtain dual certifications of Carbon Footprint Label and Carbon Reduction Label for "personal housing loan service."
			CUB obtained the carbon footprint verification (ISO 14067 : 2018) of "ATM change deposit and payment service" in 2023.
			CUB published the Executive Work Report on ESG and Climate Risk Management.
			In May 2023, the Sustainable Development Committee was established.

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Sustainability Performance



Climate

- **Number of solar-power branches and installed capacity:** The establishment of eight solar-power branches, with a total installed capacity of 270.78 kilowatts (kW), by CUB is indicative of the Bank's practical experience and leadership position in the field of renewable energy.
- **The scale of green procurement and green energy usage:** In 2023, the total value of green purchases reached 193 million. Furthermore, the total quantity of green energy consumed by CUB reached approximately 11.72 million kWh, which is indicative of the Bank's dedication to green supply chains and the implementation of effective measures to reduce its carbon footprint.
- **Total number of solar power station loans:** CUB has provided support for over 2,700 solar power stations, thereby facilitating the widespread adoption and development of clean energy.
- **Effectiveness of digital financial tools promotion:** Through the promotion of digital financial tools, achieved savings equivalent to 296.62 million sheets of paper in 2023, highlighting our emphasis on efficient resource utilization.
- **Carbon Credits Trading Fund Trust Service:** In response to the establishment of the Taiwan Carbon Solution Exchange by the end of 2023, the Bank has developed the "Carbon Credits Trading Fund Trust Service." We have integrated the payment and settlement mechanism, assuming the role of a clearing bank, to enhance the domestic carbon trading mechanism. Our aim is to empower customers in their carbon reduction efforts and drive industries towards low-carbon transformation as a priority.



Health

- **Fraud prevention:** In 2023, CUB successfully prevented 1,811 cases of fraud, totaling 1.28 billion, accounting for 16.9% of all financial institutions, leading the industry in terms of prevented fraud amount.
- **Enhancement of financial literacy:** CUB's Financial Health Initiative has demonstrated significant impact, with the "Financial Health Promotion" website attracting 674 thousand of visits and over 130 thousand individuals participating in financial health assessments. Over 70% of participants affirmed CUB's contribution to promoting financial health.



Empowerment

- **Social responsibility investment:** In 2023, CUB's expenditure on public welfare projects reached 23.39 million, reflecting the Bank's active engagement in fulfilling its social responsibilities.
- **Volunteer service hours:** In 2023, employees contributed 4,528 hours of volunteer service, demonstrating their enthusiasm and dedication to community service.
- **Education support program:** Through the "Elevated Tree Program," CUB has provided a total of 300 million in scholarships and educational donations, supporting the development of education and showcasing the Bank's commitment to nurturing future generations.



Sustainability Awards and Recognition

In 2023, CUB received several important awards for its efforts in sustainable development and corporate social responsibility. These awards recognize the Bank's achievements in business innovation, customer service, social contributions, and environmental protection. They also motivate us to keep improving and striving towards our sustainable development goals.



2023 Sustainability Awards

Retail Banker International	Name of the Award	
Financial Supervisory Commission R.O.C. (Taiwan) (FSC)	Sustainable Finance Assessment	ranked in the top 20%
	Evaluation for Implementation of Trust 2.0	Employee Benefit Trust Award
The Asian Banker	Taiwan Awards 2023	Best Mobile Banking Service in Taiwan
Taiwan Institute for Sustainable Energy (TAISE)	Taiwan Sustainable Investment Awards (TWSIA)	Model of Influential Institution
	Taiwan Corporate Sustainability Awards	Information Security Leadership Award; Talent Development Leadership Award; Employee Benefit Leadership Award
Global View Magazine	ESG Corporate Sustainability Award	Outstanding Program Talent Development
Retail Banker International	Asia Trailblazers Award	Best App for Customer Experience, Winner; Best Training and Development Course, Winner
Environmental Protection Administration, Executive Yuan (Currently known as Ministry of Environment)	5th National Enterprise Environmental Protection Award	Bronze Award
Enterprise Asia	Asia Responsible Enterprise Awards	Social Empowerment
The Asset	Triple A Digital Awards 2023	Best Digital Upgrade
	The Asset Triple A Sustainable Infrastructure Awards 2023	Green Project of the Year; Renewable Energy Deal of the Year
The Stevie Awards	The Stevie Award for Great Employers	5 Gold, 2 Silver, and 4 Bronze awards, a total of 11 awards
HR Asia	Asia Best Companies to Work for in Asia Singapore 2023	Best Companies to Work for in Asia 2023; Most Caring Company Award 2023; Diversity, Equity and Inclusion Award 2023
Hong Kong Quality Assurance Agency (HKQAA)	2023 Green and Sustainable Finance Awards	Outstanding Award for Green and Sustainable Loan Structuring Advisor (Water Industry; Real Estate Industry)

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In 2023, as the world gradually recovered from the impact of the pandemic, issues such as inflationary pressures and escalating geopolitical risks continued to bring uncertainty to the market, posing more challenges for business operations and management. As a member of the Coalition of Movers and Shakers on Sustainable Finance led by the FSC, CUB adheres to the concept of social welfare and is committed to providing high-quality financial products and services. By leveraging its core financial functions, the Bank fulfills its corporate social responsibility and actively responds to sustainable policies promoted by regulatory authorities, thereby exerting financial influence.

Aligning with Cathay FHC's sustainable strategy blueprint, the Bank focuses on three major development pillars: "Climate, Health, and Empowerment." We are committed to realizing the objectives of these pillars through six dimensions: "Low Carbon Economy," "Environmental Sustainability," "Physical and Mental Health," "Financial Health," "Workforce Empowerment," and "Social Impact." Additionally, we actively monitor international trends and dynamics. In 2015, the Bank was the first among Taiwanese financial institutions to sign the Equator Principles, an international framework for environmental risk management in financing projects. In 2018, we further demonstrated our commitment to sustainability by voluntarily adopting the United Nations Principles for Responsible Banking (PRB). This move positions us as a practitioner and promoter of sustainable banking. Through collaborative efforts with stakeholders, we are committed to advancing sustainable finance initiatives.

CUB, unified as one entity, incorporates sustainability into its daily operations and has received recognition both domestically and internationally. In the area of "Climate," the Bank is dedicated to promoting sustainable investment and financing projects. This dedication has earned the Bank four prestigious awards, including "Renewable Energy Deal of the Year" from "The Asset". In terms of "Empowerment," the Bank places great emphasis on talent development and diversity, earning 11 awards, including the "Awards for Great Employers" from "The Stevie Awards". This makes it the only Taiwanese company to win in that cate-

gory. In the area of "Health," the Bank plays a crucial role in safeguarding the financial health of the public and promoting financial inclusion and anti-fraud initiatives. Its efforts in preventing fraud have been recognized by the Taiwan Academy of Banking and Finance - Elite Awards. In 2023, the Bank successfully prevented over 1,800 fraud cases, amounting to 1.28 billion, which make it the Bank with the highest fraud prevention rate for the year. Moreover, in an overall assessment, the Bank was ranked in the top 20% of banks in the first-ever "Sustainable Finance Evaluation" held by the FSC in 2023. This evaluation recognized the Bank's sustainability efforts across various dimensions, leading to multiple awards domestically and internationally.

As a pioneer in sustainable finance, CUB upholds a people-centric approach and considers "corporate sustainability" as the core of its development. The Bank practices sustainability in full force through diverse actions, leveraging its accumulated experience and achievements. It continues to explore and lead in more diverse possibilities while ensuring the interests of shareholders, employees, and other stakeholders. By continuously leveraging its financial influence, the Bank aims to prosper together with society, creating a more friendly and beautiful environment for future generations.

The Chairman of CUB MingJian Kuo

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Blueprint of Sustainable Strategy

1.1 About CUB

As a significant member of Cathay FHC, CUB is dedicated to providing comprehensive and diverse financial services to its customers, leveraging its deep expertise and experience. As a large private bank in Taiwan, CUB achieved a profit of 29 billion in 2023, demonstrating robust financial health and excellent management. CUB has one of the most extensive networks among Taiwan-funded banks in the ASEAN region, with branches or offices in Singapore, Vietnam, Malaysia, Philippines, Myanmar, Laos, Cambodia, Thailand, and Indonesia.

The Bank's extensive network of 67 overseas locations enables it to offer localized services and comprehensive cross-border financial solutions to meet customers' needs in funding, investment, and risk management. It assists businesses in enhancing their international competitiveness by tapping into local customer bases and Taiwanese multinational corporations, strengthening cross-border cooperation platforms, engaging in syndicated lending, strategic participation loans, and direct lending, promoting green energy project financing, and developing robust corporate financial solutions. CUB assists its customers in developing Taiwan's market while establishing a global presence.

Distribution Map of CUB's Operating Locations



Introduction of CUB

Headquarters Location	No. 7, Songren Road, Xinyi District, Taipei City
Date of Establishment	Officially established on January 4, 1975
Chairman	MingJian Kuo
President	WeiZhang Li
Industry	Publicly-traded finance and insurance industry
Amount of Paid-In Capital	108,598,655,270
The Total Number of Operating Locations	165 domestic branches 67 overseas branches
Number of Employees	11,076 <small>note</small>
Participation of Important External Associations	<ul style="list-style-type: none"> The Bankers Association of the Republic of China The Equator Principles Association (renamed Equator Principles Limited as of January 2024)

Note: The number of employees includes overseas employees, excluding contract employees.

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1.1.1 Overview of Operations

In response to international market fluctuations and the changing opportunities brought about by climate change, the Bank will accelerate business development in three major areas: new retail, new fintech, and new markets. This will be driven by digitalization and intelligence. The Bank will pursue this growth under the customer-centric vision of "One Bank." At the same time, we will continue to lay the groundwork in talent development, information technology, risk management, and sustainable operations, advancing towards the goal of "expanding across the Asia-Pacific region and tackling new challenges."

The Bank will allocate and plan overall funds optimally, taking into account factors such as market conditions, economic fluctuations, interest rate trends, and historical experience, to devise business priorities and growth targets. We provide regular updates to the Board of Directors on business performance, enabling them to oversee operational outcomes.

Operating Performance in the Last Two Years (Thousand)

Item	2023	2022	Growth Rate (%)
Total Assets	4,233,700,808	3,887,031,126	8.92%
Total Liabilities	3,957,835,133	3,645,307,040	8.57%
Total Shareholder Equity	275,865,675	241,724,086	14.12%
Profit before Tax	36,069,193	31,010,320	16.31%
Income Tax Expense	7,102,387	5,298,617	34.04%
Profit after Tax	28,966,806	25,711,703	12.66%
Direct Economic Value	86,897,830	74,841,448	16.11%
Economic Value Distributed	52,854,062	43,605,751	21.21%
Economic Value Retained	34,043,768	31,235,697	8.99%

Profitability in the Last Two Years

Item	2023	2022	Growth Rate (%)
Return on Assets	0.71%	0.70%	1.43%
Return on Equity	11.19%	10.44%	7.18%
Earnings per Share (Dollar)	2.65	2.36	12.29%

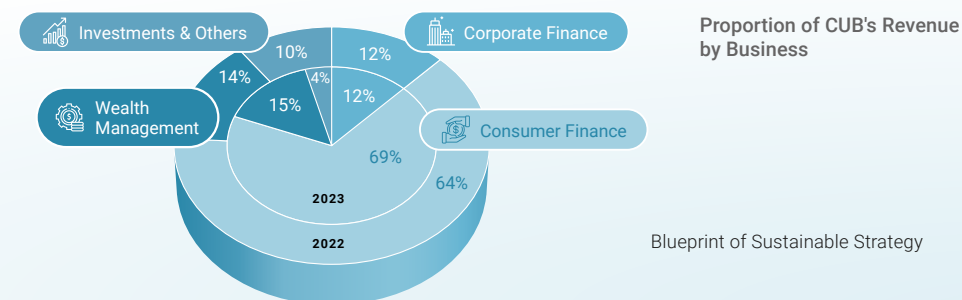
The Bank is fully compliant with all tax regulations in all operational jurisdictions, adheres to the highest international tax standards, and ensures accurate and timely tax reporting to fulfill all tax obligations. In accordance with the tax governance policy of Cathay FHC, it ensures the effective

operation of tax management mechanisms, refrains from tax avoidance through low-tax jurisdictions or tax havens, and honestly pays taxes in value-creation areas. Tax information is disclosed to stakeholders on a regular basis through public channels.

As the second-largest privately-owned bank in Taiwan and the Taiwanese bank with the most extensive operational presence in the ASEAN region, we are dedicated to providing comprehensive financial services to meet the diverse needs of individuals and businesses. Our services encompass a comprehensive range, including wealth management, consumer finance, corporate finance, international finance, electronic finance, trust services, investment, and financial product sales. In addition to our traditional banking services, we are at the forefront of financial innovation, demonstrating our competitiveness and growth potential in various financial fields.

Overview of CUB's Services

By Business	Brief Description of the Service Item
Wealth Management Business	Provide personalized financial management, insurance and asset allocation planning.
Consumer Finance Business	Provide foreign exchange deposit and loan business.
Corporate Finance Business	Include corporate finance, project finance, joint loans, trade finance and other services.
International Finance Business	Provide a full range of financial services for overseas customers.
Electronic Finance Business	Optimize ATM functions and facilitate branch automation.
Trust Business	Involve mutual funds, real estate trusts, individual and corporate trusts and custody businesses.
Investment and Financial Products Sales Business	Selling derivative financial products and bonds, as well as providing related advisory services.
Credit Card Business	Issuing credit cards and processing credit card revolving credit and cash advance transactions.
Financial Payment Business	Include special store acquiring and emerging payment services.
Digital Banking Business	Lead digital financial services, including smart investing.
Overseas Business	Provide cross-border financing, cash management and high-end private banking services.



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1.1.2 Sustainable Development Committee

In 2023, the Bank established the Sustainable Development Committee as the core organization to realize our corporate sustainability vision. We implemented the "Sustainable Development Committee Organizational Regulations" to demonstrate our firm determination to promote sustainable finance and enhance our competitiveness in the field of sustainability development. The current Sustainable Development Committee is a functional committee under the jurisdiction of the Board of Directors, with the Chairman of the Board serving as its chairman. The committee's responsibilities include formulating and revising annual plans and strategic directions for sustainability development, defining sustainability projects and activity plans, convening meetings at least quarterly to track and review the implementation effectiveness of sustainability development plans and projects, and reporting to the Board of Directors. As the highest guiding and supervisory body for the Bank's sustainability development initiatives, the Board of

Directors leads the Bank in implementing corporate sustainability principles and policies from top to bottom, actively promoting comprehensive sustainable development.

The Sustainable Development Committee has established the "Corporate Sustainability Team (CS Team)," chaired by the president, to oversee and supervise related matters. The task force serves as the primary organizational unit responsible for promoting corporate sustainability within the Bank. Through the Environmental(E), Social(S) and Governance(G) dimensions, the task force implements sustainable development initiatives. The Corporate Sustainability Task Force convenes quarterly meetings and regularly reports on sustainability work plans and execution results to the Sustainable Development Committee.

The CS Team is further subdivided into six sustainability task groups, each with a specific mission. The following areas are covered by the task force: sustainability governance, responsi-

ble investment, responsible products and services, employee happiness, green operations, and social prosperity. Each department participates in different task groups according to its functions. These groups are responsible for implementing the annual plans and strategies adopted by the committee and developing execution plans. In addition to regularly reviewing the implementation of action plans, it also establishes and plans business objectives and budgets to ensure that executing units receive corresponding resources.

Moreover, key objectives are included in the annual KPIs of executives at the level of Vice President and above to ensure alignment of action execution with goals. This approach advances sustainability development work related to the Bank's corporate sustainability vision of "Leading Green Finance, Co-creating a Sustainable Future," thereby realizing and strengthening the Bank's corporate social responsibility efforts.

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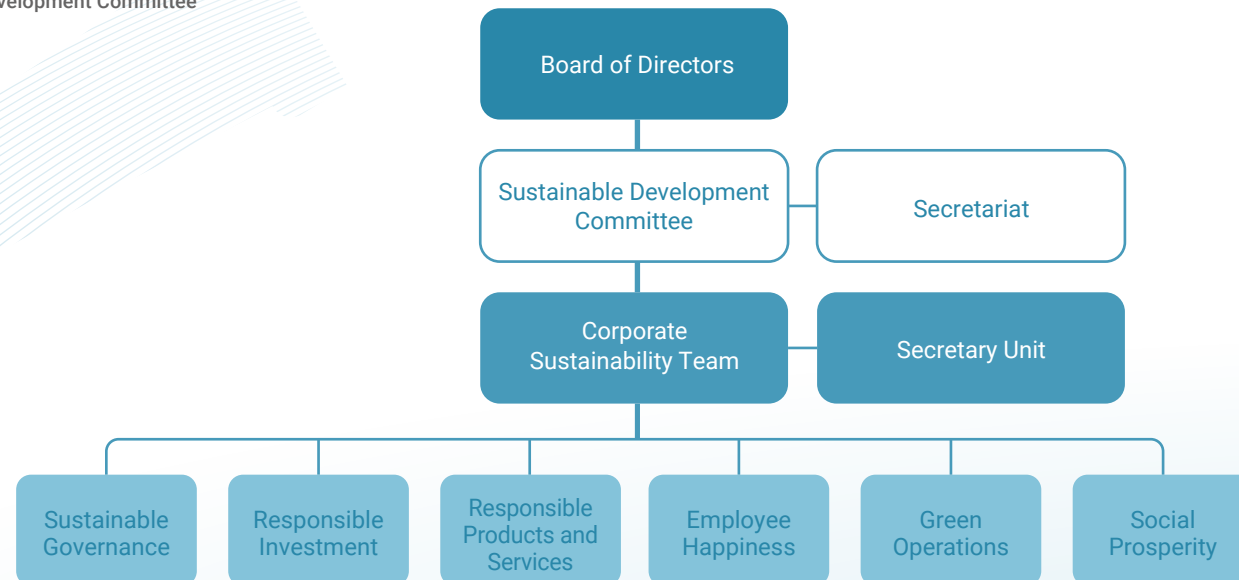
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Organization Chart of the Sustainable Development Committee



1.2 Focus Areas for Sustainable Strategy


In line with Cathay FHC's vision of "Best Financial Institution in Asia Pacific," CUB consistently integrates the concept of corporate sustainability into its core operations. By leveraging our financial influence and implementing effective risk management strategies, we are driving the advancement of sustainable finance. We proactively address Cathay FHC's three primary sustainability pillars of "Climate, Health, Empowerment," while also aligning with the United Nations' Sustainable Development Goals (SDGs). This enables us to effectively address the chal-

lenges posed by current social and environmental issues and showcase our resilience.

CUB is the first financial institution in Asia to collaborate with the CDP (formerly known as the Carbon Disclosure Project) to promote the participation of domestic small and medium-sized enterprises in its Carbon Disclosure Rating Project. As Cathay FHC being the first RE100 member in the entire Taiwan financial industry, we have pledged to achieve full renewable energy usage by 2030 and net-zero emissions by 2050.

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

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

Focus Areas of Sustainable Development	Summary of Development Goals	Chapters
 Climate <p>In the face of the challenges of climate change, the Bank has set a 2050 net-zero emission target, participated in global initiatives and actively negotiated with customers through low-carbon economy and environmental sustainability strategies, and strengthened sustainable development partnerships. The Bank has introduced green operation management thinking in the daily management process, using green electricity and upholding environmentally friendly decoration to move towards a zero-carbon operation future.</p>	<p>Net-zero Emissions from Financial Assets by 2050</p> <ol style="list-style-type: none"> The Bank has set scientific and quantifiable decarbonization targets as well as a zero-coal financing goal to promote the low-carbon transformation of financial assets, steadily implementing the target of net-zero emissions from financial assets by 2050. Set science-based carbon reduction targets (SBT): Establish carbon reduction pathways for investment and financing portfolios based on emission and impact basis; at the same time, use impact basis to promote investment targets and loan customers in general manufacturing, semiconductor, oil and gas, petrochemical, and electronics manufacturing industries. Establishment of a target of 45% of the loan portfolio by 2026. The Bank is also withdrawing from financing coal-fired power generation and promoting financing for natural gas and renewable energy to achieve the goal of "zero coal financing" by the end of the first quarter of 2027, when all coal credit limits will be reduced to zero. <p>Provide Comprehensive Climate Finance Solution</p> <ol style="list-style-type: none"> The Bank actively supports the national "Green Energy and Renewable Energy" policy through corporate lending, setting a target for the proportion of credit for renewable energy in electricity supply to reach 85% by 2025. This goal provides a tangible measure to monitor the effectiveness of the Bank's support for renewable energy lending. Funds from green lending must be used for green projects such as renewable energy, energy conservation, pollution control, and natural environmental management, ensuring that the investment improves environmental benefits. The Bank also offers sustainable-linked loans, linking credit conditions for enterprises to predefined sustainability performance targets, and providing economic incentives to encourage them to achieve these goals. It is committed to surpassing 100 billion in both green credit balance and sustainable-linked loan balance by 2030. <p>2050 Zero Carbon Operations</p> <ol style="list-style-type: none"> Green Energy: Promote energy transition to achieve 100% renewable energy usage for all Taiwan operational sites by 2030, and 100% renewable energy usage for all global operational sites by 2050. Green Operations: Implement the "Triple Transformation" (mobilize operations, digitalize services, and share workspaces) and aim to reach a total green procurement amount of 156 million by 2030. Green Real Estate: Construct a low-carbon real estate ecosystem to drive industry participation in energy transition. The goal is to have 100% of renovated branches meeting environmentally friendly renovation standards by 2030, with a branch compliance rate of environmentally friendly renovation reaching 45%. 	<p>2.2.3 Net-zero Emissions from Financial Assets By 2050</p> <p>2.2.1 Sustainable Finance</p> <p>2.3 Environmental Sustainability</p>



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Focus Areas of Sustainable Development	Summary of Development Goals	Chapters
 Health The Bank takes responsibility for ensuring a safe working environment and actively organizes various health promotion activities and nutrition seminars to encourage employees to maintain physical and mental health and improve their quality of life. At the same time, we promote healthy financial concepts to the public and develop innovative digital financial products to prevent fraud, combat organized crime, and promote inclusive financial infrastructure.	<p>Financial Health</p> <ol style="list-style-type: none"> 1. The target for the total assets under management entrusted to the Bank by clients is set to reach 1.35 trillion by 2026. 2. The goal for the number of elderly clients entrusting their assets to the Bank with peace of mind is to reach 2,015.7 thousand by 2026. 3. The target for the number of wealth management clients investing in funds announced in the ESG section of the Fund Information Observation Station is set to reach 23,000 people, with an investment scale of 7.4 billion by 2026. <p>Financial Inclusion</p> <ol style="list-style-type: none"> 1. Continuously enhance the Bank's anti-fraud capabilities, with a target of investing 30 million in education, training, and system resource optimization by 2024, actively safeguarding the security of customers' assets. 2. Continuously promote financial education for financially vulnerable groups and rural schools, with a target of reaching 2 million people by 2024, producing 10 youth financial education videos, and organizing 10 financial education courses for rural schools. 3. Provide the necessary funding for the operation and development of small and medium-sized enterprises, accompanying their growth and prosperity. The target for a loan amount is to reach 318 billion by 2024, supporting 7,400 families. <p>Employee Health Services</p> <ol style="list-style-type: none"> 1. Continuously improve health promotion activities. By 2024, the goal is to maintain the percentage of employees with normal BMI at over 50%; by 2026, the target is to maintain the percentage at over 52%; and by 2030, the aim is to maintain it at over 55%. 2. Provide effective psychological support programs for employees to assist 80% of employees in maintaining their mental and physical health continuously. 3. Continuously maintain the effectiveness of the ISO 45001 Occupational Health and Safety Management System as a short-, medium-, and long-term goal. 4. Provide health checks for employees that exceed regulatory requirements. By 2024, the target is for 80% of general employees to undergo cancer screenings; by 2026, the goal is for 83% to undergo screenings; and by 2030, the target is for 85% to undergo screenings. 	<p>3.2.2 Digital Transformation and Innovation</p> <p>3.2.3 Financial Inclusion</p> <p>3.1 Physical and Mental Health</p>



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Focus Areas of Sustainable Development	Summary of Development Goals	Chapters
 Empowerment The Bank values the growth of its employees and provides professional skill development to empower the principles of Diversity, Equity, and Inclusion (DEI), creating an innovative and inclusive workplace. Externally, the Bank is committed to promoting financial literacy, taking action to provide quality education, reduce social inequality, and promote sustainable lifestyles to encourage responsible consumption.	Enhancing Employee Skills and Workplace Support <ol style="list-style-type: none"> Increase digital proficiency training coverage to achieve a goal of a 50% coverage rate on the theme of "AI Collaboration Skills" by 2024. Achieve a 90% coverage rate for ESG sustainability programs to equip employees with the necessary professional knowledge and skills to respond to future trends. Attain an 80% retention rate for employees returning from parental leave; achieve a 90% coverage rate for DEI micro-courses. Youth Empowerment <ol style="list-style-type: none"> Enhance students' understanding of banking roles through the Cathay Seed Program (CSP) and collaborations with colleges and universities, with a target of partnering with 25 schools by 2025. Through the Cathay Internship Program (CIP) initiative, provide professional training in information technology, digital finance, financial management, and operational planning for students, expanding to include 5 non-financial internship positions within the Bank by 2025. Offer programming language courses and practical training to individuals from non-traditional IT backgrounds to develop their programming skills, aiming to have 250 interns by 2025. Supporting the Underprivileged <ol style="list-style-type: none"> By 2025, aim to serve 10 rural elementary schools, with a cumulative total of 35 served by the end of the year. Achieve a total of 400 hours of service from Tutor CUB online financial education volunteer instructors by 2025. Continue the Elevated Tree Program, providing scholarships for students and sponsoring special educational programs in schools. 	4.1 Workforce Development 4.2.1 Youth Development 4.2.2 Supporting the Underprivileged



1.3 Stakeholder Identification and Communication

The Bank has always attached great importance to the voices of stakeholders, providing diverse communication channels and mechanisms to continuously listen to, understand, and strive to meet the expectations and needs of stakeholders. This enables us to gain a deeper understanding of stakeholders' concerns regarding sustainability. Following the GRI guidelines and the AA1000 Stakeholder Engagement Standard, we adhere to four core principles of stakeholder engagement: significance, effectiveness, flexibility, and respect. We identify seven major stakeholder groups and through continuous interaction and deep engagement, strengthen trust and common interests. Together, we move forward and create a sustainable future.

Stakeholder Engagement

Stakeholder Category	Importance	Communication Channel/Frequency
Employees	Employees are the most important asset of the Bank, which directly affects the Bank's service quality and innovation capabilities. Employee satisfaction, professional development and health and happiness are the keys to achieving sustainable business goals.	<ul style="list-style-type: none"> • Conduct regular employee surveys to gather feedback. • Management regularly communicates the Bank's mission and vision to employees. • Organize regular labor-management meetings to facilitate dialogue. • Arrange occupational health and safety meetings to ensure workplace safety.
Customers	Customers are at the heart of our business, and we are committed to improving customer satisfaction and creating greater customer value by listening to their opinions and needs.	<ul style="list-style-type: none"> • Conduct regular surveys on customer satisfaction and the Bank's image to improve the Bank's service quality. • Provide customer complaint channel and customer service hotline to respond quickly to customer needs.
Suppliers	We see the sustainable practices of our suppliers as an important strategy to maintain supply chain stability and reduce environmental impact.	<ul style="list-style-type: none"> • Establish a regular communication mechanism with suppliers, including face-to-face meetings and telephone communication. • Organize supplier ESG education, training and promotion to promote communication.
NGO/NPO	NGOs/NPOs play a crucial role in promoting social welfare, environmental conservation, and philanthropic endeavors. Through collaboration with these organizations, the Bank has strengthened our efforts in corporate social responsibility and sustainable development.	<ul style="list-style-type: none"> • Regularly publish donation or payment lists and information about charitable activities on Cathay United Bank Foundation's website. • Establish partnerships with other non-profit organizations to collaborate on social projects.
Communities	Through engagement and investment in community development, we are committed to promoting community prosperity and positive social impact.	<ul style="list-style-type: none"> • Organize community service activities and encourage employee participation to fulfill the Bank's social responsibility.
Government	The Bank is committed to creating a robust operating environment by actively responding to government policies and strictly complying with regulatory requirements.	<ul style="list-style-type: none"> • Irregularly participate in seminars or briefings organized by the government and regulatory authorities. • Publish audited financial reports on a quarterly basis. • Release sustainability reports and annual reports annually.
Shareholders and Investors	Through the pursuit of sustainable development and transparent communication, we are committed to maintaining the trust and support of our shareholders and investors.	<ul style="list-style-type: none"> • Publish revenue updates monthly. • Host corporate briefings quarterly. • Participate in global investor conferences and forums to provide insights on important financial and business information about the Bank. • Establish an investor relations section and communication channel on the Bank's official website.

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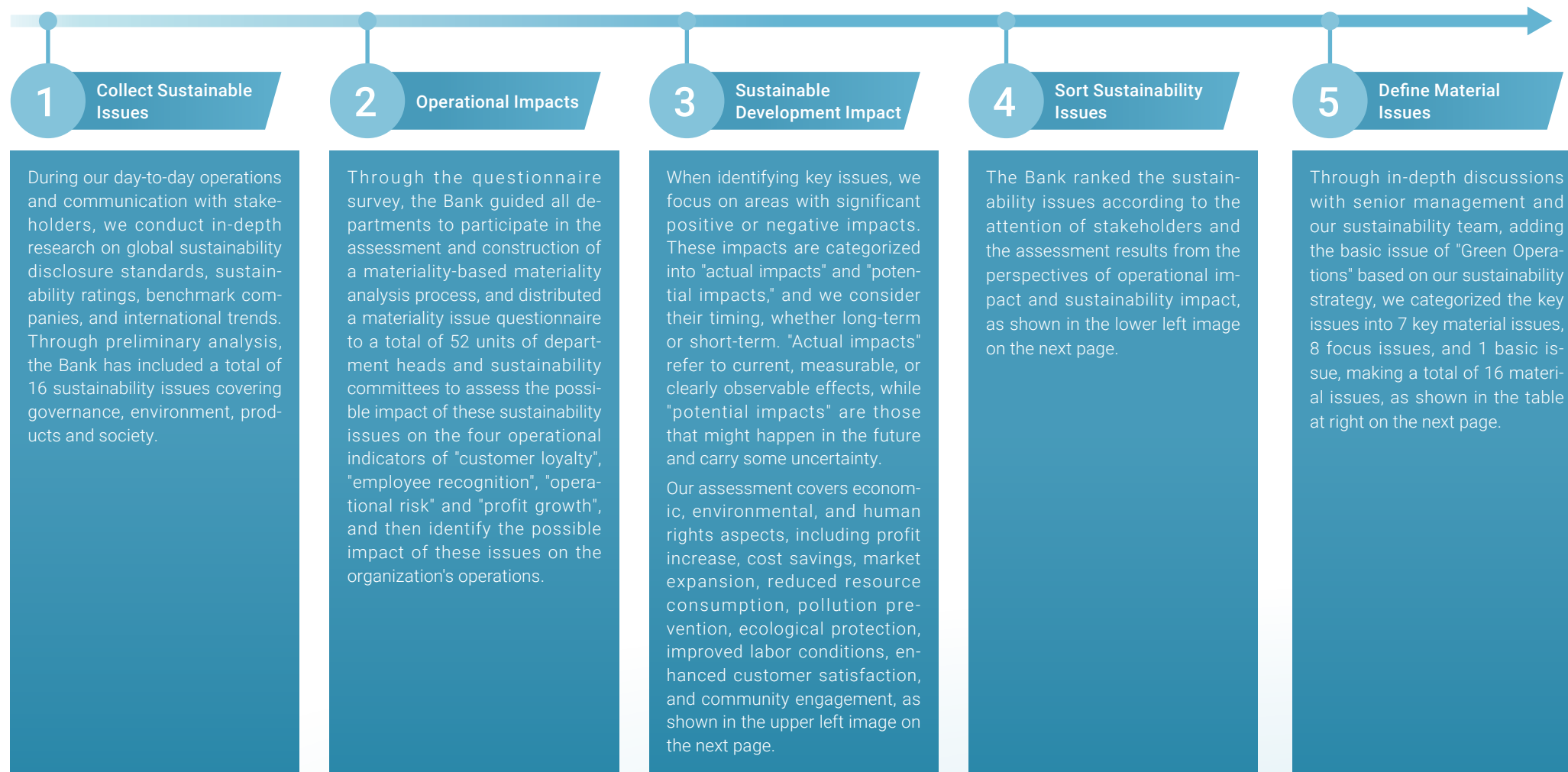
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1.4 Material Sustainable Issues Identification

In addition to integrating the opinions and feedback of stakeholders, CUB collected 16 material sustainability issues affecting stakeholders in accordance with the guidance of the GRI Standards by compiling international trends such as the interbank sustainability theme and the disclosure standards set by SASB for the banking industry. The Bank adopted a double materiality approach to assess the sustainability development impact and operational impact brought about by the sustainability issue, of which the operational impact includes the impact of financial risks. Further, according to the ranking of the significance of the impact, the Bank classifies key material sustainability issues into 7 key material issues, 8 focus issues, and 1 basic issue.

Material Sustainable Issues Identification Workflow



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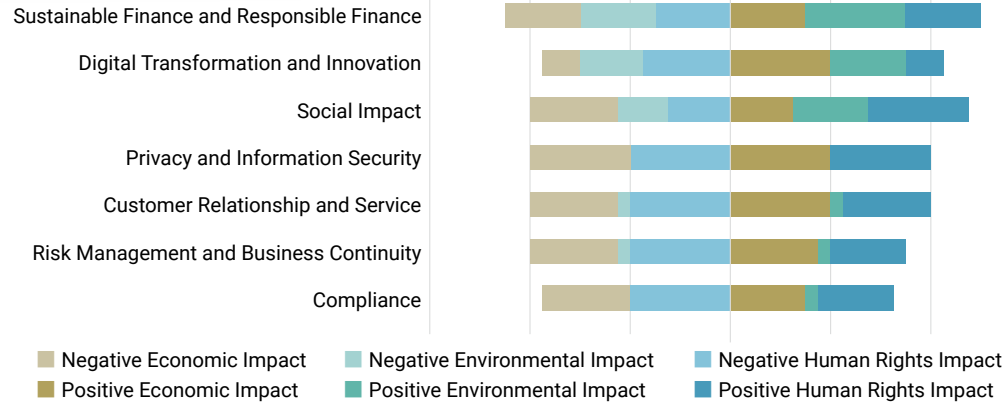
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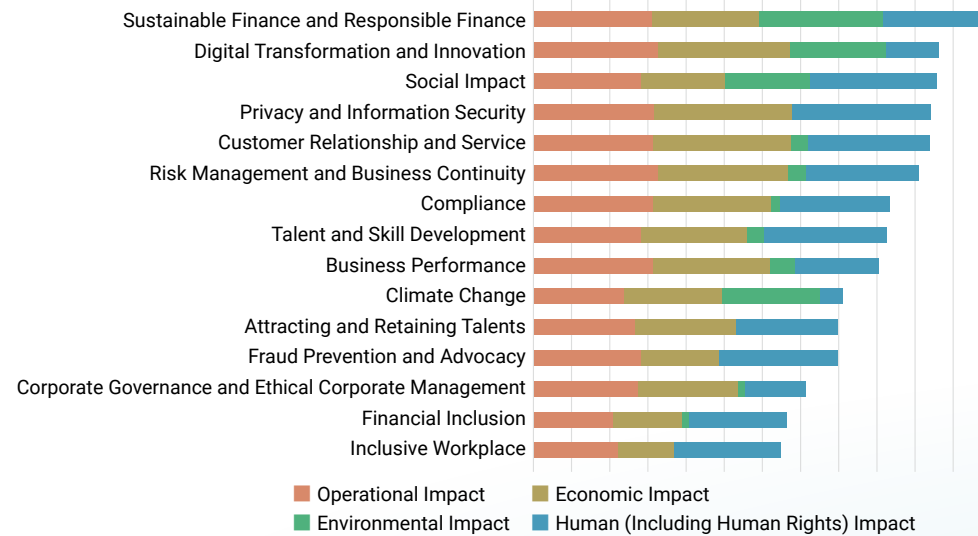
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3 Sustainable Development Impact



4 Prioritizing Sustainability Topics





5 Material Issue Identification Results

Key Material Issues	Sustainable Finance and Responsible Finance	▶ Product
	Digital Transformation and Innovation	▶ Product
	Social Impact	▶ Social
	Privacy and Information Security	▶ Governance
	Customer Relationship and Service	▶ Product
	Risk Management	▶ Governance
	Compliance	▶ Governance
Focus Issues	Talent and Skill Development	▶ Social
	Business Performance	▶ Governance
	Climate Change	▶ Environmental
	Attracting and Retaining Talents	▶ Social
	Fraud Prevention and Advocacy	▶ Product
	Corporate Governance and Ethical Corporate Management	▶ Governance
	Financial Inclusion	▶ Product
Basic Issue	Inclusive Workplace	▶ Social
	Green Operations	▶ Environmental

1.5 Sustainability Issue Risk and Opportunity Analysis

For the identified key material issues, we follow the IFRS S1 sustainability standards to evaluate the risks and opportunities these issues present to the Bank. Based on the GRI guidelines, we establish management policies and set short-, medium-, and long-term targets. We will regularly review our progress and disclose it in our sustainability report, continuously improving our management policies to achieve the targets of sustainable business operations.

Key Material Issues

	 Sustainable Finance and Responsible Finance	 Digital Transformation and Innovation
Key Material Issue	Integrate ESG factors into our core business activities and work with our clients to implement sustainable value to achieve the goal of corporate and ecological coexistence and co-prosperity.	Enhancing business models and service quality through technological innovation and digital strategies.
Opportunities and Risks	<ul style="list-style-type: none"> Sustainable finance and responsible finance values support environmentally and socially responsible investment projects that promote environmental and social well-being. Achieving sustainable value not only enhances the Bank's market position, but also contributes to long-term profitability, providing ongoing economic benefits to the Bank. Failure to value sustainable and responsible finance may result in investments in projects with high environmental risks or low social responsibility. Such investment strategies can have a negative impact on the environment and society, as well as on the Bank's long-term profitability and market position. 	<ul style="list-style-type: none"> By leveraging digitalization and technological innovation, business process efficiency and customer experience can be improved, thereby enhancing market competitiveness. Digital transformation also helps protect the environment by reducing resource consumption and improving energy efficiency, thereby reducing the Bank's environmental impact. Lacking digital skills and innovative thinking can lead to customer churn and limited ability to innovate. Employees whose skills lag behind digital trends can affect operational efficiency and service quality, ultimately impacting market competitiveness.
Action Plans	Provide Comprehensive Climate Finance Solution.	Assist clients in conducting a financial health assessment and provide them with a personalized and diverse range of high-quality financial products and financial planning tools. This promotes healthy financial behavior among clients.
Short-term Targets 2024	Based on 2023, achieve a 10% growth in sustainable lending, with the year's balance at 69.8 billion.	<ol style="list-style-type: none"> Total managed invested assets entrusted to the Bank by clients: 1.25 trillion. Total managed invested assets entrusted to the Bank by senior clients: 470 billion. Number of senior clients entrusted with the management of invested assets: 1,777.2 thousand. Client satisfaction with the Bank's wealth management services: Over 80%.
Mid-term Targets 2026	Based on 2023, achieve a 30% growth in sustainable lending, with the year's balance at 82.5 billion.	<ol style="list-style-type: none"> Total managed invested assets entrusted to the Bank by clients: 1.35 trillion. Total managed invested assets entrusted to the Bank by senior clients: 510 billion. Number of senior clients entrusted with the management of invested assets: 2,015.7 thousand. Client satisfaction with the Bank's wealth management services: Over 80%.
Long-term Targets 2030	Based on 2023, achieve a 60% growth in sustainable lending, with the year's balance at 101.5 billion.	<ol style="list-style-type: none"> Total managed invested assets entrusted to the Bank by clients: 1.58 trillion. Total managed invested assets entrusted to the Bank by senior clients: 590 billion. Number of senior clients entrusted with the management of invested assets: 2,593.1 thousand. Client satisfaction with the Bank's wealth management services: Over 90%.
Management Policies	2.2.1 Sustainable Finance	3.2.2 Digital Transformation and Innovation

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	 Social Impact		 Privacy and Information Security
Key Material Issue	Social impact includes the implementation of measures aimed at promoting the welfare of the community and protecting the environment.		Protecting customer data to prevent unauthorized access and leaks.
Opportunities and Risks	<ul style="list-style-type: none"> Actively improve strategic satisfaction and productivity among strategic partners to promote stable cooperation. Respond to customer and community needs to strengthen customer relationships and expand business opportunities. Comply with environmental protection regulations to enhance public trust and corporate reputation. Neglecting strategic partners can lead to dissatisfaction and reduced productivity, which can affect the stability of cooperation. Ignoring customer and community needs can damage customer relationships and limit business development. Failure to comply with environmental protection regulations may result in public dissatisfaction and legal liability, affecting corporate reputation and long-term development. 		<ul style="list-style-type: none"> Effectively protecting customer privacy and data security builds customer trust and reputation. Failure to properly manage customer privacy and data security can lead to customer dissatisfaction and a crisis of confidence. Data breaches or information security incidents can result in legal action and fines, which can damage a company's reputation and subsequently affect customer loyalty and business opportunities.
Action Plans	Promote youth self-awareness, career exploration, and skill development to bridge the gap between education and employment, equipping you th with both soft and hard skills for the workplace.	Eliminate social inequalities so that everyone can improve their quality of life through their own efforts.	Mitigating the risk of malicious cyberattacks on the enterprise involves more than just strengthening information security measures in software and hardware infrastructure. It also involves mitigating and transferring uncertain risks to ensure stable business operations.
Short-term Targets 2024	<ol style="list-style-type: none"> Increase the number of partner schools: Expand partnerships to reach 23 schools. Diversify internship fields: Offer 3 non-financial internships. Increase in the number of internships: More than 250 interns. Course Satisfaction: More than 4 out of 5. Enhance the corporate identity (improve the perception of Cathay): More than 4 out of 5. 	Online financial training: <ol style="list-style-type: none"> 50 volunteer instructors served for a total of 400 hours of service. 10 rural schools served during the fiscal year, for a total of 25 rural schools served. Impacted the financial literacy of students with a score of 3 or higher. 	<ol style="list-style-type: none"> Conduct a gap analysis of the current state and plan the goals and objectives for building a zero trust framework. Continuously monitor network threat trends and periodically evaluate and adjust the scope of cybersecurity insurance coverage. Maintain the effectiveness of ISO 27001 certification.
Mid-term Targets 2026	<ol style="list-style-type: none"> Increase the number of partner schools: Expand partnerships to reach 25 schools. Diversify internship fields: Offer 5 non-financial internships. Increase in the number of internships: More than 250 interns. Course Satisfaction: More than 4 out of 5. Enhance the corporate identity (improve the perception of Cathay): More than 4 out of 5. 	Online financial training: <ol style="list-style-type: none"> 50 volunteer instructors served for a total of 400 hours of service. 10 rural schools served during the fiscal year, for a total of 45 rural schools served. Impacted the financial literacy of students with a score of 3 or higher. 	
Long-term Targets 2030	<ol style="list-style-type: none"> Increase the number of partner schools: Expand partnerships to reach 25 schools. Diversify internship fields: Offer 5 non-financial internships. Increase in the number of internships: More than 250 interns. Course Satisfaction: More than 4 out of 5. Enhance the corporate identity (improve the perception of Cathay): More than 4 out of 5. 	Online financial training: <ol style="list-style-type: none"> 50 volunteer instructors served for a total of 400 hours of service. 10 rural schools served during the fiscal year, for a total of 85 rural schools served. Impact on student financial literacy rated 3.5 or higher. Brand awareness rating of 4 or higher. 	
Management Policies	4.2 Social Impact		

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	 Customer Relationship and Service	 Risk Management	 Compliance with Legal Requirements
Key Material Issue	Maintaining and enhancing relationships with customers by providing high-quality service is crucial, alongside ensuring the legality and integrity of marketing activities.	Identify, assess, and manage various risks that may affect operations, including financial, legal, environmental, social, and corruption risks.	Comply with relevant laws and regulations, including those in labor, environment, and finance to maintain the long-term stability and development of the Bank.
Opportunities and Risks	<ul style="list-style-type: none"> Providing excellent customer service and effective relationship management builds trust and satisfaction, ensuring long-term business stability and success. Conducting legal and ethical marketing campaigns avoids misleading advertising and strengthens the Bank's public image and brand reputation. Failure to maintain high standards of customer service and relationship management can lead to a decline in customer trust and satisfaction. Misleading advertising and unlawful marketing strategies can result in legal action and fines, which can severely damage the Bank's public image and brand reputation. 	<ul style="list-style-type: none"> Effectively protecting customer privacy and data security builds customer trust and reputation. Failure to properly manage customer privacy and data security can lead to customer dissatisfaction and a crisis of confidence. Data breaches or information security incidents can result in legal action and fines, which can damage a company's reputation and subsequently affect customer loyalty and business opportunities. 	<ul style="list-style-type: none"> Strict compliance minimizes legal and litigation risks, protects the Bank's reputation, fosters trust with partners and customers, and supports stable business growth. Failure to comply can result in legal liability, fines, and reputational damage. Non-compliance could result in financial burdens, strain relationships with partners and customers, and affect market competitiveness and business development. In the long term, it could adversely affect the Bank's market position and investor confidence.
Action Plans	Continue to provide fair and equitable service to customers, while continually adjusting product or service offerings to meet consumer protection standards.	Customer satisfaction with the digital service experience.	Maintain sound capital adequacy and robust risk management mechanisms to achieve sustainable development goals.
Short-term Targets 2024			
Mid-term Targets 2026	<ol style="list-style-type: none"> Continually reduce the number of customer complaints and provide warm and empathetic service. Develop fair treatment highlights within the Bank through the subgroups of the Fair Treatment Committee, consider overseas regulatory trends, and optimize internal measures to achieve the vision goal of "leading industry peers and aligning with international standards". 	<ul style="list-style-type: none"> Achieve over 80% satisfaction rate. CUBE App Net Promoter Score (NPS) of 30 or higher. 	
Long-term Targets 2030			
Management Policies	5.7 Service Quality and Customer Rights	5.3 Risk Management	5.5 Compliance

Identification of Focused and Basic Issues

Sustainability Issues	Impacts	Management Policies
Talent and Skill Development	Investing in the professional growth and skill development of employees to effectively adapt to rapid market changes and technological innovations.	4.1 Workplace Empowerment
Business Performance	Financial performance, including revenue growth, cost control, and asset utilization efficiency.	1.1.1 Overview of Operations
Climate Change	Policies and actions related to climate change, including the assessment and management of physical risks (such as loss of assets or business interruption due to natural disasters) and transition risks (such as the impact of policy changes on the business).	2.1 Climate and Nature-Related Financial Disclosures
Attracting and Retaining Talents	Attracting and retaining key talent through effective human resource management strategies to support business objectives and long-term development.	4.1.1.2 Attracting and Retaining Talents
Fraud Prevention and Advocacy	Prevent fraud through effective policies and procedures, as well as awareness campaigns.	3.2.1 Anti-Fraud Guard Network
Corporate Governance and Ethical Corporate Management	Ensure transparency, accountability, and integrity in business operations through effective governance structures, diverse governance teams, and rigorous conflict of interest management.	5.1 Corporate Governance 5.2 Ethical Corporate Management
Financial Inclusion	Provide broad and affordable financial services, especially to low-income and vulnerable groups, to promote economic inclusion in society.	3.2.3 Financial Inclusion
Workplace Diversity and Inclusion	Promote diversity and equal opportunity in the workplace.	4.1.1 Diverse and Inclusive Workplace
Green Operations	Environmental policies and practices related to workplace operations, including the use of green energy, promotion of digital workflows, and green building renovations.	2.3 Environmental Sustainability

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2.1 Climate and Nature-related Financial Disclosure

2.2 Low-carbon Economy

2.3 Environmental Sustainability

The growing threat of climate change and environmental degradation to humanity's economic and social well-being. The Bank actively responds to challenges and deepens climate and nature protection strategies. We hope to use our financial influence to help society adapt to change, strengthen climate and natural resilience, and strive to become a key catalyst for achieving net-zero emissions and financial transformation.

Climate Strategy

2.1 Climate and Nature-related Financial Disclosure

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Climate Strategy Blueprint

Striving for net zero with investees, borrowers, and stakeholders

Low-carbon Economy
Appropriate use of all funds

Environmental Sustainability
Demonstrating resolve to
zero-carbon operations

AMBITIOUS GOALS



Financial Assets

Net Zero Emissions
in Financial Assets
by 2050

Leader in Climate
Engagement
Action



Products and Services

Provide
Comprehensive
Climate Finance Solution



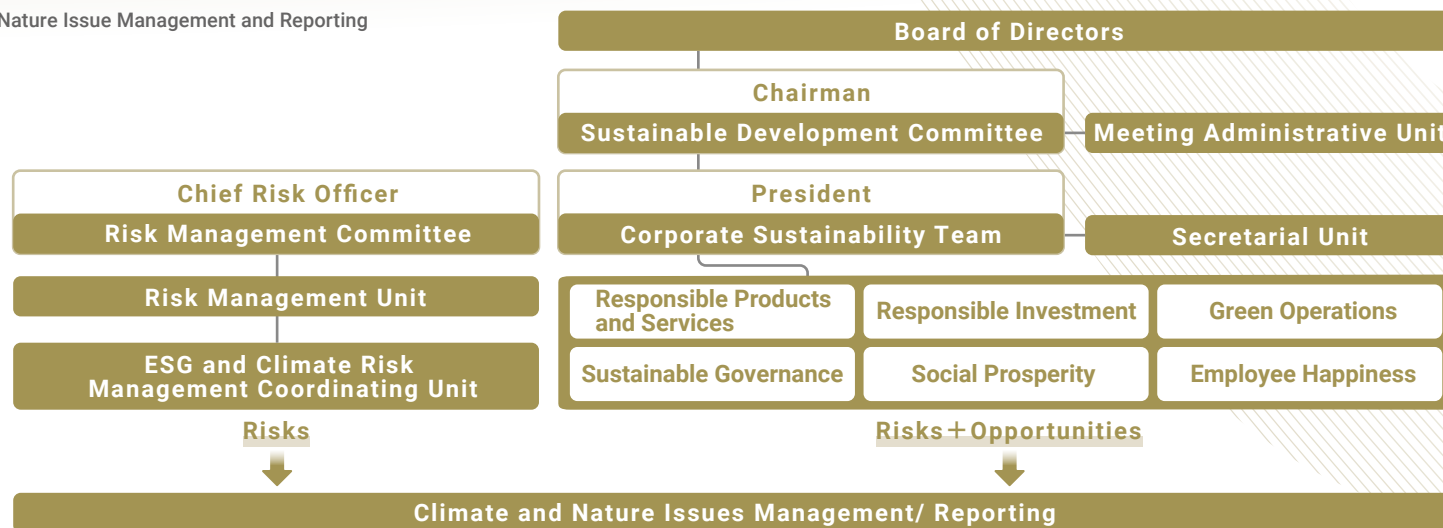
Business Operations

Green Energy +
Green Operations +
Green Real Estate

Our vision is to lead as a green finance pioneer, aiming to guide the financial industry in leveraging its influence to raise awareness on climate change and nature-related issues. We will adhere to the guidelines set forth by the Financial Supervisory Commission, including the domestic banking industry's Climate Risk Financial Disclosure Guidelines, the Task Force on Climate-related Financial Disclosures (TCFD), and the Task Force on Nature-related Financial Disclosures (TNFD). Through transparent and public disclosure, we aim to demonstrate our climate and nature resilience in the face of environmental challenges and our financial impact externally.

2.1.1 Climate and Nature Governance Structure

Governance Structure for Climate and Nature Issue Management and Reporting



Climate and Nature Governance Structure and Reporting/Meeting Frequency

Organization	Reporting/Meeting Frequency	Roles in Climate and Nature Issues
Board of Directors	Semiannually	The highest governance body for ESG risk management, responsible for approving climate and nature-related policies, strategies, and goals, and ensuring that climate and nature-related risks and opportunities are considered. It oversees the management and disclosure of climate and nature-related risks.
Risk Management Committee	Quarterly	Responsible for monitoring and managing climate and nature-related risks, including overseeing the execution of climate and nature scenario analysis, climate change risk appetite statements, and limit management by the risk management unit. It integrates the functions of various risk management units to jointly formulate a three-year climate and nature action plan to respond to and monitor significant climate and nature risks.
Sustainable Development Committee	Quarterly	The committee responsible for driving the sustainable development of the Bank, which regularly reports on corporate sustainability issues and implementation efforts to the board of directors.
CS Team	Meets quarterly on a regular basis and convenes as needed based on practical requirements	The following are the working groups involved in deeper discussions on climate and nature issues : <ul style="list-style-type: none"> • Responsible Investment : Responsible for managing climate and nature-related risks and opportunities in investment/credit decisions, integrating ESG into the investment/credit process, and engaging with clients on these matters. • Responsible Products and Services : Responsible for promoting ESG and green financial products and services, as well as managing related risks and opportunities. • Green Operations : Responsible for managing the environmental impact of CUB's operations and serving as the main driver for reducing Scope 1 and Scope 2 greenhouse gas emissions and increasing the use of renewable energy.

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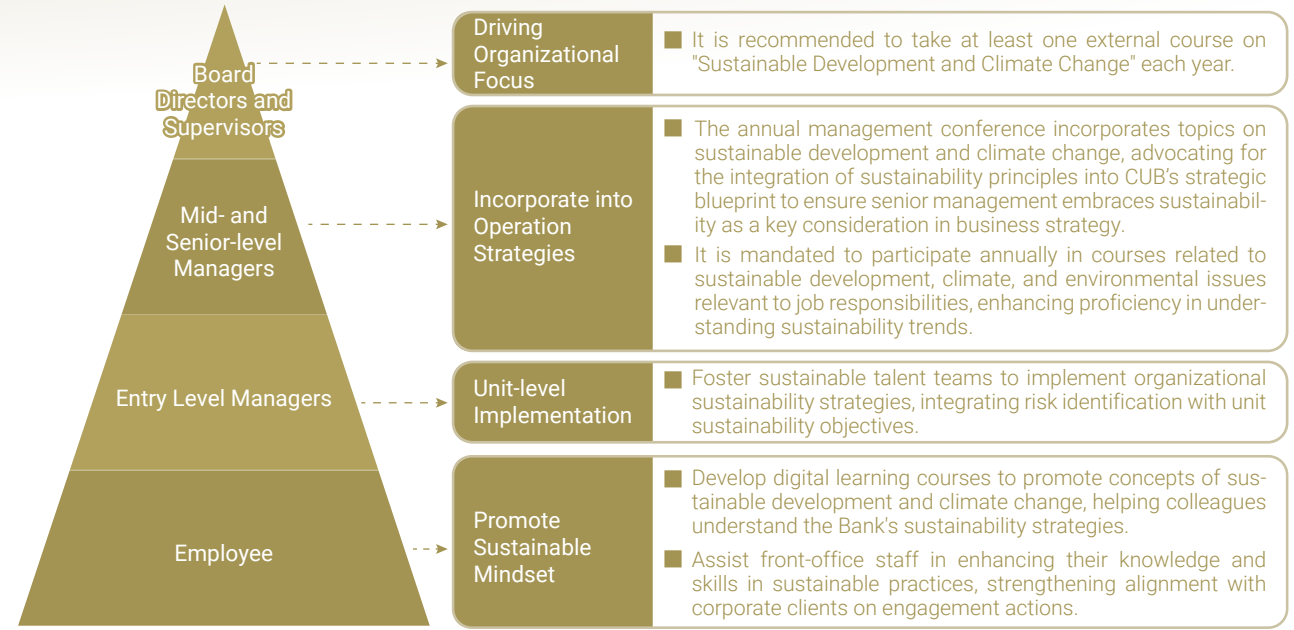
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CUB actively responds to United Nations sustainable development issues and Green Finance 3.0. To ensure the entire company possesses the appropriate skills, abilities, and knowledge, we promote differentiated training programs for personnel at all levels. These programs are designed top-down to enable various roles within the organization to integrate their core competencies in addressing climate and nature-related risks and opportunities. In 2023, we implemented a comprehensive ESG sustainability curriculum ranging from introductory to advanced levels. This curriculum helps employees understand our strategic development, the impacts of climate and environmental changes, and the risks to industries brought by the net-zero transition. For example, we arranged for mid- to senior-level managers to participate in the "Net Zero Academic Research Forum" and included topics such as "Capital Adequacy Planning and Sustainable Low-Carbon Transition - Risks and Opportunities of Net Zero Carbon Emissions" in management seminars. CUB will annually review and refine the training programs to enhance professional capabilities related to climate, carbon tariffs, human rights, and supply chain management. Together with our employees, we will work towards achieving Cathay's strategic development goals for the transition plan. Through impact investment and lending strategies, we aim to become a key force in driving both CUB and our clients towards sustainable transition.

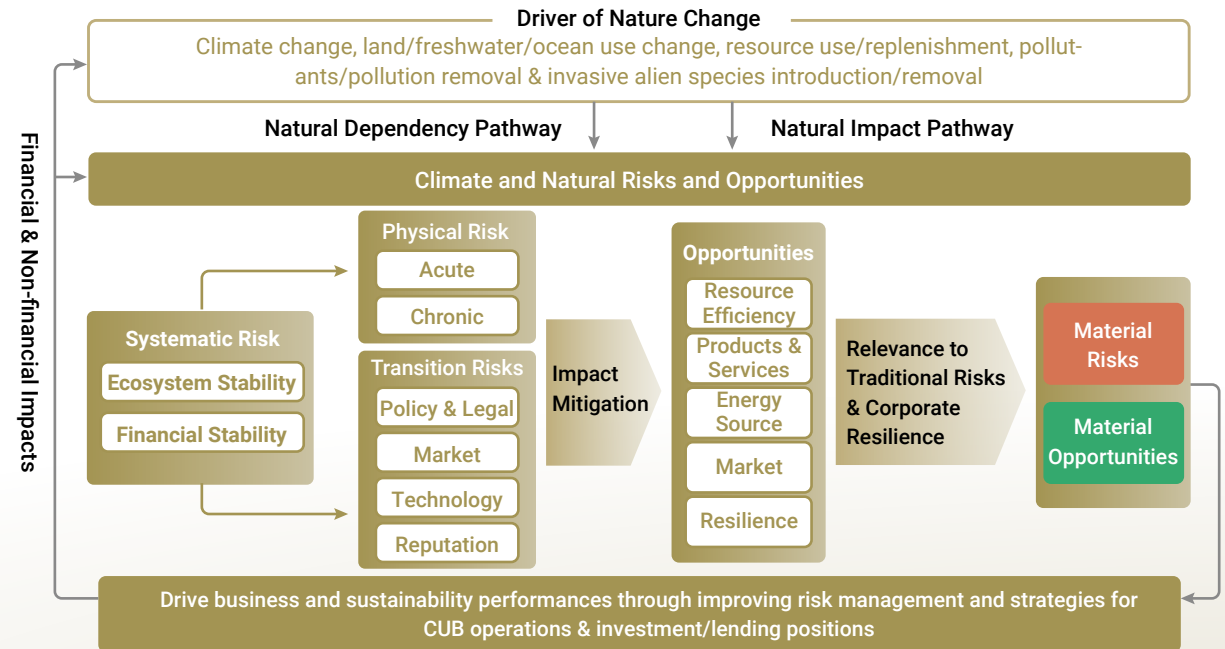
2.1.2 Identification of Climate and Nature Risks and Opportunities

CUB considered the Group's sustainability strategy and references frameworks such as TCFD, TNFD, and the Network for Greening the Financial System (NGFS) established by central banks and regulatory authorities to understand the transmission pathways of climate and nature-related risks and opportunities. We identify climate and nature-related risks and opportunities associated with the Bank, evaluate their links with existing conventional risks and corporate resilience, and discern their potential financial impacts on our operations or investment and lending positions.

Through the expertise of internal specialists, we establish matrices to rank the significance of risks and opportunities based on "impact severity" and "likelihood of occurrence," and regularly adjust them. Finally, based on the identification results, we enhance risk management processes and plan response strategies for our operations and investment and lending positions, aiming to improve the Bank's business and sustainability performance and mitigate both financial and non-financial impacts.



Climate & Nature Governance Framework



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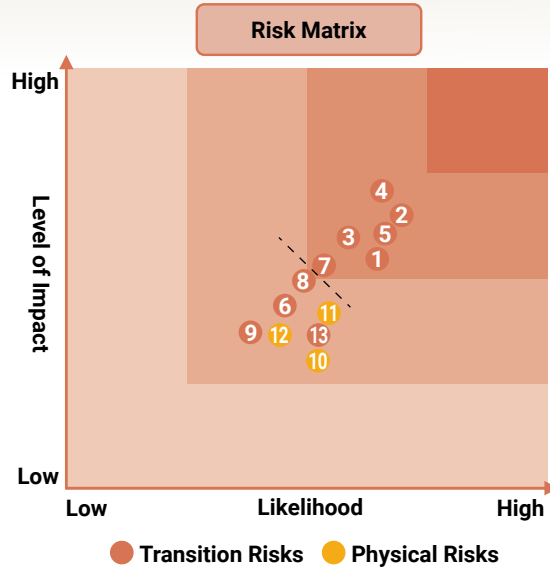
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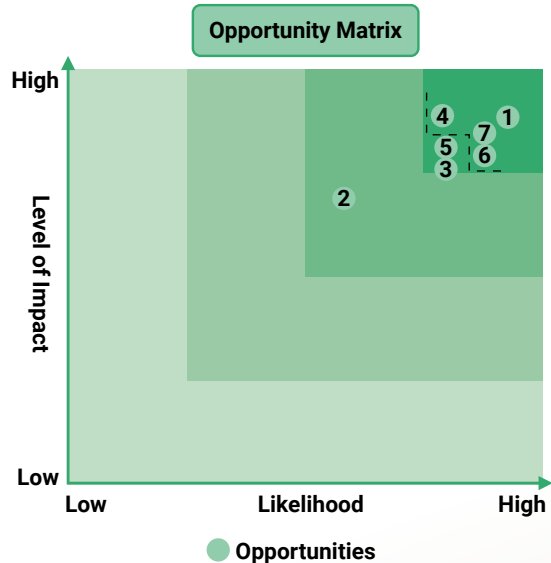
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	Material Risks	Potential Financial Impacts	Level of Impact	Time Horizon	Relevant Traditional Risks
4	Transition risks from policy uncertainty	Decreased earnings from investments and loans due to policy uncertainty	Investment & Lending	Long term	Credit risk
2	Engagement mechanism fails to meet expectations of stakeholders	Decreased revenue from negative impact on company reputation	CUB operations	Long term	Reputational risk
5	Risks for undertaking green investments and lending	Decreased earnings from investment and lending due to customers defaulting	Investment & Lending	Long term	Credit risk
1	Risk of litigation or penalties relating to climate change and nature	Increased operating costs from fines and rulings	CUB operations	Long term	Operational risk Reputational risk
3	Changes in customer preference for investment or financial products	Decreased revenue due to changes in customer preference	CUB operations	Long term	Market risk
7	Rising credit and market risks in carbon-intensive investment portfolios	Expected losses from loan assets in high emission industries due to changes in carbon fee policies and regulations	Investment & Lending	Mid-term	Credit risk



	Material Opportunities	Potential Financial Impacts	Level of Impact	Time Horizon	Relevant TCFD Opportunities
1	Inspire customer trust by building management mechanisms to fulfill sustainability commitments externally	Increased revenue due to rising confidence and trust in CUB	CUB operations	Long term	Products & services
4	Develop green and innovative services to increase customer adhesion and strengthen brand value	Increased revenue from capitalizing on business opportunities	CUB operations	Long term	Products & services
7	Develop carbon-related business opportunities and services	Increased revenue from capitalizing on business opportunities	CUB operations	Long term	Products & services
6	Exert financial influence through initiatives and engagement actions and work with engagement targets to develop innovative finance for climate and nature	Increased revenue from actively engaging businesses and developing business opportunities	CUB operations	Long term	Market

2.1.3 Climate and Nature Scenario Analysis

To evaluate the financial effects of climate and nature-related shocks, the Bank conducts regular climate and nature scenario analysis annually, which is integrated into internal management rules. We evaluate the potential impact of future scenarios and identify the potential effects of physical and transition risks on investment and lending positions through the scenarios set. We calculate financial losses under each scenario to timely adjust climate and nature risk management strategies. For detailed methodology and analysis results, please refer to our Climate and Nature Report 2023 Section 1.2: Climate- and Nature-related Scenario Analysis.

Scenario	Risk Type		Time Horizon	Scope	Details
Supervisory Version of Climate Change Scenario Analysis	Physical	Heavy Rainfall / Drought/Floods	2030	<ul style="list-style-type: none"> Domestic corporate/consumer lending Oversea corporate lending Passbook investments 	Orderly Transition: Corresponds with NGFS Net Zero 2050 and IPCC RCP2.6 Disorderly Transition: Corresponds with NGFS Delayed Transition and IPCC RCP 2.6 Current Policy: Corresponds with NGFS Baseline and IPCC RCP8.5
	Transition	Carbon Price	2050		
Corporate Financing in Aircraft Leasing Industries Transition Risk	Transition	Policies	-	<ul style="list-style-type: none"> Aircraft leasing in Singapore Corporate financing 	In-house Scenario: Changes in consumer preference and valuation under the CORSIA scenario
Droughts Scenario Analysis	Physical	Drought	Short-term: 2020-2040 Midterm: 2030-2050 Long-term: 2040-2060	<ul style="list-style-type: none"> Domestic mining Corporate financing 	In-house Scenario: Corresponds with IPCC SSP1-2.6
Trading Book Equity Securities Decarbonization Transition	Transition	Carbon Price/ Electricity Rates/ Additional Costs in Upstream & Downstream	-	<ul style="list-style-type: none"> Trading book investments 	Orderly Transition: Corresponds with NGFS Net Zero 2050 Disorderly Transition: Corresponds with NGFS Delay Transition Hot House: NDCs

Note 1: Orderly transition refers to a gradual global progression towards net zero by 2050 (potential temperature rise of 1.5° C). Disorderly transition refers to a delayed start in transitioning, ultimately still reaching net zero by 2050 (potential temperature rise of less than 2° C). No policy refers to a scenario where there are no policies to mitigate GHG emissions (potential temperature rise of over 3° C). The impacts assumed under these three regulatory climate scenarios include macroeconomic changes such as GDP, unemployment rates, and market interest rates, as well as the impact on real estate values due to natural disasters.

Note 2: Revised 2030 CORSIA carbon reduction goal - In 2020, the COVID-19 pandemic caused a significant drop in global air traffic demand, prompting the International Civil Aviation Organization (ICAO) to revise the CORSIA baseline to 85% of 2019 carbon emissions for the period from 2024 to the end of the plan in 2035, making the target more challenging. The original goal was to use the average carbon emissions of 2019 and 2020 as the baseline then set a net-zero aspirational goal for 2030.

Note 3: Considering Taiwan has declared Net Zero goal by 2050 and planned emission pathways and key strategies, CUB chose IPCC SSP1-2.6, which is the closest match, for scenario analysis. Drought risk data are sourced from the Joint Credit Information Center's (JCIC) "Climate Physical Risk Data Platform for Fis." This platform officially launched on January 31, 2024, and provides consistent and comparable climate data for the financial sector, including information on "temperature," "heatwaves," "cold waves," "sea level," "flooding," "drought," "landslides," and "typhoons," to effectively assess physical climate risks.

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2.1.4 Climate and Nature Action Plan

The Bank integrates the process of identifying, assessing, and prioritizing climate and nature risks and opportunities (for detailed results, refer to section [2.1.2 Identification of Climate and Nature Risks and Opportunities](#)). Based on this, it formulates a Climate and Nature Action Plan to address and monitor the identified climate and nature material risks. The aim is to establish a robust risk management mechanism to effectively respond to the challenges posed by climate change.

Action Plan	Key Points of the Plan
Improve ERM Mechanism	Considering that climate factors will eventually translate into traditional risks, we plan to integrate the related mechanisms into the ERM framework as climate quantitative assessment techniques mature to enhance management effectiveness. <ul style="list-style-type: none"> Investment and lending risk management mechanism Capital risk management mechanism
Climate Strategy Resilience Verification	In line with IFRS S2 requirements, CUB is developing the climate strategy resilience verification for CUB and Cathay FHC to assess the potential impacts of different climate scenarios. <ul style="list-style-type: none"> Climate scenario analysis Verification of strategic targets and assessment of financial impacts
Nature-related Risk Measurement and Analysis	In response to international trends and aligning with the TNFD framework, CUB is developing nature-related risk management. <ul style="list-style-type: none"> Methods for identifying and measuring nature risks Nature risk management/indicator targets
Facilitating Climate and Nature Financial Innovation/Management	In response to climate and nature trends, we aim to seize business opportunities early and develop corresponding control mechanisms. <ul style="list-style-type: none"> Climate/nature risk information management platform Innovative applications of climate/nature financial and risk tools

Note: CUB has formulated a three-year climate and nature action plan (2024-2026) at the beginning of 2024. To ensure the Board of Directors and senior management can supervise the progress of climate and nature-related issues, the action plan was presented to the Board and the Risk Management Committee in the first quarter of 2024. Additionally, Cathay FHC will regularly track the subsidiaries' progress in implementing the plan.

2.1.5 Climate and Nature Indicators and Targets

The Bank integrates sustainability thinking into its operational decision-making core considerations, actively advancing towards the goal of becoming a leading brand in "green finance," and establishing climate and nature-related objectives.

Climate and Nature Indicators and Targets	
Net Zero Emissions in Financial Assets by 2050	<ul style="list-style-type: none"> SBT emissions reduction targets (SBTs) for investment/lending. By 2027, reduce credit facility for the coal industry to zero.
Leader in Climate Engagement Actions	<ul style="list-style-type: none"> Engage with investment/lending targets to participate in SBTi.
Provide Comprehensive Climate Finance Solution	<ul style="list-style-type: none"> By 2030, exceed NT\$100B in sustainable loans.
Green Energy	<ul style="list-style-type: none"> By 2025, achieve 100% renewable energy usage in HQ By 2030, achieve 100% renewable energy usage in CUB locations across Taiwan By 2050, achieve 100% renewable energy usage in CUB locations around the world
Green Operations	<ul style="list-style-type: none"> By 2050, achieve net zero in S1+2 from CUB operations By 2030, complete carbon footprint verification for main financial products/services By 2030, achieve 18 cubic meters per capita water consumption By 2030, achieve 27.7kg per capita waste
Green Real Estate	<ul style="list-style-type: none"> By 2030, ensure 45% of CUB branches meet eco-friendly standards

Note: In line with international market trends and the group's sustainability policy, from 2024 onwards, CUB will set ambitious targets for "green loans" and "sustainability-linked loans," defining them as "sustainable loans." The base year will be 2023, and the target year will be 2030.

2.2 Low-carbon Economy

The Bank as a leading brand in green finance, focuses on its core business, guiding industries and society towards net-zero transformation through funding. It aims to develop more convenient digital services and enhance the quality of green financial products and services, striving to achieve environmental and economic prosperity.

2.2.1 Sustainable Finance

Provide Comprehensive Climate Finance Solution

Green Financial Products and Services	Description	Key Climate Indicator(s)	2022	2023				
Environment-related Investment & Lending	Cathay FHC offers sustainability-themed investment and lending to ensure our environment and society can both flourish. Low carbon and energy storage domains are particularly relevant to the low-carbon transition, representing an important direction to develop for sustainable environmental development. CUB follows the group's vision and has defined related services as environmental-related lending and environmental-related investments, taking stock of progress in each category to hopefully exert our influence as a financial institution and contribute to the vision of sustainable environmental development.	Amount of environmental-related lending	NT\$38.1B	NT\$41.3B				
		Amount of environmental-related investments	NT\$19.4B	NT\$25.7B				
Investment & Lending in Industries Important to Taiwan's 12 Key Strategies	Climate change is a challenge confronting the global community. As such, Taiwan established action plans in the "Taiwan's Pathway to Net-Zero Emissions in 2050" for 12 key domains critical to energy, industry, lifestyle, and social transition policies. The Taiwanese government issued the "12 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 transitions that can contribute to the development and breakthroughs of new technologies. To exert our influence as a financial institution, CUB also offers funding support for industry development as part of our efforts to help Taiwan achieve Net Zero by 2050.	Investments and lending in industries critical to the "12 Key Strategies" listed in the "Taiwan's Pathway to Net-Zero Emissions in 2050"	-	NT\$33.212B				
					<table border="1"> <thead> <tr> <th>Industry Categories</th> <th>Investment Amounts (NT\$100M)</th> </tr> </thead> <tbody> <tr> <td>Wind Power/Solar PV</td> <td>228.16</td> </tr> <tr> <td>Transportation Electrification and Decarbonization</td> <td>0.50</td> </tr> <tr> <td>Green Finance</td> <td>103.46</td> </tr> </tbody> </table>	Industry Categories	Investment Amounts (NT\$100M)	Wind Power/Solar PV
Industry Categories	Investment Amounts (NT\$100M)							
Wind Power/Solar PV	228.16							
Transportation Electrification and Decarbonization	0.50							
Green Finance	103.46							

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Green financial products and services		Description	Key Climate Indicator(s)	2022	2023
Renewable Energy Loans		For corporate loan, CUB focuses on supporting Taiwan's green electricity and renewable energy policies and has set a goal to continue increasing the percentage of renewable energy loans to electricity supply loans until we reach 85% in 2025. This is a measurable goal that helps us monitor the outcome of the bank's support for renewable energy loan.	Percentage of renewable energy loan to total electricity supply loan	87.56%	93.33%
Sustainable Loan	Green Corporate Loan	Funds for green loans are made available exclusively for green projects with substantial environmental benefits, such as renewable energy, energy conservation, pollution prevention and control, natural environmental management, etc.	Amount of green corporate loans	NT\$25.244B	NT\$28.080B
			$\frac{\text{Amount of green corporate loans}}{\text{Total Amount of Corporate Lending}} \times 100\%$	3.64%	3.69%
	Green Consumer Loans	CUB assessment of all green loan products from the consumer finance unit.	Amount of green consumer loans	NT\$652M	NT\$567M
			$\frac{\text{Amount of green consumer loans}}{\text{Total Amount of Consumer Lending}} \times 100\%$	0.05%	0.04%
	Sustainability-Linked Loan (SLL)	Corporate loans that linked to the borrower's or its affiliates' predetermined sustainable performance targets to provide economic incentives to encourage the achievement of these goals and measure the ESG performance of the borrower or its affiliates, setting related key performance indicators.	Amount of SLL	NT\$16.927 B	NT\$33.036 B
			$\frac{\text{Amount of SLL}}{\text{Total Amount of Corporate Lending}} \times 100\%$	2.44%	4.34%
Renewable Energy Industry Insurance		CUB and Cathay Century are collaborating together on the same marketing guidelines to offer applicable insurance to green energy industries in support of their sustainable development and operations.	Insurance premium of green energy industry borrowers	NT\$277M	NT\$564M
Green Time Deposit		CUB's guidelines for Green Time Deposit product is 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 borrowers to fund green projects in renewable energy and sustainable water sources. Launched in July 2022, the scale of the program has grown to NT\$30B.	Green Time Deposit balance	NT\$4.905B	NT\$2.394B

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Green financial products and services	Description	Key Climate Indicator(s)	2022	2023
Green Bond Underwriting	Bonds investing in eco-friendly purposes or ESG principles, with funds used for sustainable development projects such as environmental protection and social responsibility. In March and May 2023, CUB participated in the underwriting of TSMC's green bonds listed on the Taipei Exchange. The bond issuance volume is NT\$40 billion with terms to maturity ranging between five to ten years. Funds from the sale of green bonds will be used to obtain green building certifications for TSMC facilities, large uninterrupted power supply systems, local exhaust gas treatment facilities, and wastewater treatment systems to increase energy use efficiency, reduce carbon emissions, and minimize pollution.	The bond underwriting amounts	NT\$3.9B	NT\$4.11B
Sustainability Bond Underwriting	CUB participated in the underwriting of Société Générale's sustainability bonds listed on the Taipei Exchange in February 2023. The bond was Société Générale's first international sustainability bond issued and was launched in line with its Positive Impact Framework. This bond will finance or refinance environmental and social projects such as renewable energy, low-carbon transportation, water management, affordable housing, education and vocational training. The bond issuance volume is AUD\$55 million with a ten-year maturity. CUB also participated in the underwriting of two other Société Générale international sustainability bonds in June 2023. Additionally, CUB also underwrote Standard Chartered Bank's sustainability bond in February and Korea Expressway Corporation's bond in July.	The bond underwriting amounts	NT\$3.56B	NT\$2.54B
Digitalization of Insurance Policies & Documents	The life insurance application process is primarily electronic, with customers signing policy documents on mobile devices and transmitting images of application documents via digital systems, enhancing paperless applications and reducing resource waste.	Ensure 85% of life insurance enrollment are conducted digitally	85.34%	93.96%
ESG Funds	CUB established an ESG webpage to promote green financial products, guiding customers to understand ESG investments and become investors in sustainability.	Scale of ESG funds	-	NT\$5.78B
		Number of ESG fund borrowers	-	20,059

Note 1: The statistics are as of December 31 of the current year, and the scope does not include overseas subsidiaries.

Note 2: 2025 targets for renewable energy loans were met ahead of schedule in the end of 2022. Considering that energy transition is an important strategy for Taiwan's goal of Net Zero by 2050 and that there is still a significant domestic demand for related funding, CUB will continue to track progress until 2025.

Note 3: Total amounts of corporate lending (includes domestic and foreign borrowers but excludes closed accounts, dormant accounts, collections, bad debts, frozen accounts, and private banking clients abroad) were NT\$692.976B in 2022 and NT\$760.978B in 2023. Total outstanding consumer loans were NT\$1,310.353B in 2022 and NT\$1,459.992B in 2023.

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▪ Sustainable Action Impact



Offshore Wind Power

In terms of offshore wind power, CUB has not only undertaken the first offshore wind power syndicated loan project in Taiwan - the 128 MW Marine Offshore Wind Farm Project, but also continued to participate in the equity project financing of the 640 MW Yunlin Offshore Wind Farm Project and 605 MW Greater Changhua Offshore Wind Farm Holdco Finance Project, actively investing in various renewable energy financing projects. In 2022-2023, CUB mainly provided financial advisory services. One of the projects involved providing financial advisory services during the selection phase of the 3-1 offshore wind farm, successfully assisting the client in obtaining the Energy Bureau's allocation and development of a 500MW offshore wind farm permit. There was also participation in discussions on domestic green electricity insurance projects with financial peers and related institutions. As of now, CUB has cumulatively approved financing for offshore wind power projects totaling 1,373 MW. Overseas, during the same period, the Bank successfully completed its first financing project for onshore wind power in Vietnam. This project was also the Bank's first renewable energy financing project undertaken in Vietnam and received recognition as The Asset - Renewable Energy Deal of the Year - Wind.



Solar Fishery and Electricity Symbiosis Project

In 2022, the Bank coordinated and led an NT\$ 8.88 billion project financing syndicated loan for the Sunny Rich Group. This initiative aimed to support the construction of a solar energy farm utilizing a fishery symbiosis model in the Yizhu area of Chiayi. The first phase of the project had a total installed capacity of 130MW. Additionally, starting in 2023, we assisted the Yang Group in organizing and leading the syndicated loan for the second phase of the project. The combined installed capacity of the first and second phases reached 242MW. We successfully completed the contract signing for this project in January 2024.



Solar Power Plants Both Domestically and Internationally

CUB undertook the first solar power project financing, the first EP case, and the first syndicated loan for an offshore wind farm in Taiwan. In 2023, the Bank approved loans for 111 domestic solar power stations, with a total installed capacity of 156 MW. By the end of 2023, the Bank has already approved loans for over 2,700 domestic and overseas solar power stations, with total installed capacity reaching 1,045 MW. Together, the power stations can reduce 638 thousand tons of carbon emissions every year, which is equivalent to the carbon absorption of 1,653 Daan Forest Parks.



Responsible Investment Performance

Based on the Corporate Governance Evaluation in Taiwan Stock Exchange Corporation and Taipei Exchange in 2023, as referenced by the Taiwan Depository & Clearing Corporation, statistics on the investment in domestic listed stocks by this bank are compiled for the "corporate governance evaluation investment". In the "Portfolio Analysis" scoring data, the analysis result for the year 2023 of this institution is 101.85, which is higher than the market average score of 95.05.

At the end of 2023, there were a total of 35 domestic listed companies included in the Dow Jones Sustainability Indices (DJSI). The Bank invested in 9 of these companies, selecting stocks with positive industry trends and stable fundamentals as investment targets. The constituent stocks in the investment portfolio are included in the Dow Jones Sustainability Index, accounting for 44.7% of the Bank's total investment in domestic securities in 2023.

▪ Future Plans



For six major product and service categories including personal loans, mortgages, wealth management, credit cards, deposits, and ATM services, CUB plans to obtain carbon footprint verification, the Carbon Label, and the Carbon Reduction Label by 2030.



In 2024, CUB plans to introduce a Green Loan Project for consumers (including mortgage loans and personal loans).



CUB will underwrite green bonds for major enterprises and its affiliates committing to the research and development of negative carbon technologies, forward-looking energies, and the circular economy. Currently, CUB plans to focus on underwriting green bonds for biodiversity.

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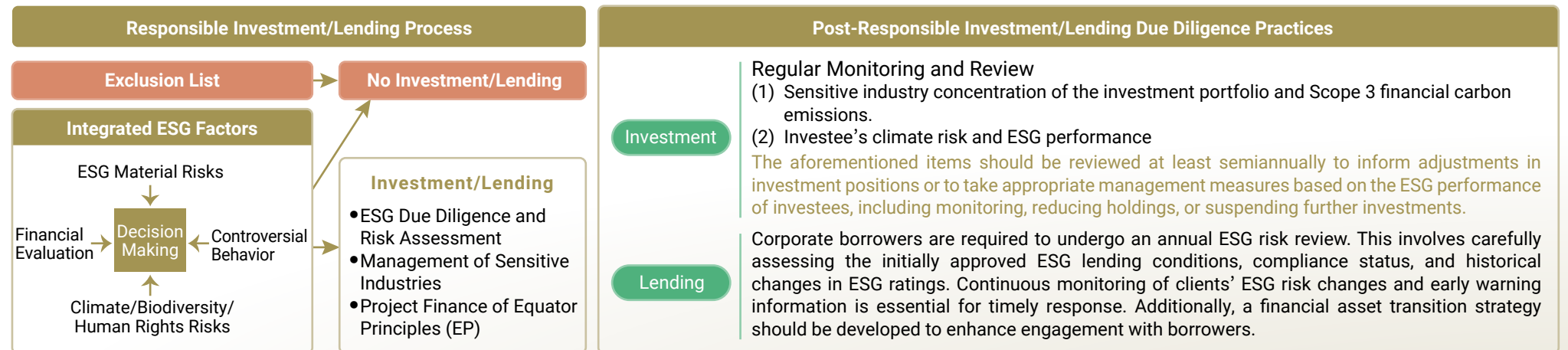
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2.2.2 Responsible Financing

The Bank voluntarily adheres to the Principles for Responsible Investment (PRI) and the Principles for Responsible Banking, integrating ESG and climate risk management into its existing investment and lending processes. Prior to transactions, it diligently assesses the ESG and climate risks of investment targets and manages them accordingly. Post-transaction, it continuously monitors their ESG and climate performance, engaging in dialogue with the companies to assist in their transition, ensuring the appropriateness of the investment portfolio.

Sustainable Finance and Responsible Finances Management Approach

 Management Policies and Commitments	Cathay FHC and its subsidiaries must adhere to the "Cathay FHC and Subsidiaries Responsible Investment and Lending Policy" when making investments and loans. This is to fulfill the responsibility of financial institutions to stakeholders, prudently manage environmental, social, and governance (ESG) risks, pursue long-term investment performance, leverage financial influence, promote continuous improvement in ESG performance of investment and lending targets, contribute to global sustainable development goals, and achieve sustainable society and business operations.
 Corresponding to SDGs	
 Specific Performance	<ul style="list-style-type: none"> • Enhance the Equator Principles (EP) policy and the review mechanism for EP cases • Plan, promote, and analyze ESG standards • Align and manage international ESG and corporate sustainability frameworks • Adhere to and promote the United Nations Principles for Responsible Banking
 Management Assessment Mechanisms	Cathay FHC and its subsidiaries have established the "Cathay FHC and Subsidiaries Policy on Prohibited Investments and Loans," which clearly defines areas of concern, including controversial industries and countries. The Responsible Investment working group reviews companies and countries in these areas annually based on specific screening criteria, updating the "Exclusion List for Investments and Loans." Subsidiaries are required to exclude these targets from their investment and lending activities.
 Optimization Measures	We commit to surpassing one trillion in sustainable lending (green lending and loans linked to sustainable performance) by 2030.



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Relevant Policies and Control Measures

<p>Exclusionary Screening</p>	<p>CUB adheres to the Group's investment and lending exclusion policy by establishing an exclusion list of Industries/Enterprises/Business Activities that we do not engage with.</p> <p>In 2024, we plan to introduce new management measures related to unconventional oil and gas and natural gas. We exclude controversial weapons, human rights violations, pornography, mining, coal/nuclear power generation, coal-related activities, upstream oil and gas extraction, tobacco, gambling, rainforest logging, and drift gill-net manufacturing and fishing. This aligns with SDG 14 "Life Below Water" and SDG 15 "Life on Land" to conserve and sustainably use the oceans, seas and marine resources for sustainable development and protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>
<p>Integrated ESG Factors</p>	<p>The Bank incorporates ESG factors into existing investment and credit decision-making processes to effectively manage ESG-related risks.</p> <ul style="list-style-type: none"> <p>ESG Due Diligence and Risk Assessment: CUB stringently controls the ESG-related risks arising from investment and corporate lending cases and has established an ESG risk rating management mechanism to conduct differentiated tiered management.</p> <p>Investments: For industries classified as sensitive, CUB requires the completion of a "Climate Risk Assessment Form" as part of the due diligence process, incorporating climate risk factors such as carbon emissions data, carbon reduction goals and strategies, potential temperature increase, water footprint, and water resource management policies. Additionally, if the investment target has a poor ESG risk rating, an "ESG Risk Assessment Form" must be completed to further evaluate whether to invest and determine post-investment management measures.</p> <p>Corporate Lending: During the KYC (Know-Your-Customer) process for corporate lending cases, CUB includes the evaluation of ESG-related risks such as environmental pollution, harm to social welfare, human rights violations, governance, and climate and nature risks. This involves reviewing ESG incidents related to the borrower, consulting the borrower on incident improvement measures, risk mitigation strategies, and tracking inspection items. ESG risk reviews for corporate lending cases are conducted according to ESG risk classification, requiring borrowers to provide ESG risk management plans, including but not limited to carbon emissions data, carbon reduction goals and strategies, and water resource management policies. CUB also assesses the borrower's transition opportunities, such as the technical difficulties and capital needs for carbon reduction, and evaluates the opportunity of engagement through green loans and sustainability-linked loans.</p> <p>Management of Sensitive Industries: Considering climate risk sensitivity factors such as carbon emissions and water usage, CUB has established a management mechanism for sensitive industries to deeply assess environmental and climate-related risks. In 2024, CUB has: (1) Added "biodiversity" as a new sensitivity factor, and (2) Implemented tiered management for sensitive industries, controlling highly sensitive industries according to industry-specific limit regulations.</p> <p>Project Finance of Equator Principles (EP): CUB includes biodiversity, climate change, and human rights risks as essential items in the Equator Principles (EP) project finance assessment. Each EP case is reviewed according to the eight IFC Performance Standards, including PS6 on biodiversity, with clear incorporation of review comment.</p>

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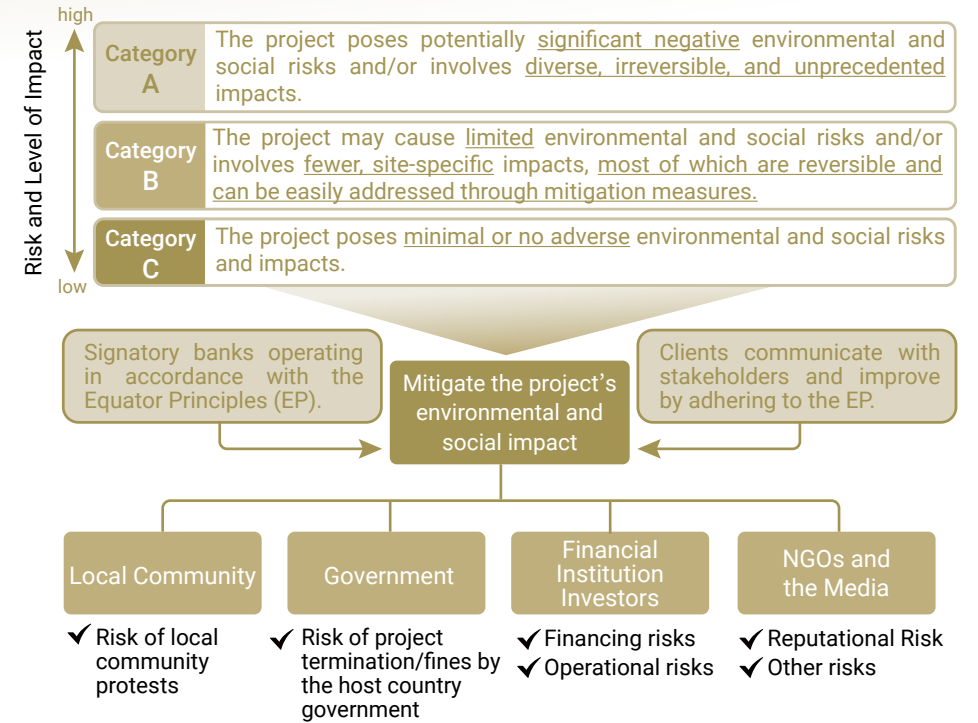
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For projects with significant potential environmental and social impacts and risks (Equator Principles Category A and B projects), the evaluation process involves independent environmental and social risk assessments by professional third-party consultants. Post-lending, rigorous post-loan management mechanisms are required, including annual monitoring reports reviewed by professional third-party consultants to ensure proper monitoring of environmental and social risks associated with EP lending cases. In 2023, three new lending cases subject to the Equator Principles reached Financial Close, with new approved lending amounting to approximately NT\$ 1.585 billion. As of December 2023, CUB has accumulated a total of 24 EP credit cases that have reached Financial Close.



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2.2.3 Net Zero Emissions for Financial Assets by 2050

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.

2.2.3.1 Science-Based Target (SBT) for Carbon Reduction

Asset	Methodology	Base Year	Climate Target - Group's SBT	Annual Emissions Reduction Target
Listed equity & bonds	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 (SDA)	2019	By 2026, decrease emissions intensity (tCO ₂ e/MWh) by 33% from base year	4.73%
Commercial Real Estate			By 2026, decrease emissions intensity (tCO ₂ e/MWh) by 39% from base year	5.56%
Long-Term Corporate Loan (Electricity Generation Industry)			By 2035, decrease emissions intensity (tCO ₂ e/MWh) by 69% from base year	4.30%
Long-Term Corporate Loan (Commercial buildings)			By 2035, decrease emissions intensity (tCO ₂ e/MWh) by 73% from base year	4.57%
Long-Term Corporate Loan (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 control warming well below 2° C achieve net zero group-wide by 2050. The SBT baseline calculation and target setting for the group include financial assets of 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: 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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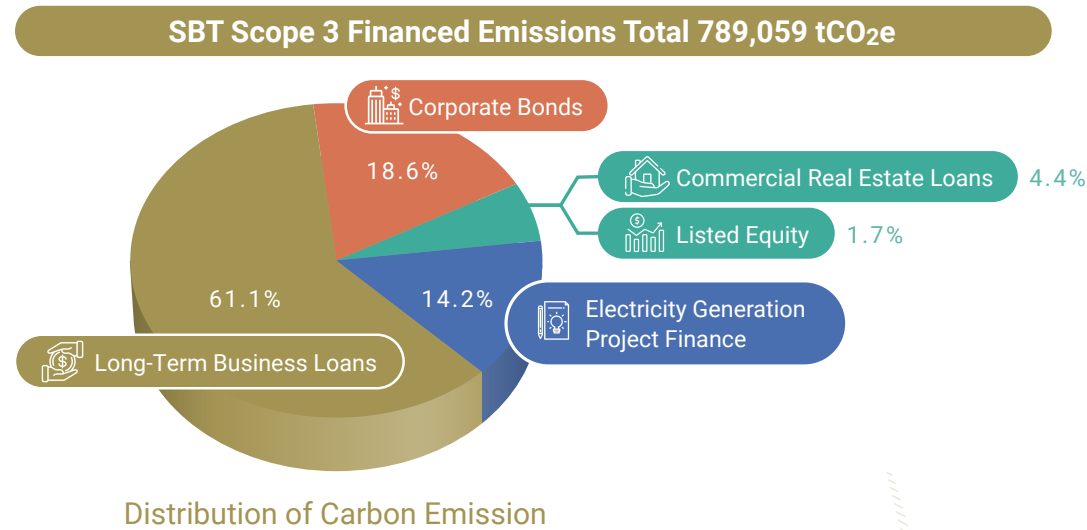
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CUB has established decarbonization pathways and targets for investment/lending portfolios based on the Financial Sector Science-based Targets Guidance and quantitative approaches for developing emission-based and impact-based targets. CUB has also referenced ISO 14064-1: Greenhouse Gases and PCAF guidelines to develop an SBT Scope 3 carbon inventory mechanism for financial assets, which will guide investment/lending strategies and goals. CUB's SBT carbon inventory for credit facilities primarily covers non-SMEs and continues to monitor progress toward SBTs set according to the Sectoral Decarbonization Approach and SBT Portfolio Coverage Approach. CUB's SBT carbon inventory for investments covers listed stocks and bonds and evaluates potential warming from investment assets with the Temperature Rating Approach to ultimately meet temperature goals set forth in SBTs for investment portfolios. Each year, CUB will analyze carbon distribution from investment/lending positions or carbon-intensive businesses or industries to serve as reference for future adjustments to investment/lending strategies and positions, developing emissions reduction strategies and action plans accordingly.

The summarized results of the 2023 carbon inventory for each financial asset category under SBT Scope 3 are as follows:



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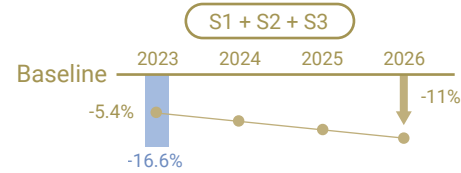
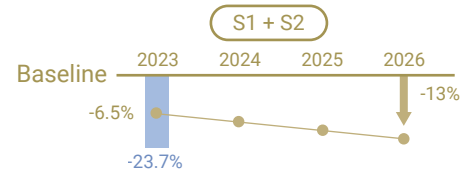
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Temperature Rating Approach

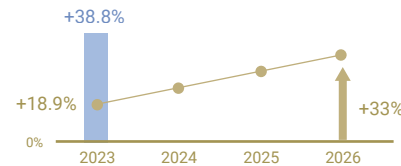
Investment Portfolio in Listed Equity & Bonds



● Target Value: Reach required reduction rate from baseline value to meet Cathay FHC's SBT target.
 ■ Actual Value: CUB's actual reduction rate from baseline value.
 — Baseline Value: Baseline of Cathay FHC's SBT target on investment assets is 2020.

SBT Portfolio Coverage Approach

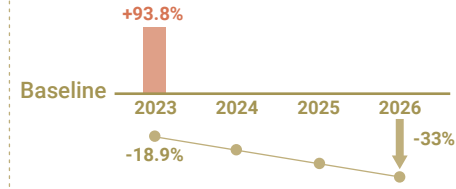
Long-Term Corporate Loan
Fossil Fuel, Electrical and Electronic Equipment, Semiconductors, General Manufacturing Sectors



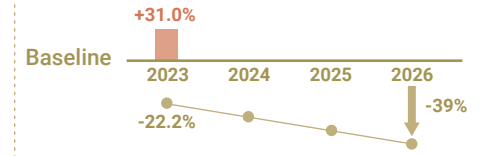
● Target Value: Engagement outcomes required to meet Cathay FHC's SBT target.
 ■ Actual Value: CUB's actual engagement outcomes.

Sectoral Decarbonization Approach

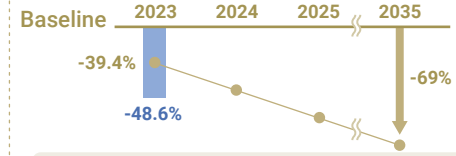
Electricity Generation Project Finance



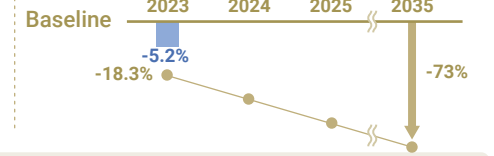
Commercial Real Estate Loan



Long-term Corporate Loan
(Electricity Generation)



Long-term Corporate Loan
(Commercial Buildings)



● Target Value: Reach required reduction rate from baseline value to meet Cathay FHC's SBT target.
 ■ Actual Value: CUB's actual reduction rate from baseline value.
 — Baseline Value: Baseline of Cathay FHC's SBT target on financing assets is 2019.

Note 1: Fluctuations in carbon intensity identified for electricity generation project finance and commercial real estate mortgage loans in the short-term; CUB will continue to adjust to achieve 2026 targets.

Note 2: In 2023, carbon intensity of electricity generation project finance increased because CUB was required to issue credit lines according to previous contracts with customers. In the future, as credit agreements expire, CUB will no longer be renewing credit facilities, which will bring down carbon intensity.

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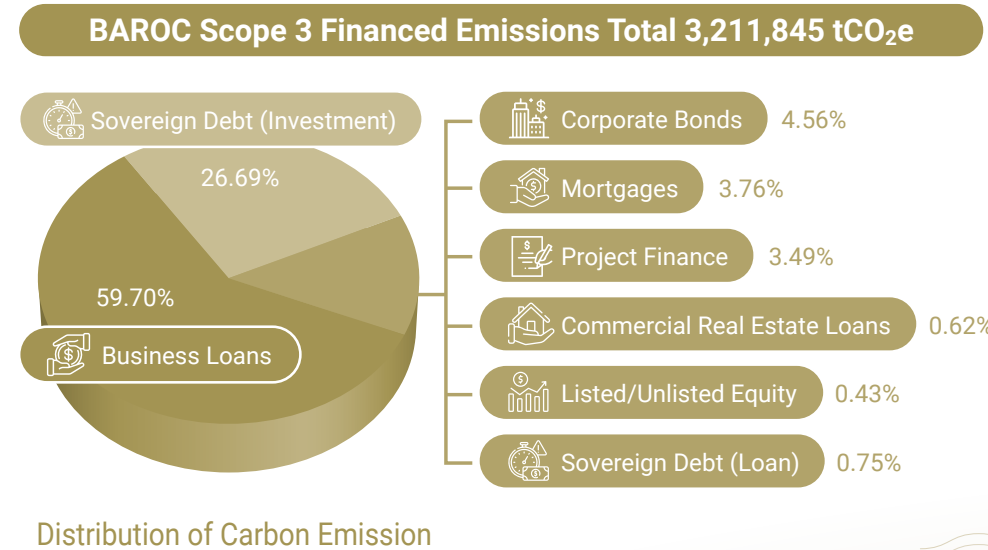
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2.2.3.2 Scope 3 Carbon Footprint Accounting for Financial Assets by the Bankers Association

CUB complied with the Bankers Association of the Republic of China's (BAROC) "Best Practices for R.O.C. Banks to Mitigate Financed Emissions in Investment & Lending Portfolios (Scope 3) Handbook" to develop a Scope 3 inventory mechanism for financial assets in compliance with BAROC guidelines. The inventory scope is larger and more comprehensive than the Scope 3 inventory for SBT. In the future, CUB will leverage BAROC Scope 3 inventory results to develop and establish our emissions reduction strategies and targets. Using the PCAF methodology, CUB's inventory task force conducted carbon inventory for investment and lending positions as of December 31, 2023. The inventory scope covers listed and unlisted equity investments, corporate bonds investments, sovereign debt, business loans, project investments/finance, commercial real estate investments/finance, and mortgages. The inventory is then verified by our in-house verification team for accuracy and reasonableness through cross-checking inventory results, corrected, and then verified and assured by an independent third party. CUB will submit the final version in compliance with guidelines from competent authorities or BAROC.

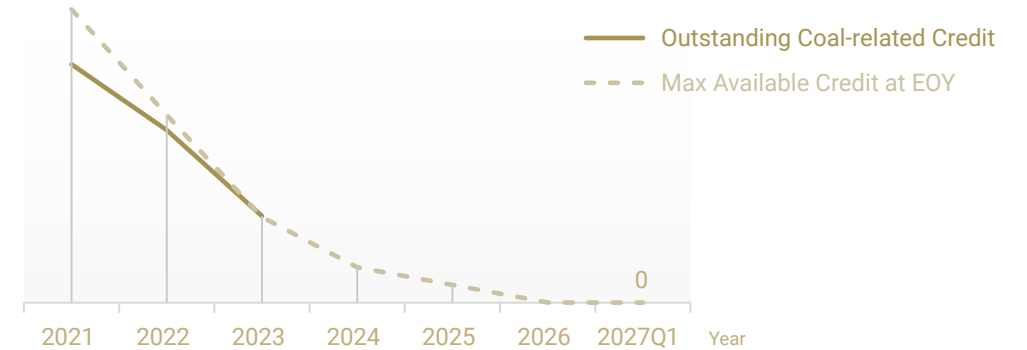
The results of the carbon assessment for three financial asset categories within the banking association's scope in 2023 are as follows. For detailed information, please refer to CUB Climate and Nature Report 2023.



2.2.3.3 The 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 remaining credit lines to coal-related businesses to track current progress toward zero coal financing goals. The following details how CUB verifies strategy resilience:

Resilience Verification of Zero-Coal Financing Strategy



2.2.4 Leader in Climate Engagement Actions

As one of the systemically important banks in Taiwan, CUB fully understands the importance of climate action in enhancing the resilience of financial assets. We take on the role of a leader in sustainable finance, advocating and engaging with borrowers to highlight the importance of corporate energy-saving and carbon reduction by supporting climate action in customers. 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 SBT/RE100. For detailed information, please refer to CUB Climate and Nature Report 2023.

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▪ Key Case Study Sharing

Coalition of Movers and Shakers on Sustainable Finance

Cathay FHC participates in the establishment of the "Coalition of Movers and Shakers on Sustainable Finance" initiated by the FSC and serves as the convener of the Funds and Statistics Division. The alliance pledges to achieve goals such as low-carbon investment and climate engagement, collaborating with other financial institutions to assist regulatory authorities. The Bank supports the actions of Cathay FHC, actively promoting the development of sustainable finance and facilitating the low-carbon transition of industries.

Carbon Disclosure Project: Commercial Banks

As the first financial institution in Asia to collaborate with CDP on its Commercial Bank Project, CUB helps customers understand the importance of net zero emissions and managing environmental impacts by inviting them to complete CDP's questionnaires. We encourage businesses to take real action against the climate crisis, strengthen disclosure quality of carbon management, and support SMEs in receiving CDP scores and breaking into the global sustainable supply chain. In 2023, over 70 enterprises participated in the CDP questionnaire project, and we helped 16 enterprises receive CDP scores.

The Only Taiwanese Financial Institution Partnering with CDP for SME Corporate Questionnaire

The Bank as the exclusive banking partner in Taiwan collaborating with CDP, actively participates as an external expert consultant in the formulation of the CDP SME Corporate Questionnaire. The project aims to provide a set of frameworks, tools and resources for SMEs to set carbon reduction commitments that align with 1.5 ° C while disclosing environmental impacts. Compared with the general framework of CDP, this project is more suitable for the SMEs' organizational structure, making it easier for SMEs to disclose their carbon reduction roadmaps, environmental impact, and corporate measures and strategies.

Memorandum of Understanding with the Metal Industries R&D Center (MIRDC)

In 2023, CUB signed a memorandum of understanding (MOU) with the MIRDC, the first carbon inventory assurance institute in Taiwan. Under the MOU, CUB and MIRDC will collaborate to accelerate low-carbon transitions in industries toward net zero, supporting Taiwan's industry as they progress toward the national goal of Net Zero by 2050. Future areas of cooperation include:

- (1) Assisting industries develop carbon inventory competency and advise on decarbonization technologies through on-site visits and diagnostic consultation;
- (2) Assessing lending projects related to sustainable finance to ensure companies taking real action toward decarbonization have access to interest rates reduction to strengthen the green competitiveness of industries;
- (3) Cultivating decarbonization and carbon management professionals to build up companies' abilities for carbon inventory, strengthen net zero knowledge and skills, and build a talent pool of sustainability professionals.



The Bank's Low-Carbon Economy Team and MIRDC jointly organized the "TASS 2023 Asia Sustainable Supply + Circular Economy Expo" - Green Finance Forum. The forum agenda includes discussions on "The Impact of Global Decarbonization on Enterprises: Assessment, Response, and Green Financial Innovation Solutions" and "Carbon Inventory and Carbon Reduction Technology Applications in the Metal Industry." These sessions aim to help enterprises identify and assess the impact of global decarbonization, understand carbon inventory methodologies, share industry insights and technology applications for intelligence and low-carbonization, and leverage the power of sustainable finance to assist enterprises in low-carbon transition.

Engagement with Investee Companies

In compliance with due diligence policies, we actively engaged with investees through various means such as attending shareholder meetings, investor conference, and sending letters. Focus areas included energy conservation, environmental protection, climate change, and environmental impacts. Related actions are as follows:

- (1) CUB's investment team engages monthly with 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 interactions and engagement with investees, which will serve as reference for decisions on whether to continue investing in said investee. In addition, CUB will regularly review and offer written suggestions on investee's ESG risk ratings. CUB will also check the "Annual Corporate Governance Ratings" and other related information produced by the TWSE, TPEX, and SFI for ESG risks and opportunities in investees.

Direct Engagements on Climate Issues

Company A

1. Established Sustainability Committee: Established a sustainability committee in June 2022 and designated the board of directors as the highest executive body for ESG issues.
2. Set Emissions Reduction Targets: Set goals to reduce 35% carbon emissions by 2030 and reach carbon neutrality by 2050 with 2007 as the base year.
3. Low-carbon Energy Transition: Converted coal-fired furnaces into steam furnaces and installed solar panels to rooftops.
4. Published Sustainability Reports: Disclosed ESG information in compliance with GRI, SASB, and TCFD guidelines.

Company B

1. MSCI ESG Ratings: In 2023 Q3, received first MSCI ESG rating - BBB
2. Carbon Inventory: In 2023, conducted carbon inventory, which will be completed before the FSC's deadline
3. ESG Report: Made plans to publish an ESG report, which will likely be for 2024 due to staffing and workload factors

2.3 Environmental Sustainability

On environmental issues, CUB has formulated our "Zero-Carbon Operation Transition Plan" and dedicated to creating an agile workplace and work culture to reduce operational emissions and promote renewable energy use. In 2022, Cathay FHC became the first financial institution in Taiwan to join the RE100, further exerting the group's influence to support sustainability in real estate ecosystems by offering accessible renewable energy and working with stakeholders to strive toward a net zero economy and sustainability goals.

2.3.1 Green Energy

As around 95% of CUB's carbon emissions from business operations derive from purchased electricity, CUB is spotlighting four areas - "Increase Use of Renewable Energies," "Deploy Energy Management Systems," "Consider Carbon Pricing Mechanisms from the Operations Side," and "Install Solar Panels on Proprietary Buildings" - to promote energy transitions, reduce environmental impacts, and commit fully to RE100. Ultimately, the goal is to achieve Net Zero by 2050.

Climate Targets	Increase Use of Renewable Energies	Deploy Energy Management Systems	Consider Carbon Pricing Mechanisms from the Operations Side	Install Solar Panels on Proprietary Buildings
Important Actions	CUB actively negotiated Power Purchase Agreements (PPAs) for renewable energy and obtained Renewable Energy Certificates (RECs) through various channels. By the end of 2022, CUB had achieved 100% renewable electricity supply for our headquarters and set short-, mid-, and long-term renewable energy targets, aiming to increase usage annually. By the end of 2023, the renewable energy usage rate reached 17.8%.	The cloud-based energy management system has been rolled out to over 90% of CUB branches. Through a cloud-based EMS, we can gain insight into energy usage across different branches, improve energy use patterns, and, subsequently, control energy costs to strengthen climate resilience on the foundations of energy management. In the future, we will continue to roll out the EMS to branches but also deploy smart meters to operational sites yet incorporated into our EMS. CUB aims to extend EMS to units at headquarters to monitor their energy consumption, which can advocate for energy conservation but also help determine if old A.C. units should be replaced, thereby supporting energy conservation and decarbonization.	CUB has conducted GHG inventories since 2016 and identified Scope 2 emissions (indirect emissions from purchased electricity) as the primary source of emissions from company operations. As such, we have based our internal carbon pricing on renewable energy costs and defined the internal carbon pricing of 2023 as NT\$14,141/tCO ₂ e. In the future, we will adjust internal carbon pricing each year according to factors such as renewable energy costs and electricity emissions factors announced by MOEA. CUB's internal carbon pricing mechanism is linked to Scope 2 emissions. During the 2023 Electricity Saving Competition, we reported the cost of carbon emissions from each unit to raise employee awareness of carbon costs and incorporate carbon costs into internal management measures toward net zero. Our goal is to ensure low-carbon practices are upheld by every unit to accelerate energy transition, increase energy use efficiency, and expedite changes in internal behaviors to ensure decarbonization. In 2023, our internal carbon pricing and the Electricity Saving Competition inspired a total of 6,031 employees to participate and conserve around 541,854kWh and reduce 268tCO ₂ e. Starting from the end of 2023, we began planning a phased implementation of an "internal carbon fee" system, based on our current "internal carbon pricing" framework. The plan is to collect carbon emission fees from various units in future phases of the implementation. This approach solidifies the concept of "carbon pricing," integrating carbon costs into organization's operational expenses and linking them to the zero-carbon transition strategy to achieve net-zero carbon emissions goals.	Committed to renewable energy, CUB negotiates PPAs for renewable energy and installs solar panels on the rooftops of proprietary buildings. In 2013, CUB established Taiwan's first solar-powered branch, pioneering the banking industry. In 2018, we installed solar panels to our Ruihu Branch, turning it into the largest solar-powered branch in the Greater Taipei area. In 2023, CUB added five new solar-powered branches and expanded one, bringing the total to eight solar-powered branches with an installed capacity of 270.78kW. By the end of 2023, plans were underway to add six more solar-powered branches. The new solar-powered branches are expected to be completed by the end of 2024 and will introduced an installed capacity up to 500kW.

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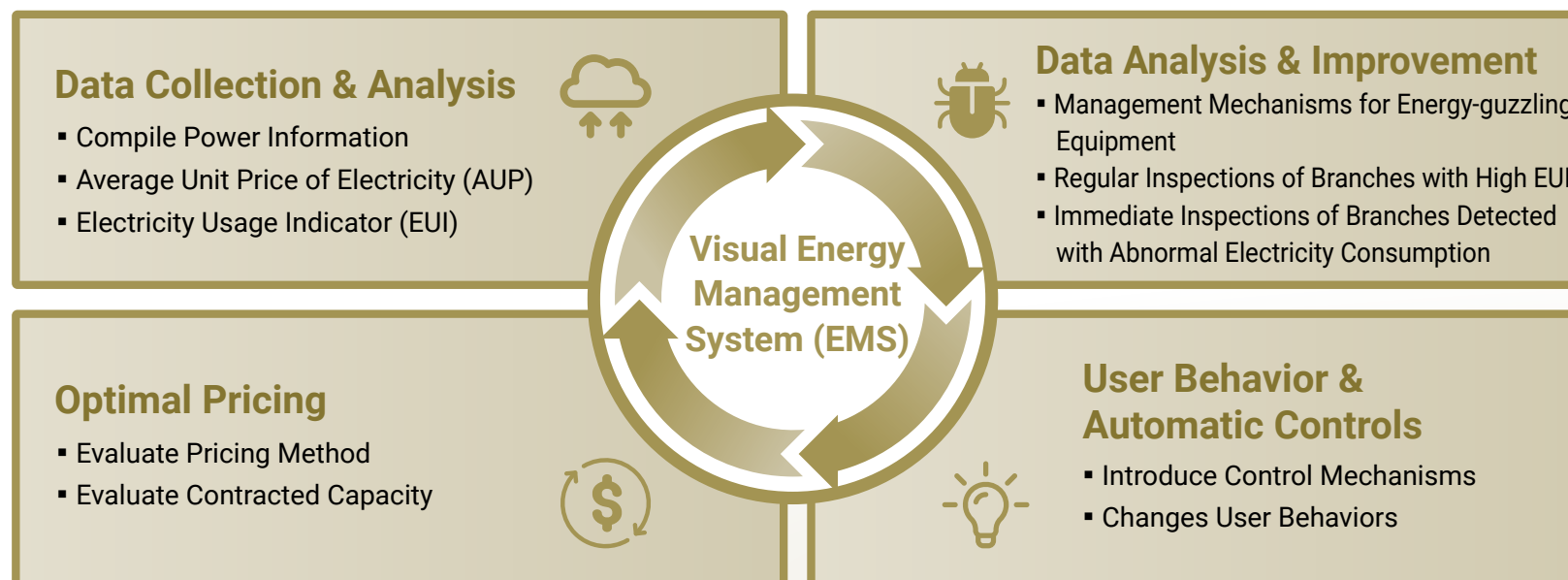
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Climate Targets	Increase Use of Renewable Energies	Deploy Energy Management Systems	Consider Carbon Pricing Mechanisms from the Operations Side	Install Solar Panels on Proprietary Buildings
Short-term Targets (2024)	>16% renewable energy usage across all CUB locations in Taiwan.	Manage 61% of total electricity consumption and strengthen energy conservation through EMS.	Deploy internal carbon pricing (ICP) mechanism.	Ramp up the installation of solar energy on CUB's proprietary buildings to reach 454% of the installed capacity compared with 2020.
Mid-term Targets (2025)	>50% renewable energy usage across all CUB locations in Taiwan and 100% renewable energy use in HQ.			Ramp up the installation of solar energy on CUB's proprietary buildings to reach 500% of the installed capacity compared with 2020.
Long-term Targets (2030/2050)	<ul style="list-style-type: none"> By 2030, achieve 100% renewable energy usage in CUB locations across Taiwan. By 2050, achieve 100% renewable energy usage in CUB locations around the world. 	By 2030, manage 62% of total electricity consumption through EMS.	Collect internal carbon fees.	By 2030, ramp up the installation of solar energy on CUB's proprietary buildings to reach 618% of the installed capacity compared with 2020.

Deploy Energy Management Systems



2.3.2 Green Operations

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Climate Targets	Decarbonize CUB Operations Domestically	Three Workplace Strategies			Water Management	Waste Reduction	Sustainable Procurement
		Digitalize Services: Carbon Labels	Mobilize Operations: Mobile Work	Share Workspaces: Workplace Transformation			
Important Actions	To achieve our carbon reduction targets and align with national net-zero policies, CUB has been committed to Science-Based Targets (SBT) since 2021. We aim to reduce Scope 1 and Scope 2 from our operations by 4.2% annually. To monitor our progress, we conduct annual GHG inventories following ISO 14064 standards. These results aim to track environmental data and are independently verified, providing crucial benchmarks for our reduction goals. As of the end of 2023, CUB has achieved a cumulative 20.0% reduction in Scope 1 and Scope 2 emissions from our 2020 baseline. For detailed inventory results, please refer to Appendix 6.1-16 Greenhouse Gas Emissions.	To adapt to changes in organizational work patterns and consumer behaviors, CUB has embraced the "Three Workplace Strategies"—Digitalize Services, Mobilize Operations & Share Workspaces—to support green operations and create a low-carbon, agile, shared, and circular workplace. Details of the strategies are as follows:			Climate change has indirectly altered water cycles and rainfall patterns, making water resources a significant global issue. As such, CUB seeks to conserve water resources within our operational scope. To achieve these goals, we have implemented the following measures:	The financial services sector produces only domestic waste and general recyclables and does not produce toxic waste. CUB regularly reviews waste spreadsheets for more insight into the collection of waste-related data and makes necessary recycling changes as soon as possible. We also use EDM to remind and communicate with employees, raising awareness and encouraging action for waste and plastic reduction to generate positive environmental impacts.	CUB issued Sustainability Procurement Guidance, providing specific green procurement requirements and recommendations. We actively promote green procurement and encourage suppliers to align with sustainable development goals, prioritizing energy-efficient servers and computer equipment, green building materials, energy-saving and water-saving equipment, and eco-friendly office supplies. In 2023, our total green procurement expenditure amounted to NT\$192.57M, with 94.24% sourced locally. We were also recognized as an outstanding green buyer by the MOENV.
		(1) Digitalize Services: With digital transition at the core, CUB is adopting digital processes and leveraging digital technologies to optimize user experiences with products. We have also obtained ISO 14067: Carbon Footprint of Products and the MOENV's Carbon Label and Carbon Reduction Label for main financial products and services. We are using Life Cycle Assessment (LCA) to calculate and manage GHG emissions produced by products and services, including upstream green procurement and low-carbon products and service processes in the midstream and downstream. In a show of resolve to reduce carbon emissions, CUB commits to completing carbon footprint verification for major financial products and services by 2030.	(2) Mobilize Operations: To create a more convenient and agile workflow, CUB introduced VDI OA in 2023, bringing information into the cloud as we distributed more laptops to roll out remote work and offer more convenience.	(3) Share Workspaces: CUB is transforming workplaces and evaluating spatial modules and designs based on the nature of different functions to develop a new shared office space and ensure a great employee experience, remote working capabilities, energy conservation, and efficient and flexible use of office space.			

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Climate Targets	Decarbonize CUB Operations Domestically	Three Workplace Strategies			Water Management	Waste Reduction	Sustainable Procurement
		Digitalize Services: Carbon Labels	Mobilize Operations: Mobile Work	Share Workspaces: Workplace Transformation			
Short-term Targets (2024)	Cumulatively reduce Scope 1 and Scope 2 GHG emissions from CUB operations by 16.8% compared with 2020	Reduce product carbon footprint by digitalizing services & commit to carbon footprint verification for 66% of primary products in 2024	Start VDI OA system deployment between Q3-Q4	Complete four workplaces transformation compared with 2020	18.7 cubic meters per capita water consumption	32kg per capita waste	Total Green Procurement: NT\$150M
Mid-term Targets (2025)	Cumulatively reduce Scope 1 and Scope 2 GHG emissions from CUB operations by 21% compared with 2020	Reduce product carbon footprint by digitalizing services & commit to carbon footprint verification for 66% of primary products in 2025	Achieve 20% installation of VDI OA system	Complete five workplaces transformation compared with 2020	18.5 cubic meters per capita water consumption	31.6kg per capita waste	Total Green Procurement: NT\$151M
Long-term Targets (2030)	Cumulatively reduce Scope 1 and Scope 2 GHG emissions from CUB operations by 42% compared with 2020	Reduce product carbon footprint by digitalizing services & commit to carbon footprint verification for 100% of primary products in 2030	-	-	18 cubic meters per capita water consumption	27.7kg per capita waste	Total Green Procurement: NT\$156M



2.3.3 Green Real Estate

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Climate Targets	Green Retrofit	Low-Carbon Architecture	Green Landlord
Important Actions	In 2019, CUB started to green retrofit branches and has since increased our use of green building materials to over 60% of total surface areas, transforming buildings to produce lower carbon emissions. We committed to ensuring all green retrofitted branches are 100% compliant with eco-friendly guidelines. As of the end of 2023, we have spent a cumulative total of NT\$1.45B for green retrofitting 24.8% or 41 CUB branches, meeting our targets for the year.	New CUB buildings comply with low-carbon, environmental protection, and energy conservation guidelines. For example, evaluating building exterior/location, enhancing greenery coverage, and adopting equipment with energy and water saving labels as well as assessing rainwater recycling systems and PV systems for new real estate development projects. The goal is to reduce the consumption of traditional energy by generating energy onsite for self-use.	CUB mapped out the green landlord system to outline how landlords can wheel in and distribute renewable energy to building tenants. The program is an effective solution to the renewable energy dilemma that previously prevented tenants under the same electricity account from accessing renewable energies. Under the program, tenants can access renewable energies without entering into multi-party agreements with electricity suppliers, Taipower, and landlords, thereby increasing the accessibility of renewable energy to tenants. In 2024, we will survey tenants' willingness to use renewable energy. In 2025, we will launch the "Green Real Estate Rental Program" to wheel green energy to willing tenants.
Short-term Targets (2024)	Ensure all green retrofitted branches in 2024 comply 100% with eco-friendly guidelines and 25% CUB branches have been green retrofitted	-	Develop the green landlord system and survey tenants on willingness to use renewable energy
Mid-term Targets (2025)	Ensure all green retrofitted branches in 2025 comply 100% with eco-friendly guidelines and 30% CUB branches have been green retrofitted	-	Wheel green energy to willing tenants from the 2024 survey
Long-term Targets (2030)	Ensure all green retrofitted branches in 2025 comply 100% with eco-friendly guidelines and 45% CUB branches have been green retrofitted	-	

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3.1 Physical and Mental Health

Health is the most important asset, and it is also regarded as the foundation of our societal development. It encompasses not only physical well-being and strength but also psychological, social, and economic health. Nowadays, people face multiple challenges including occupational safety, health risks, and financial security. CUB, as a major domestic financial institution, meticulously manages workplace safety and fully supports the physical and mental health of our employees, standing as their strongest support. Simultaneously, we aim to expand our health promotion efforts beyond ourselves to have a broader impact on society, providing the most reliable and convenient digital financial solutions to help the public accumulate wealth and achieve a happy and healthy life, demonstrating our leadership influence in the industry.

3.2 Financial Health

Health Strategy

3.1 Physical and Mental Health

According to the "Healthy Workplaces: a Model for Action" released by the World Health Organization (WHO), workplace health should encompass four main aspects: "Physical Work Environment," "Psychosocial Work Environment," "Personal Health Resources," and "Enterprise Community Involvement". The Bank adheres to the "Occupational Safety and Health Policy" and conducts various health promotion activities to advocate for comprehensive health, aiming to establish a healthy workplace. Furthermore, we offer group insurance for our employees and their families and work closely with our contractors to guarantee workplace thereby enhancing enterprise community involvement and promoting overall societal health.

3.1.1 Health Work Environment Management System and Governance Structure

A healthy workplace is not just a slogan. CUB actively integrates internal and external resources, and effective management systems and governance are crucial for enhancing workplace health. The Bank establishes a top-down connection through the Cathay FHC Sustainable Development Committee, senior management, and employees to regularly communicate and improve the management system. This ensures the effectiveness of measures to create a safer, healthier work environment and increase the overall welfare and productivity of employees.

3.1.1.1 Health Management Policies

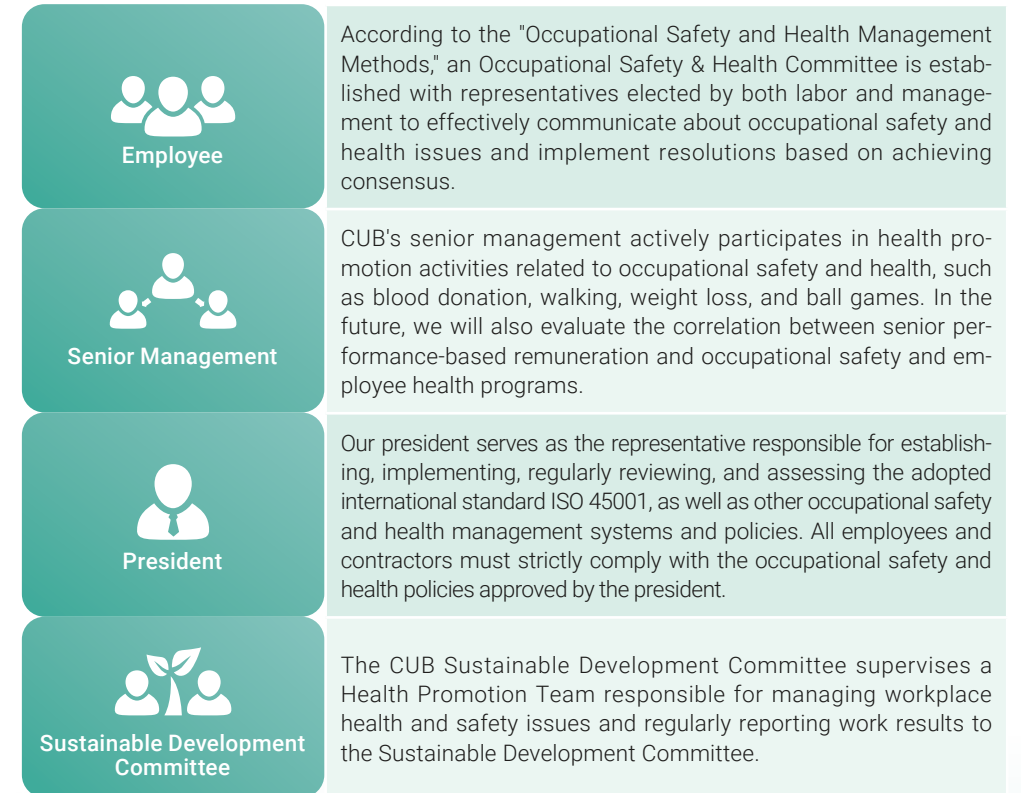
Based on the Occupational Safety and Health Policy, the "Safety and Health Work Guidelines," the "Occupational Safety and Health Management Program," and the "Occupational Safety and Health Management Guidelines," CUB strictly adheres to relevant laws and regulations. The Bank has introduced and completed third-party independent verification of the international standard ISO 45001 Occupational Health and Safety Management System. During group liaison meetings, the Bank routinely assesses the progress of health and safety strategies and associated programs, establishes risk management mechanisms, defines relevant objectives and action plans, and enhances employees' awareness and skills in occupational health and safety.

The aforementioned Occupational Health and Safety Management System applies to all workers. In the case of non-employee workers, we require contractors to collaborate by adhering to the Occupational Health and Safety Policy and the "Management Guidelines for Contractor Safety and Health" to create a secure work environment, aiming to achieve "zero disasters, zero accidents."

3.1.1.2 Governance Structure

To integrate safety and health awareness into the governance structure and daily operations, CUB conducts Occupational Health and Safety Committees to effectively communicate occupational safety and health issues with employees. The President, serving as the representative, implements the Occupational Health and Safety Management System and regularly reports our occupational safety and health status to the Occupational Health and Safety Committee. Through various communication channels, we engage with all staff to ensure a healthy and safe workplace.

Occupational Safety and Health and Employee Health Goals Governance Structure



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3.1.1.3 Risk Assessment and Emergency Response Plan

CUB regularly assesses occupational safety and health hazard factors and risks to plan for preventive measures and emergency response plans. It manages risks related to occupational safety and health to protect employees' physical and mental health and prevent occupational hazards, thereby creating a safe work environment.

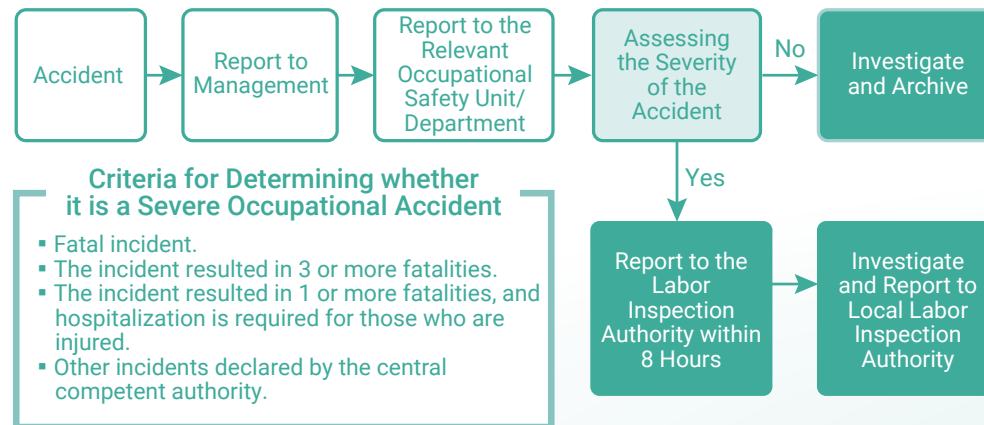
The emergency response plan outlines comprehensive incident reporting procedures for various disaster scenarios. CUB conducts annual on-site disaster drills based on the emergency response plan, which include fire, typhoon, robbery, and explosion drills. These drills aim to improve colleagues' readiness to handle potential accidents or emergencies and reduce disaster-related losses.

3.1.1.4 Accident Investigation Mechanism

CUB demonstrates concern for its employees through its occupational safety unit, providing necessary assistance. In the event of an occupational accident, the occupational safety supervisor collects the medical requirements of injured employees, informs relevant departments, and offers support. In cases of significant occupational accidents, the law mandates reporting to the labor inspection authority within 8 hours for investigation. If an employee undergoes surgery or experiences permanent disability to such an accident, medical professionals will evaluate their ability to resume their current role, with nurses providing ongoing support until a smooth return to work is possible. Even for minor incidents, CUB adheres to internal protocols for thorough investigation, documentation, statistical analysis, and quarterly reporting to the Occupational Safety & Health Committee.

The absence of any employee deaths due to occupational accidents in the past three years reflects the successful implementation of occupational health and safety policies at CUB. For detailed occupational accident statistics, please refer to Appendix Table 6.1-9.

Investigation Procedure for Occupational Safety and Health Incidents



3.1.2 Occupational Safety and Health Education Training and Management Measures

CUB provides comprehensive safety and health education training for employees to enhance their awareness of potential risks. The Bank also ensures that it is equipped with sufficient medical supplies and first aid personnel for rapid response to emergencies. Additionally, regular internal checks of the workplace are conducted to identify and resolve any safety hazards. Through education training and management measures, CUB reduces the risk of operational losses and strengthens compliance with regulations. This demonstrates the Bank's commitment to brand responsibility for safety, health, and sustainability, as well as its dedication to "ensuring perfect working conditions, health, welfare, and practicing equality," aligning with the United Nations' Sustainable Development Goals.

3.1.2.1 Occupational Safety and Health Training

To increase colleagues' awareness of accident prevention, we conduct regular safety and health training for employees. A total of 24,910 hours were devoted to employee safety and health training. In addition, we introduced the "Zero Accident Reward Project" to focus on teams and promote unit-level advocacy and team cooperation in implementing various prevention measures. In 2023, 183 units successfully maintained zero accidents, representing 84% of the Bank.

Employee Education Training (Occupational Safety and Health Training)

Education Programs	Participants		
	2021	2022	2023
New Employee Occupational Safety and Health Training	646	2,168	2,122
Annual Occupational Safety and Health Training	10,224	10,407	10,694
Occupational Safety and Health Business Manager Training	449	44	404
Fire Management Personnel Training	24	37	383
First Aid Personnel Training	21	456	52

Last year, 77% of work-related injuries were caused by traffic accidents while commuting, mainly motorcycle accidents. To improve this situation, we are promoting the "Motorcycle Self-Maintenance Inspection Reward Project" to encourage colleagues who ride motorcycles to regularly maintain their motorcycles to keep them in optimal operating condition, prevent disasters due to poor motorcycle condition, and raise awareness of driving safety. In 2023, 996 people participated in the Motorcycle Self-Maintenance Inspection Reward Project, with rewards including a 50,000-dollar subsidy for the purchase of an electric motorcycle and a 1,000-dollar Family Mart gift card.

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3.1.2.2 First Aid Training and Medical Supplies

In addition to raising safety awareness among all colleagues, CUB has established professionally trained first aiders in the workplace and equipped them with sufficient first aid kits and an Automated External Defibrillator (AED) for use. It has also enhanced first aid training, with a total of 860 hours of training for first aid personnel in 2023. Each first aid kit is managed by a designated workplace first aid officer or employee and is placed in public areas with clear labels. The contents of the first aid kits primarily include medical supplies for the most common types of employee injuries and are checked twice a year in May and November. If the expiration date is less than six months, supplies are updated in advance. In 2023, 192 units in branches and headquarters were equipped with first aid kits. To familiarize colleagues with the proper use of AEDs, CUB regularly organizes training sessions and encourages full participation. The head office conducts training every two years, and branches conduct AED training annually. We currently have 219 AEDs, with plans to purchase an additional 7 AEDs in 2024, and designate staff to conduct inspections and maintenance every six months.

3.1.2.3 Internal Inspection of the Workplace

CUB has established six health rooms to provide rest and treatment for injured colleagues. It also regularly monitors the daily working environment of the workplace, including lighting levels, carbon dioxide concentrations and water quality of drinking fountains, to reduce the burden of eye fatigue, prevent loss of concentration due to poor air circulation and prevent water-related diseases, thus safeguarding employees' health and improving work efficiency.

In accordance with the Occupational Safety and Health Act, the Taipei City Labor Inspection Office's "Self-Management Promotion Plan" and CUB's "Management Guidelines for Contractor Safety and Health," our occupational safety and health managers urge office workplaces and contractors to conduct regular internal inspections. In 2023, no major deficiencies were found during internal inspections.

3.1.3 Physical and Mental Health Assessment Process and Implementation Results

We provide a supportive and compassionate workplace by conducting physical health screenings and offering a variety of mental health programs for employees in today's fast-paced work environment. We offer health consultations by professional physicians and invite experts to address related topics and answer health questions, while encouraging our employees to exercise through company sponsored events.

Externally, we invite the community and neighboring companies to participate in blood donation and flu vaccination activities, extending CUB's healthy and energetic influence to the general public. In 2023, we again received certifications as a healthy workplace and sports company.

3.1.3.1 Physical Health Assessment Process

In accordance with Cathay FHC's policy, we conduct regular health checks for staff. In 2023, the completion rate of health checks for new employees was 100%, and the general employee health check rate was 90%. According to the "Cathay United Commercial Bank Employee Health Check

Follow-Up Management Guidelines", we conduct graded health management based on the results of various statutory inspection items for employees. Nurses follow up with high-risk groups based on individual needs and willingness to refer to resident physicians, and coordinate with case managers for necessary work adjustments.

3.1.3.2 Mental Health Plan

Besides conducting annual psychological surveys to ensure there are no major mental health risk factors, we help employees achieve work-life balance through Cathay FHC's Employee Assistance Program (EAP). All colleagues can make appointments for services at any time. When facing difficulties or feeling stressed, a team of professional counselors, including counseling psychologists, clinical psychologists, social workers, practicing lawyers, financial advisors, nutritionists and management consultants, provide one-on-one professional services to promote employees' mental health and improve the quality of work. According to the provider's satisfaction survey of employees who use the counseling service, nearly 90% of employees expressed a high level of satisfaction with the EAP service.

Service Area	Psychological Consultation, Legal Consultation, Financial Consultation, Management Consultation, Health Consultation
Service Channels	24-hour toll-free 0800 number and email reservation service, telephone or face-to-face consultation service
Service Platform	Free online mental and physical assessment tools (Emotional Quotient, Overwork Scale, Simple Work Stress Scale)
Service Locations	Cooperation with psychological counseling locations throughout Taiwan to provide face-to-face consultation services

3.1.3.3 Health Consultations and Seminars



Better than the requirements of the "Regulations of the Labor Health Protection", we employ three family doctors from Cathay General Hospital to provide on-site services at the headquarters building, information building, Jianguo building and Guangfu building monthly. In 2023, the resident doctors provided on-site services in 148 sessions, with a total of 392 employees receiving this service. As our service locations are distributed both domestically and internationally, in addition to the nurse-assessed referral appointments, we provide all colleagues with online resident physician appointments every month, which are available in physical, telephone, and video formats for health consultations.

Based on colleagues' health check results, we assess the top three health issues and the most severely affected areas according to the musculoskeletal questionnaire results and organize health seminar topics for the current year. In 2023, we held six physical health seminars with a total of 364 participants, achieving an overall satisfaction rate of 96.8%. In addition, based on the previous year's higher EAP counseling topics and issues that may affect mental health, such as stress relief and sleep, we held four mental health seminars in 2023 to help colleagues find inner balance. These seminars had a total of 277 participants and an overall satisfaction rate of 97.8%.





3.1.3.4 Promoting Employee, Family, and Community Health

CUB recognizes that health is the foundation of both business and society. Therefore, we are committed to organizing various activities to promote the health and well-being of employees, families and the community. Every year, we invest substantial resources in a series of health promotion programs, including stress relief craft classes, parent-child interactive activities and blood donation. The Group also organizes weight-loss and walking activities, which not only raise employees' health awareness, but also strengthen family and community cohesion, working together to build a healthier, more harmonious society. For detailed activity results and company contributions, please refer to Table 6.1-10 in the Appendix.

Employee Health Promotion Activities

Activity	Content and 2023 Outcomes
 Weight-Loss Contest	In response to the Cathay FHC Weight-Loss Contest, we held two fitness activities and 36 online courses on nutrition and exercise to help our employees manage their body condition. A total of 2,327 employees participated in 2023, and 1,883 employees completed the contest, with a total of 6,876.2 kg lost since the program was launched.
 Brisk Walking	In response to Cathay Life's "Every Step Counts", we held the "Cathay Walk Together, Health Let's Go!" event to encourage colleagues to exercise through a walking activity with an added reward system. In 2023, the total number of participants reached 2,714, nearly doubling the participation rate since the event's inception.
 Sports Activities	To promote the physical health of employees, the Bank regularly organizes sports activities, such as the annual table tennis challenge and road races. Through various incentive mechanisms, colleagues are encouraged to exercise and maintain their physical well-being. In 2023, nearly 800 people participated in the Table Tennis Challenge, while the Cathay Run attracted more than 3,000 registrations.
 Stress Relief	Based on feedback from colleagues' questionnaires, we held four workshops on perennial flower arrangement and home baking. We hope that colleagues can effectively relieve stress in their spare time through these hands-on courses. Due to the enthusiastic response to the event, we prioritized high-risk colleagues based on the analysis of the abnormal workload questionnaire known as the overwork questionnaire, which we usually use to monitor their physical and mental health. In 2023, a total of 171 people attended the workshops, and all participants reported 100% satisfaction.

Family and Community Health Promotion Activities

Activity	Content and 2023 Outcomes
 Parent-Child Activities	The Bank annually conducts series of parent-child activities from August to October. The theme of this year's program is "Increasing Warmth Between People," including series of environmental courses. In the year 2023, a total of 12 events were held, with 369 participants and an aggregate satisfaction rate of 96.4%.
 Family Group Insurance	Beyond the regulatory requirements, the Bank provides group insurance for employees and their dependents. Furthermore, employees are eligible for cancer insurance, which alleviates the financial burden for those unfortunate staff members undergoing treatment for cancer.
 Blood Donation Activities	Donating blood has the dual benefit of promoting blood circulation and metabolism, while also conferring a positive impact on the health of our colleagues. Most importantly, it can help save lives. The annual blood donation drive will continue this year with the theme "Your Good Blood, Our Blood Drive." We extended an invitation to all employees, customers, and the general public to participate in the event with enthusiasm. The event was conducted at seven locations across the northern, central, and southern regions. The overall satisfaction rating was 99.4%, with a total of 1,068 participants and 1,494 bags of blood collected. To encourage participation, employees who joined the event were eligible for prizes, including Marshall Acton III Bluetooth speakers and SOGO vouchers, through a lucky draw.
 Combating the Flu Epidemic	The influenza vaccine not only prevents severe illness and death but also contributes to the establishment of herd immunity. In response to the influenza season, the Bank organizes an annual vaccination drive for employees and neighboring companies' staff, offering them publicly funded influenza vaccinations. We encourage our colleagues to prioritize health and preventive care. This year, the initiative was entitled "Injecting Happiness," and it was carried out in collaboration with Taipei City Hospital Renai Branch, which was matched by the Xinyi District Health Center. The objective was to administer flu vaccines at three locations.

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3.2 Financial Health

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According to the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), financial health includes four elements: daily income and expenditure, financial planning, financial risk resistance and financial confidence. Through offering a diverse range of financial products and services, CUB aligns with the four elements of financial health and practices the value of financial inclusion. We promote anti-fraud awareness to help customers mitigate the impact of fraudulent activities. We promote digital transformation and innovate products to provide customers with convenient financial planning tools, assisting them in effectively managing their finances. We strengthen financial inclusiveness to enhance the resilience of diverse groups such as first-time homebuyers, middle-aged individuals starting families, or social enterprises against financial risks. We provide financial education to enhance the financial confidence of the public, supporting them in creating a confident and fulfilling life. Through these services, CUB hopes to enhance the financial health of our customers and build a solid foundation for a secure society.

3.2.1 Anti-Fraud Guard Network

As a D-SIBs, we shoulder the responsibility of building an anti-fraud guard network and protects daily life through comprehensive anti-fraud strategies and technologies such as online monitoring of new criminal activities, management of cash flow, improvement of information security, and integration of offline customer services. Our aim is to safeguard the security of daily financial transactions. Furthermore, we proactively enhance public awareness of fraud, reinforcing the first line of defense against fraudulent activities.

3.2.1.1 Anti-fraud Management Policy and Effectiveness

Under the leadership of the President, CUB has established a cross-departmental Anti-Fraud Taskforce, bringing together expertise from various departments to create a comprehensive anti-fraud governance structure. This Taskforce regularly reports its achievements to the Anti-Money Laundering and Combating the Financing of Terrorism Committee and the Treating Customers Fairly Committee, evaluates the effectiveness of anti-fraud measures, and continuously refines anti-fraud strategies.

To enhance our anti-fraud capabilities, CUB's Anti-Fraud Taskforce has formulated comprehensive anti-fraud strategies and management objectives. These include joining the "AI Intelligent Anti-fraud Alliance" and collaborating with Cathay FHC, the Ministry of Justice Investigation Bureau, and the Criminal Investigation Bureau to share fraud intelligence, and expand the reach of anti-fraud education and awareness initiatives. We've strengthened credit card transaction monitoring mechanisms and implemented measures such as linking credit cards to mobile devices for contactless payments (hereinafter referred to as International Pay), reducing fraud and unauthorized transaction risks. Through "Fraud Recognition and Prevention Workshops," training courses have been conducted to enhance the professional competence and anti-fraud awareness of employees in all 165 branches nationwide, particularly in handling abnormal situations at the counter. Each branch has designated "Fraud Prevention Seeds" and established an internal notification group called the "C_Team Anti-Fraud Vanguard," where these seeds can report on cases of attempted fraud or fraudulent activities intercepted at the counter. This facilitates simultaneous awareness among branches regarding interception situations and handling methods, reduces communication barriers, promotes mutual learning, and strengthens collaborative capabilities of the branches.

In addition, the Bank serves as the trial bank for the "Designated Account Reporting Platform," collaborating with the FSC and other financial industry peers to strengthen our anti-fraud defenses. We also work closely with institutions such as the Criminal Investigation Bureau, the 165 Anti-Fraud Center, and the Ministry of Justice Investigation Bureau to swiftly report and address fraudulent activities conducted through spoofed websites. Beyond focusing on immediate actionable measures, we plan to leverage the advantages of banking technology and data analysis to enhance the efficiency of automated fraud detection and response. Moreover, we aim to integrate internal and external resources to develop a comprehensive anti-fraud mechanism for the financial market, demonstrating our commitment to fulfilling our core financial functions and social responsibilities by safeguarding the assets of the public.

In 2023, CUB achieved the remarkable feat of topping the industry in thwarting fraudulent activities, successfully preventing a total amount of fraud that placed us at the forefront. This year, our efforts led to the effective takedown of 31 counterfeit websites and apps, the interception of 798 million worth of abnormal credit card transactions, the blocking of 2,305 instances of suspicious credit card bindings, and the prevention of 1,811 fraud cases. The total amount of prevented fraud reached 1.28 billion dollars. Additionally, our anti-fraud education and advocacy efforts garnered over 80 million exposures, significantly contributing to safeguarding customers from financial losses, exerting a positive influence, enhancing community awareness, showcasing our firm commitment to financial security, and solidifying our leadership position in the field of anti-fraud initiatives.



Establishing a cross-departmental Anti-Fraud Taskforce and conducting fraud recognition and prevention workshops nationwide to actively safeguard the financial security of the public

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3.2.1.2 Anti-Fraud Strategy

Faced with the rapid changes in financial fraud techniques, CUB actively adopts technological anti-fraud strategies, using cross-platform and cross-field data analysis to improve the automation and response speed of risk control, detect abnormal transaction activity combinations, and block suspicious transactions from occurring. This year, the Bank upgraded the Cathay Shield risk detection platform, developed risk control and management themed modules and combined them with advanced detection algorithms to improve the accuracy of monitoring abnormal cash flows. In addition, through the internal emergency response team, we collaborate with domestic security experts to jointly formulate specific executable practices and continuously adjust them on a rolling basis to respond to new types of digital fraud attacks. CUB uses technology to optimize both preventive measures and reactive responses to fraud, ensuring the safety of our customers' assets and fulfilling our role as a trusted guardian of financial security.

Assistance from technology is just one aspect of fraud prevention; human monitoring and anti-fraud awareness are equally crucial. Therefore, CUB requires all staff members to undergo "Fraud Recognition and Prevention Education," which includes conducting pattern analysis of suspicious accounts and discussing scenarios of fraudulent techniques during monthly branch operational meetings, offering key reminders. We organize "Fraud Recognition and Prevention Workshops" for operational supervisors to delve deeper into fraud identification and handling through scenario-based exercises. Manuals such as "Service Desk High-Risk Transaction KYC Communication Handbook" and "High-Risk Transaction Counter Communication Skills" are compiled to provide various practical questioning techniques. Weekly fraud prevention reports are issued to disseminate the latest fraud information from the Criminal Investigation Bureau and share exemplary cases of fraud prevention.

To prevent customers from falling victim to fraud or making decisions detrimental to their own interests, CUB specifies in its "Deposit and Remittance Operations Principle" the requirement for enhanced questioning of customers and internally establishes relevant audit items to remind staff of the focus areas, reviewing implementation status. For failed fraud interception cases at the counter, analysis and review are conducted, and explanations and reminders are provided during monthly branch operational meetings, strengthening the depth of customer questioning through inter-bank case analysis and feedback to reduce the opportunities of customers being deceived.

To enhance care for elderly customers, the Bank has added new questionnaire items related to "designated accounts," requiring colleagues to provide enhanced questioning for customers aged 65 and above when applying for designated accounts. Additionally, a system reminder has been

Fraud Prevention Performances	2022	2023
Number of Fraud Cases Blocked	880	1,811
Amount of Fraud Blocked (100 million)	4.72	12.83
Number of Employees Praised by Police Agencies	2,051	3,074

established so that when customers aged 65 and above apply for digital deposit accounts, the account opening review system prompts for enhanced communication. We regularly proactively provide account statements and phone calls to elderly customers on the high-priority list, confirming that they have received their account statements and understand the contents. The implementation of these educational training programs, enhanced care mechanisms, and systematic anti-fraud processes ensures that every employee in the branch operations department is equipped with professional knowledge in identifying fraud, understanding Know Your Customer (KYC) practices, and counter transaction care questioning techniques. This has led to a significant increase in successful fraud interception cases, serving as the first line of defense in safeguarding the financial assets of the public. CUB's anti-fraud achievements in 2023 have received commendation from law enforcement agencies, with 3,074 colleagues praised by law enforcement agencies. Furthermore, the Bank has been honored as the "Bank with the Highest Total Number of Group Fraud Interceptions" and the "Individual with the Highest Total Number of Fraud Interceptions" in Taoyuan City.

Using Technology to Prevent and Detect Fraud

Precautions Beforehand	
Detecting Fake Websites and Shutting Down Removal Operations	By purchasing the internationally renowned counterfeit and fraudulent website detection and removal service (RSA FraudAction Service), automated technology can be used to search for similar domain names, trademarks or website content. Once counterfeiting is discovered, the removal process will be immediately initiated, effectively stopping fraudulent activities from happening.
Collect Information on The Dark Web	By gathering intelligence from the dark web, we can promptly identify and address potential leaks of customer information (such as credit card numbers or account information) and take corresponding measures to protect customers from further losses.
Email Digital Signature Authentication	To enhance email security, CUB has introduced digital signature authentication to verify the authenticity of email sources for recipients. This measure strengthens defenses against social engineering fraud techniques (such as ransomware or phishing emails), and further educate customers on recognizing digital signatures through transaction notifications and electronic direct mail (EDM).
Strengthen The Identity Verification Mechanism of "International Pay"	In response to the risk of mobile payment theft or counterfeiting, we have actively responded to fake webpages or phishing SMS frauds that have been common in recent years and strengthened the "International Pay" card binding identity verification mechanism by comparing the "Phone number associated with the card binding device" and "Phone number registered at time of card application" consistency, strengthen the identity verification process, and instantly remind cardholders to stay alert.
Responses Afterwards	
Comprehensive Upgrade of The Risk Detection Platform "Cathay Shield 2.0"	CUB has actively upgraded the Cathay Shield risk detection platform this year. By integrating cross-scenario behavioral information, monitoring abnormal cash flows and credit card transactions, it has developed risk control themed modules and combined them with advanced detection algorithms to improve precision and efficiency of the real-time joint defense mechanism.
Establish an Emergency Response Team	A cross-departmental emergency response team was established to cooperate with domestic information security experts to share fraud techniques and prevention strategies and provide professional emergency response support, aiming to minimize customer losses.



Establishing a comprehensive anti-fraud service network across all 165 branches and customer service centers throughout Taiwan, enhancing frontline staff's professional training and recognition abilities for counter inquiries and care.

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3.2.1.3 Strengthen Anti-fraud Awareness

Financial institutions take the responsibility for the important mission of maintaining social financial order. In order to arouse the public's awareness of fraud prevention and improve the public's ability to detect fraud, CUB has cooperated with more than 20 police/ government units, banks, information technology industries, retail industries, e-commerce and Internet companies to launch the slogan "# Speak Up, Stop More People from Being Scammed", which promotes Taiwan's first large-scale anti-fraud initiative between the government and private organizations. In addition, we organized the first "Anti-Fraud Immersive Experience Exhibition" at the Huashan 1914 Creative Park, showcasing scenarios of "technology fraud," "telephone fraud," "investment fraud," and "shopping fraud" to expose new types of fraudulent techniques. Visitors could test their ability to decipher fraud in the interactive area of the exhibition, learn about the technology behind fraud groups' facial transformations, and experience phone scams from a third-party perspective. The event, conducted both online and offline, featured a "Fraud Prevention Advocacy Photobooth" where attendees could leave their images and upload them to their social media platforms, encouraging people to share their experiences with fraud through various channels. By using their own stories as warn-

ings, we aimed to prevent more people from falling victim to scams. The four-day exhibition attracted over 2,000 participants, and garnered over 2,000 social media posts tagged with "#Speak Up." This novel and tangible experiential learning approach received widespread social recognition, effectively increasing public awareness of various new forms of fraud.





First Large-Scale Anti-Fraud Advocacy and Experience Exhibition in Taiwan advocates through immersive exhibitions, videos, and other creative ways, aiming to establish public awareness of anti-fraud through all channels.

The Bank also actively participates in the "Anti-Fraud Advocacy Campaign Across 368 Townships by Financial Institutions" organized by the Bankers Association. We integrate anti-fraud teaching content into local festivals and daily activities to enhance interaction with community residents. Through small-group communication and advocacy opportunities, CUB organized 16 events in 2023, connecting with 560 residents to build stronger bonds and consensus, fostering a safe community with heightened awareness of fraud prevention.

To continuously enhance customers' anti-fraud capabilities and extend the influence of anti-fraud advocacy, CUB regularly disseminates anti-fraud knowledge to customers through various channels such as email notifications (EDM), app push notifications, and LINE messages. Combining practical transaction activities, we send fraud prevention knowledge to users to establish anti-fraud awareness. In 2023, the number of EDMs and push notifications sent reached 44.99 million.

EDM and App Promotion Performance in 2023

Theme	Content	Number of Messages Sent (10 thousand)
 Anti-Fraud Knowledge Promotion EDM	Extensively publicize fraud prevention knowledge, including awareness of scams involving fake online shopping customer service, calls from impersonated banks or government agencies, live broadcast fraud and other fraud techniques. Aiming to strengthen customers' ability to recognize fraud and protect themselves.	3,268
 Anti-Fraud Service Promotion EDM and App Promotion	For the promotion of App's anti-fraud functions, including two-step verification function, enhanced security settings, reminders of common fraud cases encountered in actual transactions, and safety and health checks, users are reminded to make good use of App functions to protect personal information.	1,231

Furthermore, the Bank reaches out to more people through new media such as YouTube, Podcasts and online articles. CUB cooperated with Youtuber "HOOK" who has over one million followers, to produce an anti-fraud awareness video. Through HOOK's on-site interaction with branch staff, combining with interviews between the Bank's Anti-Fraud Taskforce and officers from the Criminal Investigation Bureau, it reminds the public of the latest Fraud techniques and fraud prevention knowledge. The video has reached 1.14 million views, significantly enhancing public awareness of fraud prevention. We also cooperated with Global Views Monthly to broadcast the "Investment and Financial Management" series of Podcasts, and published an online article "Early Trust to Establish Property Security Protective Net, Avoid Fraud Risks and Rely on Your Own Peace of Mind", which attracted more than 20,000 Podcast downloads and more than 10,000 online article views. In the future, we will continue to hold more anti-fraud activities, and actively maintain publicity channels to consolidate the anti-fraud defense line.

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3.2.2 Digital Transformation and Innovation

CUB prioritizes customer-centric values and remains dedicated to providing innovative financial services that are flexible, autonomous, and digitally empowered. Through digital transformation, data analysis, technological applications, and cross-departmental collaboration, we strive to develop more advanced, convenient, and customer-oriented financial services and products. Our overarching goal is to evolve into a "technology company offering financial services," which underscores not only technological innovation but also emphasizes delivering exceptional user experiences for our customers. We firmly believe that integrating digital technology with financial services enables us to better cater to customer needs and offer them more convenient, efficient, and satisfactory financial experiences.

In recent years, driven by the inexorable trend of digital finance, CUB has embraced the brand ethos of the new CUBE, "Making Financial Life Safer and Simpler with Technology." Addressing the everyday needs of the public and starting from customer demands and scenarios, we have developed autonomous and flexible financial products. We have introduced innovative financial products such as "Instant Protection," "iSmart Variable Life Insurance," and "Flexible Loan Principal and Interest Payment," providing customers with a richer and more autonomous financial experience. In 2023, we were honored with awards such as "Best Digital Smart System" at the Wealth Management Award by Wealth Magazine and "FINTECH INNOVATION AND ESG INTEGRATION" by The Asset.

By the end of 2023, CUB had launched a diverse range of innovative products including the CUBE App, CUBE Online Banking, and Financial Service Stations, acquiring 13 invention patents. These initiatives aim to provide personalized digital financial experiences for customers of all backgrounds, empowering them to achieve their individual financial goals and take control of their future.

Digital Transformation and Innovation Management Approach

 Management Policies and Commitments	<p>CUB's digital banking services prioritize "customer experience" as the core focus. It actively participates in financial innovation policies and Fintech development, continuously playing an active role. In addition to consistently introducing diverse innovative digital services and products, it also collaborates with internal and external partners to develop various scenario-based services. This aims to create the best online and offline experiences while committing to enhancing digital security, making digital channels an indispensable part of customers' lives.</p>
 Corresponding to SDGs	
 Specific Performance	<p>CUB has launched a variety of innovative products such as the CUBE App, CUBE Online Banking, and Financial Service Stations, obtaining 13 invention patents. These initiatives empower customers from all walks of life to achieve their personal financial goals through personalized digital banking experiences, enabling them to take control of their future. The Bank's digital and data-related talents now exceed 700 individuals, spanning across departments such as digital, data, and platform, bringing positive impacts to the Bank's digital transformation efforts.</p>
 Management Assessment Mechanisms	<p>The board of directors of CUB encourages all relevant units to carry out business digital transformation. In addition to providing necessary assistance, they also regularly supervise the development progress and implementation status of the aforementioned projects.</p>
 Optimization Measures	<p>Continue digital transformation to maintain uninterrupted financial services; make full use of the abundant resources of the Bank and Cathay FHC to launch new financial products and services. Through cross-device/cross-platform virtual and real integration, it provides digital cash flow services, strengthens account collection and payment functions, and becomes the main bank account of customers.</p>

3.2.2.1 All-in-One Digital Financial Service Platform: CUBE App

The CUBE App integrates various financial services to provide users with a convenient one-stop digital financial experience. Through the CUBE App, users can enjoy a variety of convenient and secure money transfer services, apply for a Taiwan dollar/foreign currency/securities account online, switch CUBE Card privileges, set up exchange rate alerts for online currency exchange, set up regular investments (funds/Taiwan/U.S. stocks/Smart Investments), inquire about insurance, and apply for loans, etc. With one app, users can enjoy the convenience of CUB, Cathay Securities, Cathay Life and Cathay Century in one convenient digital financial service.

CUBE App is the first in the industry to introduce the international security standard Fast Identity Online (FIDO), which allows users to experience a secure and convenient login method. The CUBE Card Privilege Program and Flex Credit, which can be customized according to users' needs, provide users with greater autonomy in arranging the use of products that meet their individual needs.

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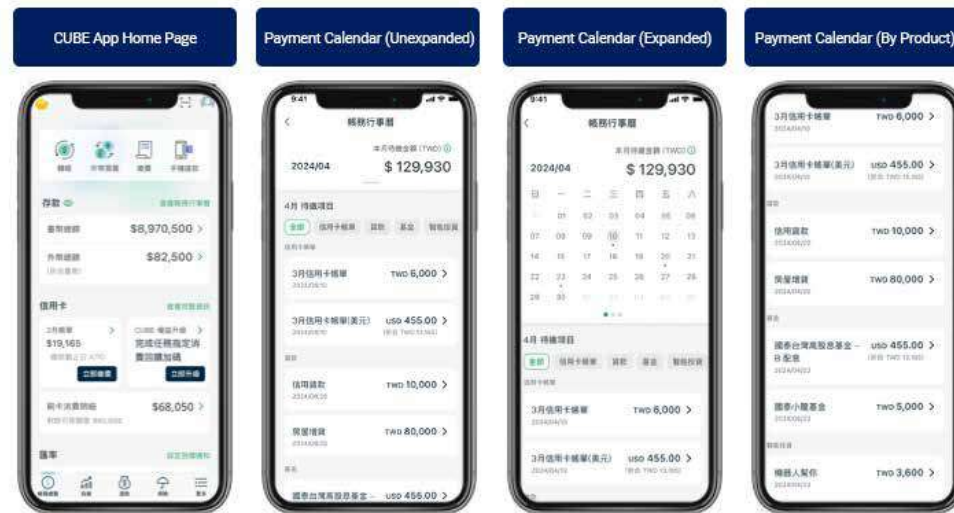
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The CUBE Credit Card Privilege Program switching mechanism is the first of its kind in the Bank. Users can switch their privileges once a day through the CUBE App and enjoy rewards at designated merchants within the privileges. In addition, CUBE will also introduce personalized coupons from time to time, creating a win-win situation for the Bank, the store and the customer.

The "FlexiLoan" is an exclusive product for CUBE App users, offering a fully digital process that is not constrained by the operating hours of physical branches. Users can get approval in as fast as 5 minutes, completing the application, disbursement, and repayment in just 3 easy steps. With features like no face-to-face meetings, no binding contracts, flexible borrowing and repayment terms, and interest calculation based on actual usage, the FlexiLoan caters to the personalized loan needs of different customers. CUB is committed to alleviating the financial burden of young professionals and meeting various financial needs. Additionally, the Bank offers flexible fund utilization plans, including the "Principal and Interest Amortization Plan" and "Extension of Loan Contract Term Service." The Principal and Interest Amortization Plan provides a fixed monthly repayment amount, making it easy for customers to plan their budgets and manage their finances effectively. The Extension of Loan Contract Term Service allows FlexiLoan customers to apply online to extend the loan term, meeting the requirements for medium-term loans and better addressing customers' needs for flexible fund utilization. As of the end of 2023, FlexiLoan has served 67,163 customers, with a total loan amount of 7.66 billion.

By December 2023, the number of CUB's digital users has exceeded 7 million, and the number of monthly users of financial services through CUBE App and CUBE Web has reached 38 million, with the number of CUBE App users and transactions increasing twofold over the past three years, leading to a sixfold increase in digital revenue. CUBE App and CUBE Web have been widely recognized and awarded for their efficiency and convenience.



CUBE App's "innovative Payment Calendar" function turns your phone into a personal account manager

In 2023, CUB actively launched new features such as the "Payment Calendar," "Balance Sheet" (which refers to a personalized asset management dashboard), "Convert money wisely," "Video Services," and "Insurance Zone." Additionally, by strengthening mechanisms such as two-step login, security checks, and security guards, the Bank continues to safeguard digital security. For detailed feature descriptions, please refer to the table below.



Colleagues from CUB Financial Service Station serve people who come for consultation

New Features to Be Launched in 2023 for CUBE App and CUBE Web

Payment Calendar	The accounting calendar is the first of its kind in the industry, integrating cross-commodity withholding information within the Bank, including: credit card statements, fund withholding, intelligent investment including management fee withholding, loan withholding and other information. In the future, we will further improve the financial products to be withheld by the whole bank and the whole group, and help customers grasp their daily consumption expenses and become a personal account manager for users.
Balance Sheet	The personalized asset management service dashboard integrates cross-product information such as local currency, foreign currency, investment, credit card, loan, etc., and integrates asset allocation in real time through new visual charts. In the future, it is expected to add a chart of asset level changes in the past year to help users grasp the changes in assets, combine personalized cross-product analysis and personalized recommendations of the most suitable products and services, increase the sticking between customers and the Bank, and enhance the overall contribution.
Convert Money Wisely	The functions of "Personal Average Exchange Cost and Exchange Rate Trend Chart" and "Extend Online Exchange Time to 2 a.m." allow users to grasp the trend and personal exchange cost, help control financial management or travel costs, and have the opportunity to enjoy a variety of discounts if they can take advantage of irregular task activities.
Video Services	The 365-day uninterrupted "Video Appointment of Foreign Currency Account of Other Banks" service enables users to complete the foreign currency account service through the CUBE App, allowing customers to open the CUBE App as if they walked into a branch, just like the user journey of the service desk in the air.
Insurance Zone	The "Insurance Zone" integrates Cathay FHC and its subsidiaries' individual insurance policies and related information, and simultaneously provides personalized online insurance services, recommending suitable property and casualty insurance products according to the needs of customers in different periods.

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3.2.2.2 Financial Service Station that Breaks Traditional Time and Space Limitation

In line with the original intention of bringing financial services into people's lives and promoting financial inclusion, CUB partnered with PX Mart in 2020 to launch "CUB Financial Service Stations". Breaking away from traditional banking hours and locations, these stations extended service hours until 9 p.m., setting a precedent for banks to provide services outside of branch locations. They offer a range of physical services including account opening, digital service promotion and consultation, credit card application and promotion, as well as guidance on automated equipment. Starting from the trial phase, they ventured into residential, industrial, and commercial areas to observe differences in financial needs among different communities. After their official launch, they actively expanded into areas with lower branch density. By the end of 2023, these financial service stations had reached 163 towns and cities across Taiwan, including 38 areas identified by the Banking Bureau as needing additional financial services, thus bridging gaps in financial service provision. Customers at these stations expressed satisfaction, particularly appreciating the convenience of accessing financial services near their homes after work hours, and they hope to see more "CUB Financial Service Stations" in more areas. People have transformed from being curious passersby to actively seeking information on opening accounts and understanding various ATM functions.

Embracing the Cathay FHC's "What if We Could" brand spirit, the Bank has been driven by curiosity to explore and courage to create possibilities. Through a highly flexible service model, it has extended financial services to areas in Taiwan with lower financial institution penetration rates, ensuring more people have access to equal, friendly, practical, and innovative digital financial services. By the end of 2023, these financial service stations had served more than 120,000 people and received recognition from the 11th Taiwan Banking and Finance Best Practice Awards for promoting financial inclusion and the TSAA Taiwan Sustainable Action Award.

3.2.2.3 Trust for Happiness and Security

Through physical seminars and 24-hour online trust consultation, CUB's trust business professional team reaches out to enterprises, hospitals, caregivers and neighborhoods to promote the concept of financial security through trusts. In 2023, CUB's insurance claims trust business accounted for nearly 30% of the domestic insurance claims trust business market share, leading the industry, and is the only five-time winner of the "Best Trust Financial Awards" of the Elite Awards. CUB has won the "Best Wealth Management" award from Wealth Magazine for eight consecutive years.

With an innovative mindset, CUB has developed a wide range of customized trust products to meet the needs of different customer segments through the three strategies of "Service Scenario, Product Diversification and Contract Modularization". For example, we have launched Insurance Claims Trust and Children's Protection Trust for the young segment, which can help manage and protect their assets such as insurance Claims, money, securities and real estate; for the senior segment, we have also launched products such as Micro Elder Care Trust, Easy Living Retirement Trust, Disability & Retirement Trust, Foreign Bond Reservation Trust and Testamentary Trust, etc.

The contents of the trusts range from simple to complex, and the types of assets delivered range from money to stocks, real estate or foreign bonds, etc. The scope of trust management ranges from fixed deposits, funds and bond investments to real estate leasing, etc. In addition, CUB and Cathay Life jointly launched the "mutual promotion of insurance claims trust", becoming the first financial institution in Taiwan to integrate the resources of a financial control group to provide "mutual promotion of insurance claims trust" services, so as to enable the trust to give full play to its universal value, and help the people to advance their life and realize their wishes of taking care of themselves, protecting family members and passing on wealth.

Lists of Diverse Trust Products

<p>Disability & Retirement Trust</p>	<p>To protect the property and happiness of the elderly and disabled, allowing people to entrust different types of property to trust and ensuring that diversified assets are earmarked.</p> <p>By the end of 2023, there were 296 effective beneficiaries and trust property totaling \$2.451 billion for the elderly and the disabled trust. Among every 10,000 individuals who have opened various deposit accounts, an average of 0.64 people have set up the trust.</p>
<p>Insurance Claims Trust</p>	<p>Insurance products provide policyholders with a fundamental net, and insurance claims trusts further strengthen this safety net, making it more secure. Through these trusts, we plan the use of insurance claims, with the Bank disbursing funds for living and education expenses according to the contract. This ensures that the compensation is used exclusively for the designated purposes, effectively taking care of the family's needs.</p>
<p>Foreign Bond Reservation Trust</p>	<p>Customers can now deliver stable dividend foreign bonds to Annuity Trusts, ensuring a worry-free retirement. This product not only adopts a pre-open trust model, allowing customers to deliver foreign bonds to the trust until they reach old age, but also innovatively introduces the nation's first foreign bond reservation delivery trust mechanism.</p> <p>This means that when the settlor experiences guardianship declaration, severe disability, dementia, or accidental coma, the foreign bonds held by them can be delivered to the trust as agreed, activating the caregiving payment mechanism. In terms of trust management fees, discounted rates are set based on the nature of the delivered assets and whether the trust payment is activated, allowing customers to plan for their annuity trusts most conveniently and affordably, making these trusts their best asset guardians.</p>

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CPBL Anti-Gambling Trust

In 2009, CUB pioneered the "CPBL Anti-Gambling Trust" and the "CPBL Player Signing Bonus Trust" to help players prevent gambling and plan for retirement, to improve the professional baseball environment in Taiwan. During the trust period, if the player needs to withdraw funds temporarily, the Bank will only allocate the funds with the consent of the union, and after the player retires, the trust property will be fully returned to him for daily use, to ensure the quality of life in his retirement. A total of 243 active players participated in the program, with the trust property exceeding NT\$162 million as of the end of 2023.

3.2.3 Financial Inclusion

In April 2013, the UNSGSA noted that "Financial inclusion is therefore an enabler and accelerator of broad-based economic growth and resilience, improved financial health, job creation and development." and that finance is for everyone, not just the rich. Recognizing the critical role of financial inclusion in promoting the overall development of a society and enhancing its economic vitality, CUB commit to introducing a variety of financial products and services that meet the needs of different sectors of society or different ethnic groups and tailor to meet the needs of the community. Therefore, through innovative and inclusive strategies, we are committed to introducing a wide range of financial products and services that meet the needs of different sectors of society and different ethnic groups, with a view to shaping a "people-centered" financial system that promotes the well-being of the public. We are constantly innovating to enhance the accessibility and convenience of our financial services, and we are committed to providing a more friendly and convenient financial environment for customers with different backgrounds and needs. The Bank firmly believes that through continuous innovation and inclusiveness, we can realize true financial inclusion, which in turn will promote the overall harmonious development of society and the economy, and create a better future together with our customers and all sectors of the community.

3.2.3.1 Support the Development of Social Enterprises and Small and Medium-sized Enterprises

CUB has joined forces with the Taipei City Government on the "Social Enterprise Preferential Financing Project" since 2017. Through cooperation with the Small and Medium Enterprises Credit Guarantee Fund, it provides direct guarantees and low-interest loans to qualified social enterprises to help these enterprises. Businesses obtain necessary working capital. This project not only encourages social enterprises to actively solve social problems with business models, strengthens their social influence, but also demonstrates the active practice of social responsibilities of financial institutions.

In addition, the Bank launched a series of micro-finance preferential loan programs for small enterprises, covering supplier financing and franchisee loans, etc., to meet the diversified development and operational needs of enterprises. These loan programs specifically designed for small businesses not only provide more favorable loan terms, but also effectively reduce the financial burden of small businesses, thereby supporting their growth and development.

By the end of 2023, the cumulative amount of loans approved under the Social Enterprise

Preferential Financing Project reached \$84 million, benefiting 16 social enterprises. Meanwhile, the results of the Supplier Financing Program were also remarkable, with a cumulative total of 198 loans approved and a loan balance of 360 million. These achievements fully demonstrate CUB's active role in promoting financial inclusion and supporting the development of social enterprises and SMEs.

Meanwhile, to support the development of cultural and creative activities or industries in China, we successfully assisted an entrepreneur to apply for the "Loan for Strengthening the Upgrading and Restructuring of Cultural and Creative Industries" in 2023, which was reviewed and approved by the Academy of Cultural Content Policy, met the eligibility criteria and completed the application process for the relevant grant.

Through the successful implementation of these projects, CUB has not only deepened its support for enterprise development, but also demonstrated through practical actions that financial institutions can play a key role in promoting economic growth and social progress. We look forward to exploring and developing more innovative financial solutions in the future to meet a wider range of societal needs and further promote the development of financial inclusion.

Social Enterprise Preferential Financing Project Results

	2021	2022	2023
Cumulative Amount of Approved Loans for Preferential Financing Projects of Social Enterprises (unit: 10 thousand)	7,460	8,100	8,400
Cumulative Approved Enterprises for Preferential Financing Projects of Social Enterprises	14	15	16

3.2.3.2 Promoting Innovative and Customer-Friendly Financial Services

The Bank demonstrates foresight and creativity in advancing its strategies for financial innovation and sustainable development, particularly through collaborative projects with Cathay Life Insurance, such as the "Swipe to Insurance" initiative, and the deepening of practices in sustainable and elderly financial planning, successfully providing tailored financial solutions for diverse customer segments.

The "Swipe to Insurance" initiative allows young customers to accumulate accidental insurance coverage through their daily consumption without additional burden, providing coverage of up to 300 thousand. This not only reduces the psychological barrier for young people to purchase insurance but also introduces innovative model of combining finance with insurance, enhancing customer trust and satisfaction.

In order to promote the concept of sustainable investment, the Bank has specially designed ESG funds and themed webpages, aiming to cultivate sustainable investors. With detailed website content guidance, the number of investors in ESG funds has exceeded 20 thousand with a total investment scale of 5.8 billion. Additionally, the number of users using our target-based financial planning tools for retirement planning has reached 200 thousand times. On the website, we em-

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phasize, "Your choice is the driving force for a sustainable planet, riding with the world towards an environmentally friendly and sustainable future," encourage more people to join ESG investments and create a green future together.

The Bank is committed to promoting the concept of long-term investment to support customers in achieving healthy financial planning. Through the continuous promotion of the "Happy Long Run Fund Fee Discount program," the number and proportion of regular investment investors have been successfully increased. Currently, the number of regular investment customers has exceeded 210 thousand more than half of the total number of wealth management customers. We encourage customers to utilize the compounding effect of time and long-term investment strategies to achieve a healthy and stable financial condition.

3.2.3.3 Promoting Inclusive Financial Services to Diverse Communities

CUB recognizes the importance of accessibility and convenience in financial services to meet the needs of various customer groups. Therefore, we actively introduce a series of friendly financial initiatives and measures to create comprehensive and inclusive financial environment.

The accessible online banking set up by the Bank has obtained the AA grade certification from the Research, Development and Examination Association. It provides 8 services including Taiwan dollar transfer, account details inquiry, user ID and online banking password change. The accessible webpage has obtained the AA grade certification from the Research and Examination Association, providing 6 services including Taiwan dollar deposit interest rate inquiry, foreign exchange deposit interest rate inquiry, and real-time exchange rate inquiry. In 2017, we redesigned the personal internet banking service with features catering to visually impaired customers, such as identifiable and easily readable web content, and keyboard cursor position indications, meeting the usage needs of visually impaired individuals. Additionally, we set up Access Key shortcuts on webpages to facilitate rapid keyboard navigation for physically disabled individuals, ensuring that all customers can enjoy convenient online financial services. In addition, CUB is committed to financially friendly services. In 2011, CUB spearheaded the launch of the "Barrier-Free ATM for the Visually Impaired", which is an industry leader in improving the accessibility of financial services for the visually impaired at public transportation stations. By the end of 2023, a total of 654 ATMs for the visually impaired will be installed, an increase of 386 ATMs, or a growth of 144%, compared to the number in 2022, and will account for 12.5% of the total number of ATMs in the Bank. The Bank's ATMs are designed to enable the visually impaired to make independent withdrawals and transfers by following voice instructions. The Bank has also installed accessible facilities, such as wheelchair and visually impaired ATMs, in 165 branches across Taiwan to ensure that the financial services needs of the physically disabled are adequately met. In the future, the Bank will continue to retrofit or install visually impaired ATMs so that more visually impaired compatriots can enjoy automated financial services.

To provide friendly financial services to the hearing impaired, the Bank cooperates with the Taiwan Sign Language Interpretation Association (TSLIA) to provide sign language interpretation services. 24 hours prior to the service, the Bank makes an application to the TSLIA by phone and e-mail, and after the TSLIA responds, the Bank confirms the time and place of arrival with the interpreter and the customer, and then provides on-site sign language interpreting services to the

customer; and the Bank also provides video interpreting services, which is provided by the Bank through videoconferencing and application to the TSLIA by phone and e-mail. In addition, video sign language interpreting services are also available through telephone and e-mail applications to the TSLIA, which provides real-time sign language interpreting services through videoconferencing to ensure that the hearing impaired can fully enjoy their basic rights, equality, and reasonable and convenient financial services.

CUB aims to provide warm services for the elderly, establishing a one-stop query service in the friendly section of our official website, where they can inquire about elderly counters, financial education, and digital security services. Considering the evolving methods of fraud, our digital anti-fraud section provides easily accessible financial education and digital security services to help customers obtain the information they need and enhance their protection against digital fraud.

To meet the needs of non-Chinese speakers, the Bank has a bilingual official website and an English version of our mobile banking app (CUBE App), offering various basic services such as account inquiries and transfers. This allows foreigners to use English to access services, while Taiwanese people can guide foreigners to complete services through the Chinese website. These measures collectively demonstrate CUB's relentless pursuit of enhancing the convenience and accessibility of financial services.

3.2.4 Financial Education

As digital finance reaches new heights and the accessibility to financial products and services increases significantly, the risks of financial crime also rise. Therefore, the practice of financial education becomes increasingly critical. Cathay FHC and its subsidiaries have long been committed to providing diverse financial knowledge learning resources. We actively utilize various channels such as forums, financial education videos, and physical seminars, combining interesting topics with easily understandable content to enhance public financial awareness. This helps individuals make more rational financial decisions and achieve financial health and security in their lives.

3.2.4.1 Unlocking Comprehensive Financial Knowledge Strategy

Since 2021, CUB has embraced the core concept of financial inclusion, planning a series of innovative and diversified initiatives to enhance the financial literacy of the general public. We have



The "Wealth Management Digest" has made financial literacy more popular and aroused public concern about financial health.

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Group photo of the "2023 Taiwan National Financial Health Key Report" event

invited financial experts to participate in live financial education events, sharing the latest investment trends. Additionally, we organize forums on financial management and investment trends to accelerate the dissemination of financial concepts into the public domain and enhance financial literacy among the general population.

CUB has launched the "Wealth Management Digest" to ensure the innovation and practicality of its content. We have established a content management team that holds regular thematic meetings every week. By incorporating AI language reading capabilities, we transform professional financial knowledge into easily understandable points for the general public. Through website announcement, electronic direct mail (EDM), and LINE push notifications, we enable the public to receive easily comprehensible financial knowledge. The single-time open rate has exceeded 450 thousand of people.

We have released Taiwan's first "2023 Taiwan National Financial Health Key Report," which integrates macroeconomic models and proposes three key strategies to enhance financial health, urging the public to regularly review their financial status. The Bank pioneered the "Financial Health Check Platform," providing a one-stop experience service through three steps: testing, obtaining reports, and improving financial health improvement plans. This platform enables instant and rapid initiation of financial health promotion actions. Thematic financial knowledge and videos are also readily available for reading and viewing on the website, helping people understand their financial health and obtain exclusive financial health promotion plans. This initiative has attracted considerable attention from the public, with over 674 thousand of views and more than 130 thousand of actual participants in financial health checks, with over 70% of participants acknowledging the Bank's contribution to promoting financial health.

CUB produces practical "Please Support Financial Management" series financial management videos, inviting guests and experts to share their experiences on topics such as buying a house, starting a business, and family financial management. Cathay United Bank also host global investment trend forums, inviting internationally renowned investment institutions such as PIMCO and Bridgewater, along with our Chief Economist Lin Qichao, to share insights on the macroeconomic environment and investment trends. These efforts have garnered over 5 million views, providing diverse financial knowledge learning resources and enhancing public financial awareness. Through these carefully planned educational activities and resources, we aim to promote rational financial decision-making and help customers achieve financially healthy and secure lives, successfully attracting public attention.

3.2.4.2 Practical Education Services: Courses and Camps

Recognizing the significant impact that erroneous value judgments and money management concepts may have on children's futures, it is crucial to instill financial literacy in them from a young age. We call upon our colleagues to leverage their expertise and combine volunteer mechanisms to assist children in rural elementary schools in establishing correct values. Since 2021, we pioneered the "Tutor CUB Online Financial Literacy Course," offering live online financial education sessions. In 2023, we organized a two-day "Sustainable Finance Exploration Camp" experience.

The "Tutor CUB Online Financial Literacy Course" breaks geographical barriers by conducting distance learning sessions in rural areas annually. Through interactive online methods, we impart financial knowledge, empowering children with lifelong skills. Internally, we promote the "Integration of Financial Skills with Internal Volunteer Mechanisms," encouraging employees to join the Tutor CUB volunteer team. This initiative allows them to apply their financial skills, learn teaching techniques, and participate in community service activities, enjoying paid volunteer leave. This promotes organizational cohesion and enhances employee morale, fostering a positive cycle based on love and kindness.

In 2023, a total of 49 employees participated in the Tutor CUB online financial literacy program and the Elevated Tree Program's Sustainable Finance Discovery Camp, providing 513 hours of service and benefiting 164 students. Over the years, the cumulative number of schools served has reached 15 and the number of students benefited has reached 241, demonstrating the Bank's persistence in contributing to society and its active efforts to promote financial inclusion and innovation in financial education. This demonstrates the Bank's persistence in contributing to the community and its active efforts in promoting financial inclusion and innovation in financial education.

Through these comprehensive educational and service practices, CUB has not only made significant contributions to promoting education among disadvantaged children in rural areas but has also successfully assisted them in enhancing their financial literacy and strengthening their awareness of drug prevention. By implementing inclusive financial education, we have opened the door to financial knowledge, laying a solid foundation for a financially healthy and secure lifestyle. In the future, we will continue to develop and provide more diversified financial education resources and services, aiming to establish a more inclusive, healthy, and sustainable social environment.



"Sustainable Finance Discovery Camp" brings unforgettable memories to school children

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4.1 Workplace Empowerment

4.2 Social Impact

The Bank is dedicated to nurture diverse, cross-disciplinary, and sustainability-skilled talents by investing resources and offering various online courses to encourage autonomous learning. We cultivate DEI mindset that promotes diversity, equity, and inclusivity. Through courses and activities, we enhance cultural awareness, foster team cohesion, and listen to the needs of different groups to create a workplace that is safe and fulfilling for everyone. In addition to internal talent development, we prioritize showcasing our capabilities externally. This includes implementing anti-fraud measures to protect customer assets and eternal supporting childhood education in remote areas and for the underprivileged. To date, we have assisted over hundred thousand of students in improving their financial literacy and raised awareness about drug prevention, achieving our corporate social responsibility.

Empowerment Strategy

4.1 Workplace Empowerment

In the rapidly changing market environment, every role within an organization is facing new challenges unlike before. However, employees are not only valuable assets of a company but also the foundation of its operations. They play a crucial role in the sustainable development of a company. At CUB, we firmly believe that talent is the key factor driving the organization's sustainable development. Therefore, we have long been committed to nurturing and developing talents, viewing employees as important customers. Our empowerment goal is "Nurturing young people, re-training, and building sustainable talents." We integrate talent empowerment with digital transformation strategies, committing to four key strategy pillars. Our aim is to reshape employee skills, drive digital transformation in the workplace, and enhance the organization's resilience and adaptability.

Strategy	Action Plan	Short-Term Goals (2024)	Medium-Term Goals (2025)	Long-Term Goals (2030)
Reskilling Employees: Identifying the future skills required to meet upcoming trends and ensuring employees possess the necessary expertise and knowledge.	<ul style="list-style-type: none"> • Drive reskilling initiatives to enhance employee digital literacy learning coverage. • Foster sustainable culture literacy. 	<ul style="list-style-type: none"> • 50% of digital literacy learning coverage rate (based on annual training program). • 90% of ESG Sustainability Program Coverage Rate. 		
Upskill Employees: Provide tailored training resources according to employees' developmental needs at different stages, continuously enhancing their job capabilities.	<ul style="list-style-type: none"> • Tailor learning resources according to job categories/levels to strengthen job skills, continuously integrating various physical and digital learning resources to meet diverse learning needs. • Establish different-level training programs to cultivate talent in various roles. • Create a comprehensive career development system to lead the key construction of employees' diversified development. 	<ul style="list-style-type: none"> • Annual professionalism training satisfaction rate reaches 4 out of 5. • 85% of employees rated 4 or higher in the 360-degree performance evaluation. 		
Establishing a Leadership Pipeline: Strengthening talent pools at different management levels to deepen the bench strength and ensure the sustainable development of the organization.	<ul style="list-style-type: none"> • Regularly review talent pools at all levels and implement tailored development plans to cultivate management talent required for business operations. 	<ul style="list-style-type: none"> • Key talent retention rate for middle-level talent pool (Assistant Manager/Manager level) at 80%. • Key talent retention rate for Young Talent pool at 50%. 		
Creating DEI Workplace: Creating a diverse and inclusive workplace environment to unlock the potential of all talents at Cathay, enhancing organizational competitiveness.	<ul style="list-style-type: none"> • Cultivating a Foundation of Diversity and Inclusion: Openly advocating for respecting each unique Cathay member, promoting the acceptance of diverse individuals, and fostering an environment of equal rights. • Establishing Diverse and Inclusive Networks: Safeguarding the basic labor rights of employees and prioritizing the job rights of female employees, indigenous employees, and employees with disabilities. • Support measures for slowing down without dropping out: Open learning resources will continue to be available to help employees during the slowdown period (employees will not have to stop studying due to suspension of work). 	<ul style="list-style-type: none"> • 90% of DEI micro-course coverage rate. • 60% of total female Managers. • 30% of female middle to senior-level managers. • 60% of female junior managers. • 60% of female employees. • 45% of female STEM talent. • 80% of return-to-work rate after maternity and paternity leave. 		

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4.1.1 Diverse and Inclusive Workplace

The Bank adheres to the Cathay FHC Code of Conduct and has established the "CUB Code of Conduct for Employee" to uphold the core values and business principles of "Integrity, Accountability, Innovation". All employees are expected to agree and commit to this code, ensuring adherence to workplace ethics and morals while executing company business activities in a legal and reasonable manner.

4.1.1.1 Creating a Diverse and Inclusive Workplace

Employees are our most valuable assets. Following the "Cathay FHC Human Rights Policy," we ensure the protection of employees' rights and prohibit discrimination based on personal factors such as gender, sexual orientation, race, socioeconomic status, age, marital status, family status, language, religion, political affiliation, nationality, appearance, disability, or other factors. As of 2023, the Bank employed a total of 11,076 full-time employees and 594 non-regular employees. We adhere to the Labor Standards Act to establish work rules, which are approved and implemented by the competent authority, to safeguard the labor rights of our colleagues. For detailed information on our number of employees, regional distribution, gender, and age statistics, please refer to the appendix.

In response to our DEI principles, we conduct various educational training programs and community activities to promote cultural awareness and unite our team. Through launching appeals to respect for each unique individual at Cathay Financial Holding, we convey the idea of accepting differences and aim to establish a culture of equality. We emphasize listening to the voices of different ethnic groups and advocate for a flexibility program for employees to "slow down but stay on board" project. We recognize the diverse needs of employees on parental leave and provide uninterrupted access to learning resources during their "slow-down" period. This includes internal learning platforms, e-books, and EAP (Employee Assistance Program) support, which employees can continue to utilize during their leave. Coupled with flexible work arrangements, these measures help alleviate anxiety about returning to work, regain confidence in rejoining the workforce, and provide stability during the transition.

DEI Implement the Initiatives	
 Understanding - Cultural Awareness Foundation	Starting from acknowledging and eliminating unconscious biases, correcting and establishing accurate perceptions, and continuing to gather feedback, communicate, and advocate.
 Experience - Seminar Event Arrangement	Organizing a series of physical seminars on DEI themes to promote the idea of accepting individuals with different backgrounds, helping colleagues establish a sense of equity.
 Establishment - Women's Learning Resources	Establishing learning resources addressing various issues faced by women at different stages of their careers, with a total of 434 e-books and 51 digital courses introduced.
 Implementation - System Review and Optimization	Implementing uninterrupted parental leave resources program, where internal learning platforms, e-books, and EAP employee assistance programs are all available continuously.

4.1.1.2 Attracting and Retaining Talents

The Bank provides competitive salary and welfare systems to attract, motivate, and retain talented individuals. Regular activities are organized, and employees are offered free and confidential external professional consultations to address their concerns. The Bank values employee feedback and has established smooth communication channels through opinion surveys.

CUB adheres to local labor laws and international frameworks such as the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, UN Sustainable Development Goals (SDGs), and relevant regulations of UN International Labour Organization. The "Code of Conduct for Employee" further outlines essential guiding principles for employee behavior, ensuring rights such as freedom of association are protected. Each employee is expected to understand, agree to, and comply with this code from their first day at the Bank.

The Bank has established a process for conducting human rights due diligence, which involves regularly assessing and managing potential impacts on identified stakeholders. The "Human Rights Risk Assessment and Management Form" considers international human rights frameworks and corporate development strategies. After discussions by various committees of the Cathay FHC CSR Committee, topics are selected with input from employees, external consultants, scholars, and other stakeholders. Based on the nature of the issues, health risk assessments, labor-management meetings, and other sources are used to identify and manage risks.

Quarterly labor-management meetings are convened to facilitate communication between both parties regarding employee benefits and management systems, promoting interaction and communication while balancing the interests of employees and the operational needs of the Bank. Various communication channels, such as regional communication meetings and real-time feedback systems, are established to collect employee suggestions and convey core values, providing opportunities for employees to express their opinions.

For the protection of employee rights, the Bank has formulated work rules in accordance with the Labor Standards Act, which are implemented with the approval of competent authorities. Additionally, the Bank has established an employee care hotline (02-87226666 #8885) and email (8885@cathaybk.com.tw), strictly adhering to confidentiality and protection principles. These channels address issues such as leadership and management, workplace relationships, workplace misconduct, and harassment complaints, serving as a communication bridge between employees and company management or peers. In summary, the Bank complies with local labor laws, values employee feedback rights, and formulates relevant management regulations accordingly. Information is disseminated through public channels to ensure employees' full understanding and protection of their legal rights and interests.

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Major Issues	Action Measures	Performance in 2023
Forced Labor and Working Hours	<ul style="list-style-type: none"> The Bank has established a program for preventing diseases caused by abnormal workloads. Regular surveys on abnormal workloads (overwork) of shift workers, night workers, and those working long hours are conducted. High-risk groups are identified considering individual risk factors and work pattern risk factors. Promotion and implementation of daily/monthly overtime hour limits. Establishment of flexible working hours and flexible scheduling systems. 	<ul style="list-style-type: none"> Provide flexible working hour system according to employee needs. 96% of abnormal workload-triggered disease prevention self-assessment form response rate. 100% of total participation in stress-relief activities: 171 people, with an overall satisfaction rate.
Diversity, Inclusion, and Equal Opportunity	<ul style="list-style-type: none"> Ensure that all employees have the opportunity to participate in clubs and associations. Organize labor-management meetings to fully communicate and address various major labor-management issues, and take action based on meeting consensus. Maternal Worker Health Protection Program. Develop a "Prevention Plan for Job-related Unlawful Acts" to provide supervisors with a checklist for self-assessment of workplace unlawful behavior and promote awareness through training. 	<ul style="list-style-type: none"> Held a total of 4 labor-management meetings in 2023. Achieved a 100% completion rate for sexual harassment prevention training courses.

According to CUB's policy, we conduct an annual employee engagement survey to analyze employee expectations through qualitative feedback, sampling interviews, thematic questionnaires, and other measures. The survey covers five major dimensions: Corporate Sustainability (CS), Organizational Commitment, Employee Happiness, Leadership Management, and Overall Recognition. In 2023, the response rate for the Employee Engagement Survey was 83.3%, with an overall satisfaction rating of 4.35 out of 5.

To ensure the alignment of employees' annual performance goals with our strategies and to continuously develop their capabilities, we have established the "CUB Employee Performance Management and Development Guidelines" to regularly evaluate employee performance. We provide diverse reward mechanisms, including competitive salaries and "Guidelines on Incentives for Senior Employees", "Long-term Service Awards" for senior employees based on different tenure thresholds. In 2022, we introduced an Employee Share Ownership Trust (ESOT) plan, allowing employees to voluntarily allocate a portion of their salary to purchase company stocks in the open market, encouraging them to share in the company's performance results. We have established the Employee Promotion Entry Threshold that values both performance and managerial capabilities, actively promoting outstanding talents and providing them with higher job responsibilities and developmental goals. Additionally, we regularly organize the Talent Development Committee to promote internal rotations, ensuring discussions on talent competency gaps and planning rotation paths, with an annual rotation rate exceeding 20%.

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Employee Welfare

 Office Layout	Implementing Flexible Shifts	 Health and Leisure Benefits	Travel Subsidies	
	Piloting Hybrid Work		Holiday Bonuses	
 Development of Learning	Digital Learning Resources		Workplace Massage	
	Learning Development Resources about Study, Certification and Licensing Support /Continuing Education Assistance		Health Promotion Activities	
	Study Leave		Regular Health Check-ups	
 Family-Friendly Policies	7 days of Family Care Leave		 Social Activities	Employee Assistance Program (EAP)
	Exclusive Parent-Child Activities			Club Subsidies
	Child Education Subsidy			Family Day
	Maternity and Paternity Leave Benefits better than requirements in the Act		 Investment and Property Management	Volunteer Leave
	Maternity Allowance			Cross-Bank Withdrawal/Transfer Discounts
	Childcare Support Policy	Cathay Construction Home Purchase Benefits		
Maternity Planning	Employee Preferential Deposit Rates			
			Employee Share Ownership Trust (ESOT)	
			Stock Subscription	

CUB Maternity Plan

Cathay Pregnancy Club	Establish work risk assessment mechanism for pregnant female employees. Formulate maternal healthcare plan with questionnaires for pre/postpartum mothers and new fathers. We offer "Parent-Child Blessing Gifts" and other perks to support different needs from pregnancy to postpartum. Our support includes holistic care for physical and mental well-being, suitable work adjustments, LV-level lactation rooms, and seamless return-to-work arrangements. We also host various parent-child workshops and ensure ongoing support. CUB attracted a lot of good reviews from employees and won Excellent Project Award of 2018 CSR Happy Corporate Category.
Cathay Dad-to-Be Handbook	In 2019, CUB expanded the "Cathay Pregnancy Club" from focusing solely on female employees to including fathers as well. We introduced the "Cathay Dad-to-Be Handbook," which was created in collaboration with Cathay General Hospital and Cathay Health Management. This handbook combines professional health education with practical life experiences to help new fathers understand the physical and emotional changes their partners undergo during pregnancy. It encourages them to actively support their partners, becoming invaluable teammates. The Handbook is a pioneering effort in the industry, aligning with government and medical institutions' initiatives to promote equal parental involvement during pregnancy. It includes sections such as "The 280 Days of Pregnancy with Daddy," "Understanding the Physical and Emotional Changes of Expectant Mothers," and "Welcoming the New Baby," representing a significant breakthrough in corporate social responsibility.

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4.1.2 Reskilling Employees

The Bank encourages employees to enhance their professional knowledge and skills to adapt to future trends by organizing a series of skill transformation training programs. These include courses on remote work management and data analysis, aiming to cultivate employees' diverse digital management abilities and mindset to address changes in digital transformation and future work patterns. Additionally, sustainable-related training programs have been introduced to strengthen the integration of sustainability thinking with business operations, fostering a shared concern for sustainable development. Through diverse and flexible learning platforms, employees are provided with the necessary learning support at different career stages to nurture more talented individuals.

4.1.2.1 Anchoring Sustainability Mindset Systematically from the Top to Down

In order to ensure that every employee receives optimal career development and support to cultivate more outstanding talents, the Bank treats all employees equally and provides sustainability literacy training programs at different levels. These programs aim to facilitate employees in integrating sustainability into their daily business activities, valuing the importance of sustainable development and practicing the spirit of both altruism and self-interest. Through diverse and flexible platform resources, we have created an agile and user-friendly learning environment to meet employees' learning needs at different stages. As of the end of 2023, a total of 47,489 people had participated in this program, enhancing employees' awareness and practical abilities in sustainability values, and promoting the deepening and development of the Bank's sustainability culture.

Explanation of the Employee Training Content

Training Objects	The Training Methods and Content	Benefits and Applications	Training Hours	Number of Trainees
Regular Employees	Promote digital training courses and establish a "Sustainability Section" on the learning website.	Enhance sustainable thinking and integrate it with business practices to collectively fulfill our sustainability mission.	9,116	47,035
Junior-Level Executives	Establishing an internal sustainable talent certification mechanism to assist in the implementation of core competencies within units.	Enhancing the capacity to identify and address climate change and sustainability-related risks.	432	48
Senior-Level Executives	Hosting seminars and arranging external training sessions to encourage participation in specialized sustainability courses tailored to job responsibilities.	Incorporating sustainability principles into our business strategy, integrating sustainable practices into our operations, and driving sustainable initiatives alongside our core business activities.	423	391
Directors and Supervisors	Flexible ESG Governance Course.	Driving organizational focus on sustainable impact.	269	15

Strengthening Training and Cultivating Sustainable Finance Talent

To build a more comprehensive sustainable talent system to achieve Taiwan's sustainable development goals, the Bank has formulated employee sustainable transformation plans based on the concept of investing in the future of employees. In 2023, 83.78 million dollars have been allocated for training to strengthen the sustainable financial knowledge and digital transformation capabilities of all employees. In terms of cultivating sustainable financial talents, the Bank's internal experts will tour the Bank from time to time based on market trend strategies to promote rich and diverse ESG and climate-related training, such as international initiatives and domestic and overseas supervision trends, common domestic and overseas assessment and trend analysis, ESG climate risks and opportunities, green financial products and market trends, etc. The content of these courses is tailored to align with organizational development goals, helping each department integrate sustainability into its core functions, thereby accumulating strength of sustainable talents within the Bank. Looking ahead, CUB plans to launch a Sustainable Finance Manager Certification Program in 2024. This program will involve 88 participants from core departments of our Sustainability Strategy Blueprint and the CS Team, as well as units related to the promotion of sustainable business. The program will be organized by the Taiwan Institute for Sustainable Energy (TAISE), featuring a lineup of expert lecturers, including industry practitioners, academics, consultants, and professional managers with practical experience. Through a series of lectures and practical discussions, participants will gain a comprehensive understanding of market trends and applications, gradually incorporating the expert methodologies and actions of professional managers.

4.1.2.2 Enhancing Digital Skills among Data Citizens Across the Bank

The Bank actively promotes a Data Literacy Training Program aimed at equipping employees with essential data insights skills, enhancing problem-solving capabilities. Through comprehensive resource deployment and promotional campaigns, we offer over 80 digital courses and e-book resources, organize physical Data Application Workshops, and encourage staff to participate in external training. Resources are allocated to increase the average training budget for each employee in data-driven/information-related departments to more than three times that of other departments, focusing on three main pillars: Data Technology, Data Analysis, and Data-driven Decision Making.

Data Technology	We enhance our capability in model and process establishment, providing professional training in cloud, AI technology, and database construction to support the deepening of technical foundation and application.
Data Analysis	This training focuses on enhancing data visualization skills, through training in tools like Tableau, Power BI, etc., helping employees to gain a deeper understanding of data, thus enabling them to plan effective action plans.
Data-driven Decision Making	This part aims to enhance business analysis and decision-making abilities, cultivating employees' core competencies in hypothesis thinking and testing validation in the AI era.

For general units, we bring attention to cultivate basic data literacy and focus to learn data collection and analysis methods. Through straightforward and easy-to-understand approaches, we enhance employees' understanding of data, encouraging them to apply data thinking in their daily work. The goal is to ensure that every employee can obtain optimal development and support in their work.

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4.1.3 Upskilling Employees

In response to changing learning needs and formats, the Bank encourages to engage in cross-disciplinary learning. We facilitate this by providing training mechanisms, introducing diverse external resources, and offering platforms for knowledge sharing, thereby enhancing employees' learning abilities. Apart from developing comprehensive general knowledge bases and professional competency courses, we have tailored digital literacy courses to align with technological trends. Additionally, we have designed learning blueprints, nurtured development guidelines, and crafted personal development plans for employees at different career stages. This ensures that all employees, regardless of hierarchy or tenure, can continuously grow and improve through uninterrupted learning.

4.1.3.1 Training Programs at Different Levels to Cultivate Talent Across Various Roles

Facing rapid market changes and evolving customer habits, we continuously strive to enhance service experience by breaking away from traditional product-centric service models and creating a one-stop service hub. Our training program spans from "Personal Banking Single RM Transformation Program" to "Personal Banking ARM Program" and further to "Private Banking ARM Program," cultivating all-around bankers. Through training across front, middle, and back offices, as well as unit mentorship, we help employees quickly integrate professional knowledge and practical application, deeply understanding various product features and sales techniques. Resource investment increased from 3.14 million in 2022 to 7.01 million in 2023 (a year-on-year growth rate of 124%). The annual average training hours per person reached 14.2 hours, with different levels of training programs and learning resources tailored to different jobs/levels, strengthening job skills and business transformation capabilities to adapt to diverse business challenges in a more flexible manner.

Statistics of Training Program Results

Program Name	Year of Inception	Number of Batches	Total Number of Participants Trained	Details of Transformation/Training
Personal Banking Single RM Transformation Program	2022	11	580	Since the end of 2021, the "Single Point of Contact System" has been implemented to transform branches. Original Loan Officers (AO) were reassigned based on their abilities and willingness to become Single Relationship Managers (Single RM) or Loan Specialists (PS). By the end of 2023, 27% of AO transitioned to Single RM, 39% transitioned to PS, 34% transitioned to Corporate Banking/Head Office Operations. Participants in the Single RM program received an average of at least 59 hours of training, and all 11 batches of transformation were completed.
Personal Banking ARM Program	2020	15	367	Encouraging employees to be a well-rounded Banker and to understand banking operations across front, middle, and back offices, a comprehensive 9-month curriculum is provided. It consists of three phases: Basic Deposit Operations, Credit Approval, and Wealth Management, totaling 112 hours of specialized knowledge courses. With an annual investment of 800,000 dollars, the program fosters collaboration between 3 departments and includes mentorship from seasoned professionals in post-rotation units. Ultimately, it aims to empower employees with the skills and knowledge needed to excel in various aspects of banking operations, enabling them to enhance their sales techniques and approach business operations with a holistic perspective.
Corporate Banking ARM Program	2017	18	279	An Associate Financial Law Client Relationship Manager will undergo a comprehensive two-year rotational training program. This program includes a full-fledged financial law curriculum covering financial analysis, risk management, and rotational assignments across all channels. It aims to develop well-rounded financial law experts equipped with both soft and hard skills. This training program stands out as the most comprehensive corporate banking training program in the industry.

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4.1.3.2 Linking Development Tools into a One-stop Career Development System

The Bank has established a one-stop career development system that connects various development resources across different platforms, creating a comprehensive career development framework. This system aims to become a key tool in guiding employees towards diverse career growth opportunities.

One-stop Career Development System

Development Tools	Primary Features	Purpose or Objective
iCareer	Identifying skill gaps and providing career direction guidance.	Developing talent profiles and designing career paths to help employees identify skill gaps. Utilizing data analysis to offer capability enhancement and position development recommendations. Encouraging employees to acquire professional and common competencies through skill labeling.
iTalent	Focusing on consensus development for development, establishing learning application schemes	Using job responsibilities, annual goals, and career development direction as the framework, facilitate consensus building between employees and supervisors. This will help in choosing suitable learning methods and formulating Individual Development Plans (IDP).
iLearning	Integrating data applications to provide personalized learning resources.	Leveraging data analytics to understand employees' learning preferences and offer personalized learning resources, thereby igniting their motivation to learn. In 2023, employees collectively spent 520,000 hours on learning, with an annual feedback satisfaction rating of 4.6 out of 5.
iMatch	Internal recruitment mechanism that encourages talent mobility across different domains.	Integrating with the iCareer platform to provide comprehensive matching for skills, expertise, and traits. This allows both supervisors and talent to make mutually beneficial selections. Employees can find suitable career directions and positions, while supervisors can identify suitable candidates based on team needs, thus promoting internal talent mobility within the organization.

4.1.3.3 Pioneering Diverse Training Initiatives to Enrich Learning Experience

The Bank is pioneering diverse training models to meet various training needs through different channels, formats, and methods. Utilizing internal community platforms to gather learners for two-way exchange and feedback, and through mechanisms like competitions, creating an ecosystem of co-creation and co-learning. Additionally, fostering internal trainers who embody the spirit of "everyone can be an expert", assisting interested individuals in building their personal brands, and ensuring the transfer of organizational knowledge. The aim is to enhance the learning experience through diverse and enriching training resources, thus fostering learning culture.

Employee Training Explanation

Dimension	Item	Description	Highlights
Diverse Learning Experiences	In-house Digital Courses	The Bank is the first in the country to have an in-house digital course production team, covering both professional domains and soft skills topics.	Produced a total of 118 digital courses in 2023.
	Business Review Articles	Introducing professional digital content providers such as Harvard Business Review, Master Cheers, Common Wealth Magazine, etc., to offer a rich array of learning resources.	Offering over 100 digital multimedia learning resources.
Driving a Collaborative Learning Ecosystem	Annual Learning Events	Through elements of competition and gamification design, we collaborate with group subsidiaries to organize learning activities such as the "Miles of Fun" challenge, encouraging employees to engage in competitive learning to earn rewards.	The participation in the 2023 learning events grew threefold compared to the same period last year.
	Learning Community	Utilizing social media platforms to establish learning communities and foster communication and sharing among members.	Organizing the "Personal Banking Talent Pool" event and encouraging participation through a points system.
	Internal Trainer System	Cultivating internal trainers to facilitate knowledge transfer and assist aspiring individuals in building their personal brands.	A total of 637 foundational trainers and 189 senior trainers have been nurtured. The average teaching satisfaction rate reached 96.9 out of 100.
A Rich Platform Resource for Continuous Learning	Hahow Learning Platform	Collaborating with Hahow Learning Platform to provide a diverse range of professional courses.	Accumulated 580 professional courses, with a total completion of 165,200 course sessions, accumulating over 245,400 hours of learning time.
	Digital Library	Providing a rich resource of e-books and digital magazines.	The digital library boasts over 2,200 recent popular collections, with a reading count of 39,000 times for e-books this year, indicating high recognition and usage rates.

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4.1.4 Establishing a Leadership Pipeline





The Bank has established talent pools for management at different levels and in various fields, enhancing the breadth and depth of talent reserves. Through the design of diverse training and development resources and the implementation of comprehensive support mechanisms, we invite supervisors at all levels to participate in leadership development. Tailored individual development plans are crafted based on different professional fields, language proficiency, and suitability analysis, combined with personal preferences and organizational needs, to identify development directions. Empowering talent to unleash their potential more flexibly enables the organization to adapt more agilely to future challenges, thereby laying the cornerstone for sustainable corporate development.



Talent Pool	Characteristics
Head Office Talent Pool	Promoting internal talent engagement and cultivating diverse integrated talents within the organization, we implement rotational career path planning based on individual traits, experiences, and organizational development. Each quarter, through talent development meetings, we focus on current development status and provide suggestions for the next steps, aiding employees in broadening their thinking scope and enhancing decision-making abilities. Currently, over thirty percent of talents in the Head Office Talent Pool possess cross-disciplinary experience.
Personal Banking Channel Talent Pool	The Personal Banking Channel Talent Pool values practical training by focusing on annual training objectives such as collaborative efforts between the head office and regional branches, differentiated training, and integration of practical scenarios. We strengthen practical training during the reserve period by providing various real-life scenarios, including: <ul style="list-style-type: none"> • Assigning individuals to conduct branch audits as part of an audit team to enhance daily management and risk control awareness. • Acting as a proxy for vacationing branch managers to assist talents in gaining early exposure to branch operations. • Designing branch management scenario discussions with channel executives serving as course instructors and examiners, aiming to enhance practical abilities and management skills.
Corporate Banking Channel Talent Pool	In response to recent strategic development priorities and adjustments in revenue structures, the Bank is focusing on cultivating cross-selling of products and channel cooperation capabilities. We are refining talent specifications and career paths, conducting ongoing talent assessments, and categorizing individuals based on their professional and managerial competencies. We are establishing a rotational system and exemplary paths for legal and financial personnel, providing senior employees with rotational training across customer segments and product lines. This initiative aims to foster a mindset of empathy and promote internal communication and collaboration within the organization.
Young Talent Pool (CMA)	Taking into account both the attractiveness of the labor market and organizational strategic needs, talent is classified into two major categories: Personal Financial Planning and Legal Financial International. We establish developmental pathways with the end goal in mind to cultivate future bankers, setting clear learning objectives for each stage. We ensure continuous tracking and accumulation of Certified Management Accountant (CMA) training outcomes. Additionally, through the establishment of inter-site linkage mechanisms, we encourage awareness and engagement in talent development among managerial personnel.

4.2 Social Impact

In Taiwan, one out of every two people is a customer of Cathay FHC and its subsidiaries. Therefore, the Bank actively utilize the Group's resources to promote sustainable actions, with the vision of helping to build an inclusive and equitable society. We form alliances with diverse strategic partners to jointly advance social sustainability. Focusing on "Youth Empowerment" and "Supporting the Underprivileged," we aim to help young people and disadvantaged groups acquire knowledge and skills, enabling them to remain confident and self-reliant in the face of a rapidly changing social environment, and to achieve their personal goals.

Social Impact Management Approach

 <p>Management Policies and Commitments</p>	<p>The Bank focuses on two main pillars: "Youth Empowerment" and "Supporting the Underprivileged." We support young people and people with disadvantage in acquiring knowledge and skills. By actively leveraging the Group's resources to promote sustainable actions, we are committed to advancing social sustainability and envision building an inclusive and equitable society.</p>
 <p>Corresponding to SDGs</p>	
 <p>Specific Performance</p>	<ul style="list-style-type: none"> • Java Talent Development Program : In 2023, a total of 21 candidates were recruited, with a final qualification rate of 67%. The satisfaction rate of trainees in the classes was 9.3 out of 10. • CSP Internship Program : In 2023, a total of 115 interns were recruited, out of which 63 successfully passed the assessment and were converted to full-time employees, with a conversion rate of 54.8%. • CIP Internship Program : In 2023, a total of 26 interns were recruited, with 42% coming from non-business management disciplines. The average satisfaction rating was 4.77 out of 5, with an impressive 62% of students expressing their willingness to return for future positions. • In 2023, the cumulative volunteer hours totaled 4,528 hours, involving 648 individuals.

 <p>Management Assessment Mechanisms</p>	<p>Set annual metrics and targets and review the achievement of goals regularly:</p>	
	Metrics	Targets
	Expand Partnership with Schools	Collaboration with 23 schools reached
	Expand Internship Opportunities	3 internship positions available in non-financial departments of the Bank
	Increase the Number of Interns	Total internship headcount exceeds 250 people
	Course Satisfaction	Exceeding 4 points (out of 5 points)
	Corporate Identity	Exceeding 4 points (out of 5 points)
 <p>Optimization Measures</p>	Desire to Pursue a Career in the Financial Industry in the Future	Exceeding 3.5 points (out of 5 points)
	Course Recommendation Rate.	Exceeding 3.5 points (out of 5 points)
	<ul style="list-style-type: none"> • Expanding our internship program by partnering with more schools and offering internships in a wider range of fields, while also increasing the number of participants. Additionally, we are actively working to improve the satisfaction, recommendation, and reputation of our internship program among students. • According to the budget of the Cathay United Bank Foundation, scholarships are provided to students and sponsorship for specialized educational programs is given through the local education authorities. 	

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In 1980, the Bank established the Cathay United Bank Foundation (the "Foundation"), marking a pioneering initiative in the financial industry. Subsequently, in 2000, we founded the Cathay United Art Center. Guided by the principle of "Happiness Lies in Bringing Happiness to Others," the Foundation has long been committed to addressing issues related to disadvantaged groups, remote areas, and children's education. We actively promote the "Elevated Tree Program—Grow A Big Tree From A Shoot," supporting educational philanthropy. Additionally, the Foundation is dedicated to sponsoring domestic arts and cultural activities, advocating for artistic culture and charitable philanthropy, and fulfilling corporate social responsibility. Here's a brief overview of the Foundation's main activities:

The Main Activities of the Cathay United Bank Foundation

<p>Elevated Tree Program</p>	<p>The Foundation continued the carrying out of the "Elevated Tree Program – Grow A Big Tree From A Shoot" helping the basic education to take root and ensuring children's access to school and further a future of their own. In 2023, the Elevated Tree Program - Scholarship Donation supported 5,854 under-privileged junior high and elementary school students. Extending the spirit of the "Elevated Tree Program," we encourage students to engage in sports activities. Thus, we launched the "Elevated Tree Program - Physical Education Donation" initiative to support schools in developing sports education, fostering self-discipline and team spirit among students in large sports events and discover themselves through competitions. In 2023, we sponsored 8 sports teams, including the Nan'ao Elementary School basketball team in Yilan County, covering participation fees, training expenses, and equipment purchases. We also sponsored the "Sunrise Village Cup" National Junior Football Game in Taitung and provided support to 13 rural schools, such as Green Island Elementary School in Taitung County, to develop distinctive educational programs, simultaneously supporting diversified learning opportunities for rural students.</p>
<p>Art Events</p>	<p>In order to support local arts and art education, Cathay United Art Center has been regularly holding art expositions and Art Lectures, providing a platform for Taiwan's artists and free access to art appreciation and knowledge for the general public. Cathay's arts events in 2023 included 10 art exhibitions and 5 Art Talk Lecture Series, including charity exhibitions co-hosted with artists to support children in rural areas. We sponsored the Tai-Yang Art Association to hold the "86th Tai-Yang Art Exhibition" and the Oil Painting Association of the Republic of China to organize the "47th National Oil Painting Contest and Exhibition." Additionally, to raise awareness of local artists, we produced the "2024 Jia Chen" group art desk calendar, featuring artwork from various artists, spreading blessings and appreciation for the beauty of art.</p>
<p>Charity, Public Welfare and Sponsorship Activities</p>	<p>To support the development of indigenous tribes and promote social enterprise, we purchase self-made products from the "Yu-Cheng Social Welfare Foundation" and "Pingtung Christian Bethany Home" and sponsor the "Taitung Bunun Cultural and Educational Foundation" and "Pingtung Christian Bethany Home." We also participate in the "A Bag of Hope Charity Event" organized by Kingstone Bookstore to assist tribes in promoting tourism, supporting the underprivileged, and caring for rural children through practical actions.</p>
<p>Campaigns Organized Across Cathay Charity Group</p>	<p>Participation in activities such as the "Cathay Youth Excellence Scholarship," "Teacher For Taiwan Flipped Education Collaborative Program," "Dream Come True Program," "After-School Care Program in Remote Rural Areas," and "Winter Warmth Program" is facilitated by the Cathay Charity Group. Additionally, the group publishes the Cathay Charity Group Annual Report.</p>

4.2.1 Youth Empowerment

The aging population and declining birth rates are reshaping demographics, demanding a more diverse set of skills from future generations. Organization for Economic Cooperation and Development (OECD)'s "Skills for 2030" report highlights three key abilities: cognitive thinking, social-emotional, and practical learning skills as crucial. To cultivate self-awareness, career reflection, and skill development among youth, bridging the gap between education and employment, and empowering them for the workplace, the Bank organizes the Cathay Youth Internship Program (CSP, CIP), and coding classes. We actively collaborate with universities across Taiwan, providing practical training during internships, engaging in business operations, understanding corporate strategies, and enhancing the potential of our talent pool. We aspire to expand our influence continually, driving positive developments in society and the environment.

4.2.1.1 Java Talent Development Program

The goal of this program is to recruit individuals interested in pursuing information-related careers but from non-traditional IT backgrounds. Through a 15-week programming language course and practical projects, we aim to develop their programming skills as a foundation for workforce development. In response to the significant system transformation projects within the Bank and considering the excellent results of the first cohort of the Java Information Training Program, we expanded the program's scale in 2023, collaborating with various subsidiaries of the Group. We recruited candidates interested in financial business and programming to participate. After completing the training, outstanding performers were offered formal employment contracts, injecting new energy and vitality into the IT sector. In 2023, CUB recruited a total of 21 candidates, with a final conversion rate of 67%, and the participants rated the course satisfaction at 9.3 out of 10.

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4.2.1.2 Cathay Seed Program(CSP)

This program collaborates with universities to provide students with early exposure to the banking industry during their academic studies. It aims to enhance their understanding of banking roles and allows the Bank to identify and assess talented individuals in advance. Through rigorous practical training, the program strengthens interns' willingness and readiness to join the Bank upon graduation. In 2023, the program offered opportunities in four career paths, including branch operations, operational centers, financial services, and corporate finance. We recruited 115 interns, of whom 63 successfully transitioned to full-time positions, resulting in a conversion rate of 54.8%. Considering the Bank's talent needs, we plan to introduce new internship paths in personal finance and overseas planning departments in 2024. We also aim to expand collaboration with more universities, hoping to identify potential talents by deepening relationships with targeted academic institutions in various regions.

4.2.1.3 Cathay Internship Program(CIP)

This program offers a continuous two-month summer internship aimed at helping students understand the operational models of the financial industry. It focuses on providing professional training in various banking departments, aiming to deepen practical experience and explore career possibilities. In response to the Bank's demand for interdisciplinary planning and digital talent, the program in 2023 covered four major career paths, including information technology specialists, digital finance, financial services, and operational planning. Among the 26 interns recruited, 42% came from diverse backgrounds outside of business management disciplines. During the internship, participants engage in internal project execution, collaborate with other subsidiaries of the Group in organizing activities, and have discussions with senior executives and alumni. Through these interactions, interns expand their professional networks and gain insights into the disparities between academic learning and practical application. The program received highly positive feedback in 2023, with an average satisfaction rating of 4.77, and an impressive 62% of interns expressing their willingness to return to the Bank for future employment opportunities.

Cathay Internship Program(CIP)Standout Activities

<p>Hackathon—Sustainability Transformation for Gen N</p>	<p>This is a long-term event with different themes set each year. In 2023, the focus was on sustainability with the theme "Hackathon—Sustainability Transformation for Gen N." The event centered around the sustainability strategy blueprint of the Group, aiming to brainstorm corporate initiatives that could change young people's perception of the Cathay brand. For example, in terms of environmental sustainability, participants explored activities or approaches to promote environmental sustainability among colleagues and the public, shaping the public's perception of Cathay's sustainability. On the financial health aspect, they discussed ways to increase understanding of Cathay's digital financial services among rural areas and the elderly, shaping their perception of Cathay's sustainability. CIP operated in small groups, engaging in round-the-clock discussions over two days and one night. Members came from different schools, disciplines, and various companies within the Group, each bringing unique potentials and creativity to propose projects. These projects were evaluated by executives from different group subsidiaries based on their effectiveness, logic, and innovation. Following the event, executives praised CIP's performance, with many participants expressing that the event enhanced their understanding of Cathay's commitment to sustainability.</p>
<p>My One-Acre field</p>	<p>This activity is part of a long-term project where we collaborate with local farms in Taoyuan. Participants get hands-on experience in farming, experiencing the hard work of farmers firsthand. The harvested rice is then donated to rural schools, demonstrating our commitment to social responsibility through tangible actions. We also arrange Q&A sessions between CIP participants and colleagues from the sustainability office. Additionally, we invite renowned YouTuber "Ben's Adventure" to share his experiences traveling around the world in recent years, particularly focusing on sustainability-related observations. These activities allow participants to combine their newfound knowledge with real-world experiences, gaining a deeper understanding of their role and positioning in achieving sustainable development goals.</p>
<p>Appointment with the Vice President</p>	<p>This event, being held for the first time, features a two-way dialogue between the Vice President and the CIP (Cathay Internship Program) participants. The Vice President shares valuable career advice based on personal experience with the CIP participants, aiming to gain deeper insights into the perspectives of Gen Z youth regarding our organization. To enhance the effectiveness of youth empowerment through relevant internship programs, the Vice President engages in discussions with interns regarding the design of internship program content, project layouts, and event planning. He also shares insights gained from his career journey within the Cathay FHC and its subsidiaries, encouraging interns to cultivate curiosity and courage in facing future challenges, and transforming challenges into opportunities for growth.</p>
<p>My Numerous Possibilities (Appointment with Seniors)</p>	<p>This event, held for the first time, invites former colleagues who have transitioned from the Cathay Internship Program (CIP) to full-time positions to share insights on career choices, job preparation, and more with current interns. Through a reasoning and puzzle-solving game, incorporating CUB's organizational culture, values, principles, and career paths, interns' identification with the company is enhanced, and they gain insight into potential career development opportunities in the finance industry after graduation. After many rounds, colleagues engage in interactive sessions with CIP participants, addressing questions regarding résumé writing and interview preparation.</p>

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4.2.1.4 Cathay Excellence Award Program

Since 2016, the Cathay Life Insurance Charity Foundation, in collaboration with the Cathay United Bank Foundation and the Cathay Real Estate Foundation, has jointly organized the Cathay Excellence Award Program, transforming scholarships into a comprehensive award and support. This program aims to assist two groups of students: First, for financially disadvantaged high school students or senior vocational school students that are outstanding, each student receives a scholarship of 60,000 dollars to alleviate financial burdens and support their academic pursuits. Second, for creative and forward-thinking student groups, innovative community projects aimed at addressing societal issues are awarded scholarship ranging from 100,000 to 200,000 dollars.

To date, the Cathay FHC and its subsidiaries has assisted nearly 18,734 student groups (including individuals and groups), providing a total of 220 million dollars in scholarships. This long-term commitment aims to nurture talent and lay a solid foundation for the future development of society. In 2023, to ensure fairness and diversity in the selection process, experts and scholars from relevant fields were invited to serve as judges based on the students' areas of study. Through rigorous evaluation, a total of 97 student groups were selected, comprising 23 groups in the 'Distinctive Award Category' (individuals/groups) and 74 'Outstanding Student Category' individuals. Each recipient is awarded a scholarship ranging from 60,000 to 200,000 dollars, totaling 7.49 million dollars.



Participation in AWE, Supporting the Development of Domestic Female Entrepreneurship

4.2.1.5 Academy for Women Entrepreneurs (AWE)

Event Name	2023 AWE Accelerator Bootcamp
Target Audience	Prioritizing Alumni from AWE for Training in Technology, Biotechnology, and ESG Industries.
Event Description	Selecting Female Entrepreneurs with Potential for Overseas Expansion from Previous Alumni, Utilizing Accelerator Training Camps, One-on-One Mentorship, and Other Development Mechanisms to Foster Industry Networking, Enhance Fundraising Skills, and Achieve Three Key Goals: Funding Acquisition, Market Expansion, and International Integration.

4.2.2 Supporting the Underprivileged

While expanding financial services, we recognize the challenges faced by children in remote areas, such as uneven educational resources, lack of companionship, economic difficulties, and unequal treatment. Therefore, since 2004, the Bank has been promoting the "Elevated Tree Program," which includes educational subsidies, funding for student sports teams, scholarships,

and sponsorship for special education projects. We focus on consulting with the government to identify the scholarship subsidy needs of all counties and cities across Taiwan. The scholarships are then allocated based on nominations from schoolteachers and approved by the education departments of each county and city, ensuring that the funds are utilized effectively to help students in genuine need. Our goal is to reduce social inequality and provide everyone with the opportunity to improve their quality of life through their own efforts.

4.2.2.1 Tutor CUB/ Financial Discovery Camp

According to a survey by "Parenting," 95% of parents and educators believe that it's important to instill financial concepts in children from a young age. However, less than 20% feel confident in their own financial knowledge and experience to teach their children. Moreover, in many families where parents work long hours away from home, there's a growing trend of intergenerational caregiving, which can lead to a lack of direct guidance on financial matters for children, potentially resulting in inadequate financial literacy. Recognizing that incorrect value judgments and financial habits can significantly impact children's future, it's crucial to start financial education at an early age. To fulfill our corporate social responsibility and align with the ESG sustainability strategy of our financial holding company, we're focusing on empowering young children. Therefore, we're planning to introduce a series of financial literacy courses in rural elementary schools, providing children with the knowledge and tools they need for making financial decisions. Through practical exercises and hands-on experience, we aim to instill in them the correct attitudes and values towards money, equipping them with lifelong skills. We're calling upon our employees to leverage their expertise and volunteerism to assist rural elementary school children in developing the right values. Starting from 2021, we pioneered online financial education, overcoming the limitations of time and space, conducting remote teaching sessions for rural areas each year. In 2023, CUB combined financial literacy with environmental sustainability education by organizing a two-day, one-night experiential trip. For the first time, schools sponsored by the "Elevated Tree Program" were invited to participate. Led by our employees, children from rural areas visited our branches and sustainable energy sites in Taipei. Through these hands-on experiences, we aimed to make financial education more impactful and tangible. For more details on the activities, please refer to section 3.2.4.2 of this report further disclosing the courses and camps of our practical education services.

4.2.2.2 Dedicated Donation Page

In addition to caring for disadvantaged children's education issues, the Bank also aims to assist other vulnerable groups through the influence of the financial industry. Therefore, we have set up a donation page on our official website to provide a channel for the public to donate. This not only facilitates legitimate donations but also helps reduce the risk of fraud by counterfeit foundations. We collaborate with numerous foundations, including Beunen Foundation, Taiwan Prevent Blindness, Syin-Lu Social Welfare Foundation, and The Garden of Hope Foundation etc. Each organization's services are listed in the donation page, with links to their websites for downloading donation forms and online donation services. Furthermore, to encourage people to spread love, we have initiated the "Micro Donation" program. Our credit card customers can redeem 100% of their credit card rewards points (Tree Points) for donations. This initiative aims to increase people's willingness to donate and provide tangible support to these organizations to help more vulnerable groups.

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5.1 Corporate Governance

5.2 Ethical Corporate Management

5.3 Risk Management

5.4 Information Security

5.5 Compliance

5.6 Anti-Money Laundering and Combating the Financing of Terrorism

5.7 Service Quality and Customer Rights

CUB's sustainable governance is founded on "risk management" and "internal control systems," dedicated to maintaining a healthy corporate structure while valuing commitments to stakeholders and sustainable value. We strictly adhere to relevant laws and regulations and strive to establish a comprehensive corporate risk culture to achieve sustainable development goals. While complexity of business environment increases, CUB upholds risk management principles to ensure that operations comply with domestic and international regulations. With a core objective of "automation, efficiency, and intelligent risk control," we continuously optimize our risk management and compliance systems. We actively promote a bank-wide risk management culture, integrating risk management principles into daily operations and decision-making to minimize potential risks and provide shareholder value.

Sustainable Governance and Risk Management

5.1 Corporate Governance

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The Bank actively responds to the Financial Supervisory Commission's "Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies," and planned to focus on four pillars: governance, transparency, digitalization, and innovation. We also take into account international corporate governance trends, and we continuously improve our corporate governance practices to ensure sustainable development.

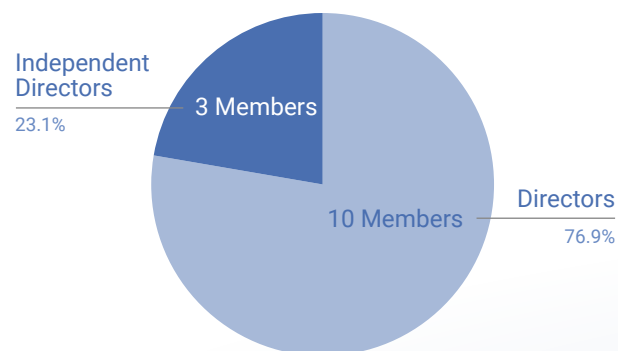
Within the corporate governance framework, our Board of Directors plays a crucial role in supervision and leadership, providing strategic guidance, and overseeing the implementation of our strategies and business operations. The Board of Directors has established functional committees: the Audit Committee and the Sustainable Development Committee. These Committees support the Board of Directors to enhance corporate governance effectiveness and lead the Bank in promoting continuous corporate sustainability.

To ensure professionalism and gender diversity among our Board of Directors, "Cathay United Bank Corporate Governance Guidelines" include relevant regulations. The composition of the Board of Directors shall take various needs into consideration, such as the Bank's business structure, business development direction, and future trend. The guidelines advised that the Bank evaluates a wide spectrum of aspects, e.g., fundamental criteria (e.g., gender, age, nationality), professional experience (e.g., financial holdings, banking, insurance, securities, industry, and information/technology), professional knowledge and skills (e.g., commerce, finance, accounting, law, marketing, FinTech, overseas market/merger and acquisition, and risk management).

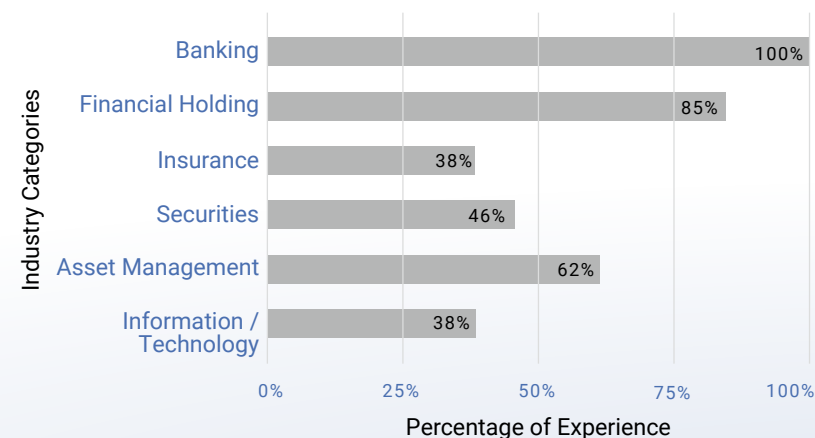
Our Board members collectively possess the knowledge, skills, qualities, and abilities necessary for executing business operations. This contributes to our group's efforts in promoting strategies for "globalization," "digitalization," and "financial innovation and application."

The Bank will continue to update our diversity policies in accordance with the operations of the Board of Directors, business structure, and development needs. We aim to strengthen the breadth of professional experience and knowledge skills, ensuring that Board members can effectively support the Bank's strategic objectives and drive sustainable development. We aspire to better adapt to the rapidly changing market environment and create greater value for shareholders, customers, and society. In 2023, our directors completed a total of 212.5 hours of continuing education, with an average of 16.35 hours of continuing education per director.

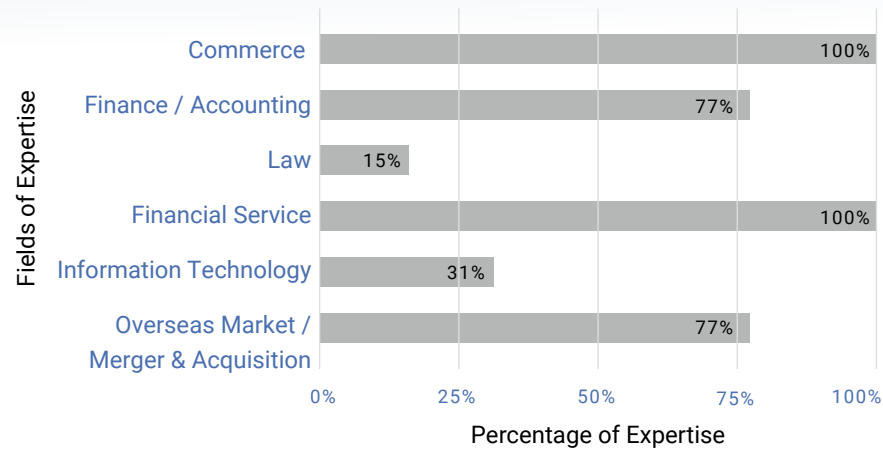
Composition of the Board of Directors



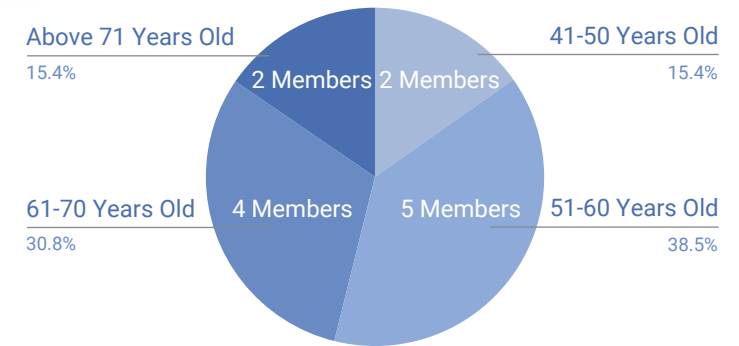
Industry Experience of the Board of Directors



Expertise of the Board of Directors



Age Distribution of the Board of Directors



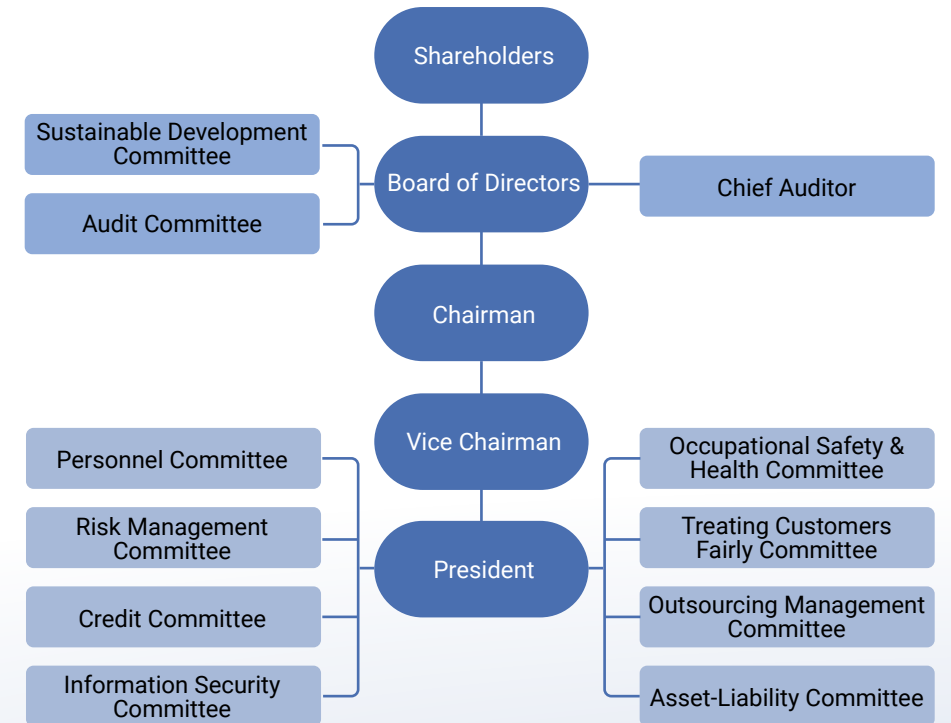
The Average Age of the Directors: 61

5.1.1 The Operation of the Board of Directors

The Board of Directors serves as the highest decision-making body of the Bank. In 2023, six Board meetings were convened, with an attendance rate of 97.8%. On average, the directors have served for 8.2 years, and the three independent directors have served an average of 6.2 years. In promoting corporate governance and sustainable development, the Bank actively established a system of functional committees under the Board of Directors, which involves the independent directors' participation. This system aims to enhance the quality of the Board of Directors' decision-making, strengthens the foresight, objectivity, and comprehensiveness of the Board of Directors' decisions and effectively address challenges related to economic, environmental, and social issues. For details on the implementation of the Board of Directors' diversity policy, please refer to pages 35-36 of the Traditional Chinese edition annual report. For information on corporate governance operations, please refer to pages 74-85 of our Traditional Chinese edition [annual report](#).

To avoid conflicts of interest, all directors adhere to high standards of self-discipline. "Cathay United Bank Rules of Procedure for Board Meetings" clearly states that, "If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall explain the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that item, shall furthermore recuse him or herself during discussion and voting on that item, and may not act as another director's proxy to exercise voting rights on that matter." For details on directors' recusal from conflicted matters in 2023, please refer to pages 58-59, and 70 of the Traditional Chinese edition [annual report](#).

Organization Chart



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5.1.2 Audit Committee

To enhance the professional functions of the Board of Directors and align with international standards, the Bank established the Audit Committee under the Board of Directors in June 2022. By virtue of the Audit Committee's specialization and independency, the Audit Committee assists the Board of Directors in making critical decisions. The Audit Committee shall be composed of all independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

In 2023, the Audit Committee convened six times with a 100% attendance rate. The main purpose of the operation of the Audit Committee is to supervise the following matters: fair presentation of the financial statements of the Bank, the hiring (and dismissal), independence, and performance of certificated public accountants of the Bank, the effective implementation of the internal control system of the Bank, compliance with relevant laws and regulations by the Bank, management of the existing or potential risks of the Bank, review of matters relating to mergers and acquisitions, senior management's accountability and promotion of the responsibility map.

To effectively execute independent oversight and checks and balances, all proposals are reported to and discussed by the Board of Directors. If any director or a juristic person represented by a director is an interested party with respect to any proposal, and the relationship is likely to prejudice the interests of the Bank, the director shall recuse him or herself therefrom, to align with the best interests of stakeholders.

5.1.3 Performance Evaluation and Remuneration Policy

To enhance the corporate governance system and create long-term value for shareholders, while ensuring that remuneration is linked to roles and responsibilities, the Bank has established the "Guidelines for Evaluation of Directors' Performance," "Guidelines for Directors' Remuneration," "Performance Management & Development Guidelines for Cathay Managers," and "Guidelines for Remuneration of Senior Management." These documents clearly define the various remuneration items and performance evaluation standards for directors and managers. Additionally, specific guidelines for the overall operation of the Board of Directors and functional committees have been stated in the "Regulations Governing the Evaluation of the Board and Functional Committee's Performance," which include corporate sustainability indicators. This ensures that the Bank fulfills its responsibilities in corporate governance, business operations, and the practice of corporate sustainability.

• Performance Evaluation Aspects:

1. The Bank has established the "Regulations Governing the Evaluation of the Board and Functional Committee's Performance" to assess the overall performance of the board and functional committees. The evaluation encompasses five major aspects, each divided into "qualitative" and "quantitative" measurement indicators: participation in company operations, enhancement of board (and functional committees) decision-making quality, composition and structure of the board (and functional committees), selection and continuing education of directors (and committee members), and internal controls. To further enhance the func-

tionality and efficiency of the board, the Bank conducts internal performance evaluations at least once a year, and external effectiveness evaluations by external professional organizations at least once every three years. The most recent internal evaluation results demonstrate that both the board and committees have exceeded standards, reflecting the Bank's outstanding achievements in promoting corporate governance and sustainability. The latest external evaluation also comprehensively acknowledges the board's performance over the past year, further validating the excellent performance in board performance management and continuous improvement in functionality and efficiency.

2. The Bank has established the "Guidelines for Evaluation of Directors' Performance," which includes indicators such as understanding company goals and missions, supervising the Bank's financial performance, supervising the Bank's internal audit and control, risk management, compliance with laws and regulations, and other reference items (such as company credit ratings and corporate social responsibility performance, board participation rates, etc.). Additionally, we have the "Performance Management & Development Guidelines for Cathay Managers," which not only includes measurement indicators such as annual strategic goals and job responsibilities (including "operational management," "effectiveness of internal control execution," "effectiveness of compliance with laws and regulations"), but also incorporates sustainability indicators since 2022 (such as performance in low-carbon operations and the use of green energy in environmental operations) into relevant senior management KPIs. Annual performance evaluations are conducted at the end of each year to ensure that both board members and executives fulfill their duties.

• Remuneration Policy Aspects:

To enhance overall operational efficiency and long-term business performance, the Bank has established the "Guidelines for Directors' Remuneration," which clearly outline the remuneration items and standards for directors, including remuneration, benefits, and transportation expenses. Director remuneration is determined by considering each director's level of participation in company operations, contribution value, and industry norms. It is submitted to the Audit Committee for review and approval by the Board of Directors.

Furthermore, to create long-term shareholder value and ensure remuneration alignment with job position and job responsibilities, the Bank has established the "Guidelines for Remuneration of Senior Management." Fixed remuneration of senior management is determined based on job responsibilities, performance, and capabilities, taking into account external benchmark market standards. Variable remuneration is based on the "Performance Management & Development Guidelines for Cathay Managers," reviewed and assessed annually, and year-end bonuses are granted based on the Bank's net earnings and overall performance relative to market standards. Additionally, we also attract, motivate and retain outstanding talents through following the Cathay FHC Long-Term Incentive Plan.

5.2 Ethical Corporate Management

"Integrity" is one of the core values of the Bank. We conduct our business activities based on principles of fairness, honesty, trustworthiness, and transparency. To implement our policy of integrity in operations and actively prevent dishonest behavior, we adhere to the "Policy and Code of Operation Integrity" of Cathay FHC, as well as relevant laws in the jurisdictions where the Bank, Cathay FHC, and its subsidiaries operate. We have established the "Procedures and Guidelines of Conduct for Ethical Management" and "Code of Conduct," which specifically state the duties of our practicing directors, managers, and employees at work. They are required to comply with relevant laws and integrity policies, avoid conflicts of interest, and refrain from bribery and seeking personal gain, to enhance our corporate governance. We have established internal regulations for each business area and implemented a comprehensive review mechanism. Additionally, using a risk-based approach, we regularly monitor employee behavior through data analysis and implement robust off-duty mechanisms to mitigate the risk of dishonest behavior. When planning new business services, we undergo rigorous review processes and risk assessments to ensure the protection of consumer rights.

Policy and Code of Operation Integrity of Cathay FHC	Cathay FHC has established the "Policy and Code of Operation Integrity" to strengthen the culture of integrity and promote sustainable development. This code, compliant with the standards for listed companies, applies to Cathay FHC and its subsidiaries. It emphasizes integrity, transparency, and responsible operations, including principles such as compliance with laws, prohibition of dishonest behavior, and avoidance of conflicts of interest. Senior management and employees are required to commit to adhering to these principles. The policy also includes mechanisms for reporting and disciplinary actions to ensure its implementation. The Bank enhances transparency and accountability by publicly disclosing its integrity management practices in its annual reports and on its website.
Code of Ethics of Cathay FHC	The "Code of Ethics" is established to guide employees in adhering to ethical standards, enhancing stakeholders' understanding of our ethical norms, and ensuring the corporation's sustainable development. This code applies to Cathay FHC and its directly or indirectly controlled subsidiaries, including all directors, supervisors, managers, and employees. The code emphasizes compliance with relevant laws, upholding integrity principles, and preventing conflicts of interest and undue personal gain. Employees must protect the confidentiality of company assets and information, engage in fair trading practices, prevent insider trading, and actively combat money laundering activities. The Bank is committed to providing an equal, non-discriminatory, and harassment-free work environment, supporting human rights, encouraging reporting of illegal or unethical behavior, and carrying out enforcement actions on violators.
Human Rights Policy of Cathay FHC	"Human Rights Policy" of Cathay FHC aims to safeguard the basic human rights of employees, customers, and stakeholders, in line with internationally recognized human rights policies such as freedom of association, care for vulnerable groups, and prohibition of child labor. This policy applies to Cathay FHC and its subsidiaries, urging business partners to adhere to it as well. Valuing diversity, inclusivity, and equal opportunities, anti-discrimination and anti-harassment policies are established, ensures reasonable working hours, provides a safe and healthy working environment, supports freedom of association and labor negotiations, and values privacy protection. The policy is publicly disclosed through various channels, and the Board of Directors is responsible for its formulation, amendment, and repealing to ensure the Bank's sustainable development and social responsibility.
Procedures and Guidelines of Conduct for Ethical Management of CUB	CUB has established the "Procedures and Guidelines of Conduct for Ethical Management" to strengthen the principles of fairness, honesty, trustworthiness, and transparency in business practices. This guideline applies to all directors, supervisors, managers, and employees, explicitly prohibiting any form of dishonest behavior, including but not limited to bribery and corruption. The guidelines specify standards for accepting gifts and reception, with a dedicated unit regularly reporting the implementation of integrity to the board of directors. Additionally, a series of provisions are established to prevent improper exchanges of benefits. Furthermore, strict regulations are set forth concerning areas such as political contributions, charitable donations or sponsorships, and conflict of interest. The guideline emphasizes the protection of business secrets and personal data, prohibits unfair competition and insider trading, and requires the inclusion of integrity clauses in contracts. To ensure the implementation of the guidelines, a reporting system is established, and training are provided to enhance integrity awareness among internal and external stakeholders.
Code of Conduct of CUB	To uphold the Bank's core values and business philosophy of "Integrity, Accountability, Innovation" and to achieve the Bank's development vision, all employees must recognize and commit to adhering to workplace ethics and morals, being lawful and reasonable at work. Based on the "Code of Ethics" of Cathay FHC, the Code further establish essential guidelines for employees to ensure compliance with laws and regulations, providing a basis for understanding and making correct decisions. The guidelines serve as the fundamental behavioral norms for employees in handling daily business and as guiding principles that all employees must comply with and implement.

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The Bank upholds Cathay FHC's spirit of integrity management and ethical standards. The CS Team is responsible for promoting and overseeing the implementation of integrity management, and the CS Team regularly reports to the Board of Directors. To deepen the corporate culture of integrity and highlight its importance, key departments such as Human Resources, Education & Development, and Compliance Departments simultaneously conduct employee awareness education and compliance training. We comprehensively implement integrity management policies by regularly organizing training sessions and compliance-related meetings. These include regulatory compliance education for new employees, liaison meetings with high-level managers, and "Code of Conduct Training" achieving a 100% completion rate. These ensure all employees to deeply understand and are familiar with the regulations. Before special holidays like the Mid-Autumn Festival and New Year, the Human Resources Department also reinforces promotion by sending out "We Don't Accept Gifts" reminders via the office email to all employees. This enhances employees' compliance with ethical behavior standards, further solidifying the practical outcomes of our ethical guidelines.







Whistleblower Mechanism & Reporting Channels

The Bank adheres to the "Code of Conduct for Reporting Unethical or Dishonest Cases" and the "Reporting Mechanism" of Cathay FHC, establishing reporting channels and handling procedures to protect the legal rights and interests of whistleblowers and related parties. The Bank is committed to maintain strict confidentiality regarding the identity of whistleblowers and investigators, and we ensure that they do not suffer unfair treatment or retaliation due to their reports. The Bank encourages individuals that consider an illegal activity had happened to come forward, facilitating early detection and proper handling of such cases to prevent potential risks and minimize losses. The official website provides information on reporting channels, with the Compliance Department designated as the unit for receiving reports. Strict procedures are established for investigating reported matters, implementing post-investigation measures, and ensuring case confidentiality. "Code of Conduct for Reporting Unethical or Dishonest Cases" clearly states that the confidentiality of the whistleblower's identity must be protected, and it is prohibited to fire, dismiss, demote, reduce salary, damage the legitimate rights and interests of the whistleblower, or take other adverse sanctions due to the whistleblower, in order to implement protection of the whistleblower. In 2023, there were no complaints involving insider trading, anti-competitive behavior, monopolistic practices, market manipulation, or unethical or dishonest conduct.

5.3 Risk Management

Risk Management Approach

 <p>Management Policies and Commitments</p>	<p>"Cathay United Bank Risk Management Policy" is established in accordance with the Enterprise Risk Management (ERM) framework. Through the integration of the frontline, middle, and rear of defense, business units, risk management units, and audit units collaborate jointly, each fulfilling its respective responsibilities to monitor risks.</p>
 <p>Corresponding to SDGs</p>	 
 <p>Specific Performance</p>	<ul style="list-style-type: none"> • The operational status meets the capital adequacy ratio target for D-SIBs. • The Risk Management Unit regularly prepares risk management reports and presents them to senior management and the Board of Directors according to internal processes.
 <p>Management Assessment Mechanisms</p>	<ul style="list-style-type: none"> • Formulation of Business Continuity Management (BCM) Guidelines and establishment of the Business Continuity Management Committee, convening regular meetings to review the implementation status of the BCM system. • Conducting regular self-assessment and self-inspection of legal compliance and internal control by each unit. • "Effectiveness of internal control execution" and "Effectiveness of legal compliance" are included as performance evaluation items for managers and all staff members. • Regularly conduct bank-wide stress tests and take necessary responsive measures based on the results.
 <p>Optimization Measures</p>	<ul style="list-style-type: none"> • Continuously enhancing the resilience verification mechanism for climate/natural issues (e.g., climate- and nature-related scenario analysis) to strengthen the Bank's operational resilience. • Implement scenario-based exercises to ensure the accuracy and completeness of the Business Continuity Plan (BCP) implementation.

5.3.1 Risk Management Policy

As the business environment becomes increasingly complex, the types of risks and their impact have also become more diversified. In accordance with ERM, we have formulated the "Cathay United Bank Risk Management Policy" to establish a comprehensive climate risk management framework. Through steps such as identification, assessment, response, and monitoring, we continuously improve and implement risk management in our operational activities, reducing potential risks, and striving for sustainable business operations.

The scope of risk management in the Bank includes market risk, credit risk, operational risk, liquidity risk, reputation risk, ESG, and climate risk. We carefully assess the relationships and interactions among various risks and actively monitor global trends and industry changes to establish relevant risk management regulations. In order to strengthen ESG and climate-related risk management mechanisms, we have included ESG risk in our risk management scope since 2018. In 2021, we further expanded our risk management scope by formulating the "ESG and Climate Risk Management Guidelines" as a core framework for establishing or implementing ESG and climate risk management mechanisms throughout the Bank. Following these guidelines, we have developed various management regulations related to ESG risk and climate risk, including the addition of climate risk appetite statements and limits management, to enhance our efforts in managing ESG and climate-related risks.

To effectively manage the Bank's capital, ensure a sound capital structure, and promote prudent business growth, we have established corresponding management strategies and processes for various risks. We have formulated regulations such as the "Capital Management Policy," "Capital Adequacy Management Guidelines," and "Stress Testing Management Guidelines." These guidelines take into account factors such as market interest rate risk, fluctuations in property prices, changes in borrower credit ratings, industry changes, and concentration risks. Different stress scenarios are identified based on these factors, and stress tests are conducted accordingly. The results are reported to the Risk Management Committee and the Board of Directors. In accordance with regulatory requirements of financial regulators, relevant information is regularly disclosed on the Traditional Chinese Edition CUB website in the Risk Disclosure section.

CUB establishes a robust and comprehensive risk management culture and environment through channels such as information dissemination, regular risk management meetings, and employee training, thereby implementing risk management functions. The Risk Management Unit regularly prepares risk management reports and presents them to senior management and the Board of Directors, allowing senior management and the Board to fully understand the risks faced by the Bank in its operations. This supports formulation of operational decisions by management and facilitates the Bank's sustainable development goals to be achieved.

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- **Board of Directors:** As the highest approving authority for the Bank's risk strategy and major risk policies, the Board of Directors approves risk management strategies, policies, and frameworks. The Board of Directors oversees the management outcomes of credit risk, operational risk, capital adequacy management, reputation risk, and emerging risks, and they ensure the appropriate allocation of relevant resources.

- **Risk Management Committee:** Responsible for formulating risk management policies and implementing the risk management strategy approved by the Board of Directors. This includes assessing the Bank's risk tolerance, reviewing existing risk mitigation measures, and supervising the effectiveness of risk management. Chaired by the Chief Risk Officer, the committee convenes monthly meetings to review and oversee the execution of risk management and internal control measures.

- **Risk Management Unit:** Operates independently from business units to handle risk management activities (e.g., credit risk, market risk, and operational risk), the Unit identifies, measures, monitors, and responds to risks. The unit convenes regular risk management meetings, reports risk management information to senior management, and issues timely warnings to prevent potential issues.

- **Audit Department:** Formulates audit plans, audits, and evaluates internal control-related systems. Tracks and controls the execution status of various units and assists responsible units in improvement efforts.

The core focus of our risk management at the Bank is "Automated Efficiency and Intelligent Risk Control," continually optimizing risk control and legal compliance systems to promote a culture of risk management throughout the organization. As a key component of corporate governance, we value the importance of internal controls. This process requires oversight from the Board of Directors, guidance from management, and participation from all employees.

Through the integration of the three-line defense structure, CUB collectively ensures risk management with dedicated roles played by business units, The Risk Management Unit, and The Audit Department. By establishing these three lines of defense, we ensure the stability of our business activities while effectively managing and reducing potential risks, safeguarding the long-term interests of the Bank and stakeholders.

Three-Line Defense Structure for Risk Management

 <p>1 First Line of Defense</p>	<p>The first line of defense comprises the business management units, product units, IT departments, and accounting departments directly involved in customer-facing activities and market operations. They are responsible for managing and controlling risks inherent in daily business activities.</p>
 <p>2 Second Line of Defense</p>	<p>The second line of defense is responsible for formulating the Bank's overall risk management policies and procedures, monitoring the risk profile of business units, and ensuring alignment with the Bank's risk appetite. This line includes the Risk Management Unit, Compliance Department, and information security departments. Their responsibilities involve overseeing and assessing the effectiveness of risk management practices within business units and reporting risk management outcomes to senior management.</p>
 <p>3 Third Line of Defense</p>	<p>The third line of defense consists of the audit unit, which is responsible for auditing and assessing the effectiveness of the internal controls and risk management systems designed and implemented by the first and second lines of defense. It also provides timely recommendations for improvement. Additionally, sustainability-related matters, including ESG risk management and compliance with corporate governance standards, have been incorporated into the audit scope.</p>

5.3.2 Risk Identification and Response Measures

Risk Management Response Measures

Categories of Risk	Risk Management Response Measures	The Information Covered in Risk Management Reports and the Frequency of Reporting
Market Risk	Market risk refers to the risk of losses resulting from fluctuations in the prices or volatility of financial market instruments, which in turn affect the value of the Bank's financial assets. This risk is managed through various risk management measures, including setting and managing limits, regular reporting processes, independent monitoring management units, and oversight by senior committees. The adequacy of these management mechanisms is regularly reviewed.	The market risk reporting and measurement system covers portfolio valuation, various limits, profit and loss monitoring, management and calculation, stress testing and scenario analysis, pricing models, and qualitative/quantitative risk reporting or VaR (Value at Risk) analysis. These are regularly reported to the Board of Directors, senior management, and the Risk Management Committee.
Credit Risk	Credit risk refers to the risk that counterparties, including businesses, individuals, and financial institutions, with whom the Bank engages, may fail to fulfill their obligations as agreed, leading to potential financial losses. Engagement includes credit transactions such as lending activities, investment activities, and transactions involving financial products or contracts. Credit risk measurement includes the operation of various mechanisms, including credit approval processes, limit management, credit rating information, collateral information, periodic credit reviews, and non-performing asset management. The Bank continually enhances its risk quantification techniques and strengthens its risk measurement models while improving assessment mechanisms such as stress testing to adequately understand changes in asset quality and proactively adopt necessary precautionary measures as required.	The regular risk management reports are submitted to the Board of Directors, senior management, and the Risk Management Committee. Please refer to the Mandarin Chinese edition annual report for detailed information.
Operational Risk	Operational risk refers to the risk of loss resulting from misconduct or failed internal processes, personnel, systems, or external events, including legal risks but excluding strategic and reputational risks. The Bank employs mechanisms such as operational risk self-assessment, reporting of operational risk events, and regular monitoring of key risk indicators to achieve the objectives of identifying, assessing, and monitoring operational risks, ensuring the effectiveness of risk avoidance and mitigation tools. Results of operational risk self-assessment and monitoring of key risk indicators categorize the risk exposure levels into high, medium, and low, with corresponding response measures formulated for each level to effectively monitor and mitigate operational risk exposure. Additionally, regular tracking of operational risk events and reporting of analytical information serve as references for improvement initiatives such as process or system optimization.	Database establishment for operational risk events, and operational risk self-assessment and key risk indicator mechanisms will be executed regularly. The identification and assessment results, as well as the corresponding improvement measures, will be reported to the Risk Management Committee quarterly and annually. Relevant risk information will also be included in the semi-annual risk management report presented to the Board of Directors.

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Categories of Risk	Risk Management Response Measures	The Information Covered in Risk Management Reports and the Frequency of Reporting
Liquidity Risk	Liquidity risk refers to the risk that a financial institution may not be able to obtain funds at a reasonable price within a reasonable time frame to support asset growth or meet maturing liabilities, which may result in losses. The Bank adheres to the principle of maintaining stable liquidity, with conservative estimates of fund requirements. Diversification and stability are valued in fund sourcing, while fund utilization balances safety and profitability, with attention given to diversifying liquidity risk. When significant changes or anticipated changes in liquidity positions occur, relevant business units promptly inform the Finance & Accounting Department and the Market Risk Management Department. If necessary, an Asset and Liability Management Committee meeting may be convened to discuss response measures, with subsequent reporting to the Board for approval.	To manage liquidity risk, the Bank regularly prepares reports to ensure that all liquidity indicators meet liquidity requirements. Additionally, liquidity stress tests are conducted quarterly to assess the Bank's ability to meet repayment obligations in the event of a liquidity crisis. The results of these tests are reported to the Board every six months.
ESG and Climate Risk	Based on the "ESG and Climate Risk Management Guidelines" as the benchmark, and integrating various core functions, corresponding ESG management regulations are formulated to reduce environmental, social, and governance risks, as well as to seize opportunities in these areas. Efforts are also made to optimize internal credit, investment management mechanisms, and enhance external services and products. The Bank adheres to the Group's climate risk appetite statement: "For industries or enterprises sensitive to climate change risks, and regions with high physical risks, if it is assessed that related risks are difficult to manage or control, involvement or undertaking should be reduced or avoided." Accordingly, the "Sensitive Industry Quota Business Management Rules" are established, introducing quota management mechanisms to regularly monitor the use of financing in high-sensitive industry quotas, thereby strengthening climate and natural risk management.	The Bank has established both a "Sustainable Development Committee" and a "Risk Management Committee" to oversee their respective areas. Specialized units regularly report sustainability, ESG, and climate risk-related issues to the Board of Directors.
Reputational Risk	Potential risks to brand value and shareholder equity arising from misconduct by the company or employees, or negative media coverage are identified. The severity, speed of dissemination, and scope of impact of such events are assessed. By promptly notifying events, relevant response measures can be taken, and the negative impact of event development or media coverage can be continuously monitored.	Regularly organize reputation event data for presentation to the Risk Management Committee and reporting to the Board of Directors for verification.
Emerging Risks	Identify emerging risks that may not yet be apparent but could arise due to changes in the environment or society, in order to assess the significant impact these risks may have on the company's sustainable operations and to promote the Bank's sustainability objectives. This involves identifying and assessing emerging risks, compiling an annual risk map, and planning response and control measures.	Draw an annual risk map, report to the Risk Management Committee, and submit it to the Board of Directors for approval.

5.3.3 Crisis Management and Business Continuity Management

The Bank has established the "Cathay United Bank Business Crisis Response Management Guidelines," which clearly regulate emergency response measures in the event of liquidity crises, insufficient capital adequacy ratios, or other crises, including disruptions in market clearing operations, significant fines imposed by domestic and foreign regulatory authorities, natural disasters, man-made disasters, outbreaks of infectious diseases, political unrest, and employee strikes.

When a business crisis occurs, in addition to the units responsible for daily management, a crisis management team is established as the highest command unit. This team rapidly and effectively assesses the severity of the crisis, formulates and activates response measures to prevent the crisis from escalating further until it is resolved. The Bank conducts crisis response exercises annually to evaluate the effectiveness, serving as the basis for review and revision.

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To address the risk of significant operational disruptions resulting from major emergencies, the Bank has established a Business Continuity Management (BCM) mechanism. This involves assessing the frequency, impact, and predictability of risk sources to identify high-risk scenarios such as natural disasters, pandemics, or other events. Corresponding strategies and contingency recovery plans are developed to ensure the continuity and resilience of operations. In the event of a major emergency, these plans aim to swiftly restore critical business functions, minimizing losses and safeguarding customer interests. To ensure the continuous operation of information systems, in the event of a significant unexpected disaster in the information system environment, measures are in place to restore normal operations as quickly as possible. The Bank conducts two information system recovery backup exercises annually. Between 2022 and 2023, a total of four off-site backup drills were conducted, all of which were completed successfully and met the objectives of the exercises.

In addition, CUB obtained the British Standards Institution (BSI) ISO 22301:2019 certification for Business Continuity Management System in May 2022, and successfully passed the re-certification in March 2023. Furthermore, details regarding the [Business Continuity Management](#) are publicly disclosed on the Bank's Traditional Chinese edition official website.

5.3.4 Risk Management Training

To establish a robust and comprehensive risk management culture and environment, and to implement risk management functions effectively, the results of the risk management and internal control training conducted this year are as follows:

Total Risk Management Training Results

Results	General Risk Management Course
Number of Employees (people)	10,956
Total Training Hours	1,825.33 Hours
The Completion Rate	99.96%

5.4 Information Security

Privacy and Information Security Management Approach

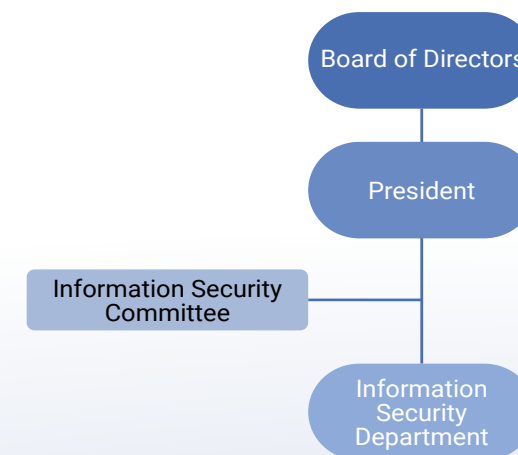
 Management Policies and Commitments	<p>Establishing the "Information Security Policy," with the decision-making level being the Board of Directors, to be reviewed annually to ensure the confidentiality, integrity, availability, and legality of information assets.</p>
 Corresponding to SDGs	
 Specific Performance	<p>In response to the Financial Cyber Security Action Plan, the Bank has adopted the international cybersecurity management standard ISO 27001. Every half year, it commissions independent third-party organizations to verify compliance. Additionally, network security assessment tools for cybersecurity maturity assessments had been implemented, and we regularly review and improve based on assessment results. Risk transfer through cybersecurity insurance strengthens operational resilience, enhances corporate governance assessments, boosts customer and shareholder confidence, and contributes to sustainable development.</p>
 Management Assessment Mechanisms	<ul style="list-style-type: none"> • 7×24 Cybersecurity Monitoring Center Service Mechanism involves multidimensional correlation analysis of cybersecurity equipment, network devices, operating systems, and other logs to provide real-time alerts and identify cybersecurity events, abnormal connections, and other behaviors. • Cathay FHC has established a cross-company "Cybersecurity Emergency Response Team" to promptly assess and control the cybersecurity situation of the Bank and its subsidiaries through event reporting and emergency response procedures. • Various scenario playbooks are developed and utilized to continuously conduct cybersecurity incident response drills. • External cybersecurity consultants and response teams are engaged to provide appropriate and professional advice and emergency response support.
 Optimization Measures	<ul style="list-style-type: none"> • Conducted a current state gap analysis and planned the objectives for establishing a zero trust framework. • Continuously monitored network threat trends and periodically assessed and adjusted the scope of cybersecurity insurance coverage.

5.4.1 Information Security Management Policy

To enhance the quality and stability of financial services and effectively manage information security risks, CUB has established the Information Security Policy following the information security blueprint of its parent company, Cathay FHC. This policy serves as the guiding principle for implementing information security protection measures, continuously strengthening cybersecurity capabilities, and achieving secure, convenient, and uninterrupted financial services. The Bank has set up an Information Security Department as the dedicated unit responsible for formulating the bank-wide information security policy, planning the information security architecture blueprint, coordinating the handling of major information security incidents, reviewing information security defense mechanisms, and reviewing emergency response plan inspection. It supervises the overall implementation of information security, conducts information security advocacy and education training, and reviews compliance with information security laws and regulations. In 2022, the Bank established the position of Chief Information Security Officer to oversee the promotion of information security policies and the allocation of related resources. The Information Security Department submits an annual report on the overall implementation of information security to the Board of Directors and holds Information Security Committee Meetings supervised by the President and relevant department heads every half year.

The authority for approving the Information Security Policy is the Board of Directors, which annually reviews to ensure the confidentiality, integrity, availability, and legality of information assets. To ensure compliance with and promotion of information security policies, as well as to supervise and coordinate information security management efforts, CUB has established a cross-departmental "Information Security Committee." Chaired by the President, the committee includes supervisory heads from information-related, legal, regulatory compliance, risk management, information security, and digital transformation units. The Chief Information Security Officer serves as the executive secretary, and the committee convenes meetings at least every half year.

Organization Structure Chart for the Information Security



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To adapt to industry trends and emerging technologies, CUB adheres to relevant regulations and self-regulatory standards to maintain the validity of international cybersecurity certifications. This includes verification by third-party independent organizations for ISO 27001 every half year, as well as annual verification for Payment Card Industry Data Security Standard (PCI DSS). Additionally, CUB has implemented the "Federal Financial Institutions Examination Council Cybersecurity Assessment Tool (FFIEC CAT)" and the "National Information Security Center's Government Agency Information Security Governance Maturity Assessment Mechanism" to assess cybersecurity maturity. Based on assessment results, regular reviews and improvements are undertaken. Annually, independent professional consultants are engaged to conduct information security assessments, ethical hacker hacking tests, and implement necessary enhancements to continuously strengthen the Bank's information security defenses. Furthermore, recognizing the evolving nature of financial service outsourcing and cross-industry collaborations, CUB reinforces its third-party information supplier management mechanisms to avoid potential information security risks originating from the supply chain.

5.4.2 Information Security Action Plan and Achievements

• Collaborated with third-party professional consultants to assess the implementation of information security both domestically and internationally:

In order to enhance overall information security and comply with regulatory requirements in the financial industry, the Bank conducts regular computer system security assessments including our overseas branches every year. An independent professional consulting firm is engaged to evaluate the Bank's overall information security performance annually. The assessment results, along with an internal control statement, are submitted to the Board of Directors before the first quarter of the following year. Additionally, to gain deeper insights into the information security practices at overseas branches, information security personnel, along with third-party consultants, conduct on-site inspections. This ensures that operations at overseas branches comply with information security regulations and adhere to various security control requirements, aiming to embed information security into the corporate culture and enhance the Bank's overall security posture.

• Implementing financial cybersecurity action plans:

The Bank has completed the items under the "Financial Cyber Security Action Plan 1.0" issued by the Financial Supervisory Commission, including the appointment of a Chief Information Security Officer, establishment of an Information Security Advisory Group, adoption of international cybersecurity and business continuity management standards with verification, alignment with the Group's computer security incident response plan, conducting cybersecurity governance maturity assessments, establishing a cybersecurity monitoring service center mechanism, encouraging cybersecurity personnel to obtain international certifications, and incorporating practical business operations verification into offsite backup drills. In response to the "Financial Cyber Security Action Plan 2.0" released on December 27, 2022, the Bank has added additional initiatives such as completing Breach and Attack Simulation (BAS), initiating the implementation of a zero trust framework, and implementing a project for safeguarding data in response to major cybersecurity incidents and natural disasters. These efforts aim to continuously strengthen the Bank's cyberse-

curity capabilities, ensuring the provision of secure, convenient, and uninterrupted financial services, and enhancing the Bank's information security management.

• Information Security Protection and Strengthening Measures:

The Bank regularly conducts computer system information security assessments, various contingency drills, penetration testing, intrusion and attack simulation drills, and white hat hacker red team drills, as well as strengthening measures for customer service program testing. Additionally, we implemented mechanisms for information security intelligence collection and processing, a security monitoring center, and incident response mechanisms to be well prepared at all stages for various emerging cybersecurity threats. Furthermore, the Bank annually invests in cybersecurity insurance to protect its and its customers' interests and minimize losses from cybersecurity incidents. This year, a total of 83.31 million was spend for cybersecurity expenses, including software and hardware licenses, personnel training, etc., accounting for 1,385.42 million, which is approximately 6% of the Bank's total information budget. The Bank also encourages employees to obtain cybersecurity certifications, with a total of 65 international cybersecurity certifications achieved this year, covering both management and technical certifications such as ISC2 CISSP/CC, ISACA CISM, ISO 27001/27017/27018, EC-Council CEH/ECSA/CHFI/ECIH/CTIA, and CompTIA Security+.

5.4.3 Defensive Measures for Transaction Systems and Internal Operations

CUB's security protection setup includes monitoring and defense against abnormal network traffic, network firewalls, web application firewalls, intrusion detection and prevention systems, as well as endpoint protection mechanisms (anti-virus and EDR). An Information Security Monitoring and Management Platform is established to aggregate security event logs from various security protection devices, and to centrally manage, store, search, and forward them to the Security Operation Center (SOC). This monitoring center provides 7x24 service and is responsible for analyzing and monitoring any messages that may violate the confidentiality, integrity, or availability of information in the system. Once abnormal events are detected, they are immediately reported, processed, and tracked to ensure the security of transactions and the effectiveness of protection measures.

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5.4.4 Information Security Training

Results of information security training for year 2023 are as follows:

Table 5.4 2 Outcomes of the Information Security Training

Item	General staff information Security Training	Designated Personnel Information Security Training	Board Member Training
Training Participants	The entire staff	Personnel responsible for information security.	Members of the Board of Directors
Training Objectives	Continuously strengthening and enhancing cybersecurity awareness.	Continuously strengthening and enhancing cybersecurity expertise and knowledge.	Continuously strengthening the cybersecurity supervisory function of the management level.
Training Frequency	Conducted annually	Conducted annually	Conducted annually
Training Channels	Online Learning Platform of Cathay FHC.	Online Learning Platform of Cathay FHC and Participation in External Training.	Online Learning Platform of Cathay FHC and Participation in Physical or Online Seminars.
Number of Trainees (people)	Approximately 10,500	24	13
Completion Rate	100%	100%	100%
Training Hours	36,750 Hours	1,320 Hours	13 Hours

5.5 Compliance

The Bank has established a Compliance Department to establish and execute mechanisms for disseminating legal updates, providing training, maintaining contact with legal compliance operations domestically and internationally, and promptly notifying the Board of Directors of any changes, ensuring that all operations comply with legal regulations. The manager of Compliance Department regularly reports to the President on the implementation of the Bank's legal compliance system and reviews the content. Additionally, at least every half year, reports on the execution of legal compliance operations and the implementation of fair customer treatment principles are submitted to the Board of Directors and the Audit Committee. In the event of significant violations of laws or a downgrade by financial regulators, the Directors should be promptly notified, and matters of legal compliance should be reported to the Board and the Audit Committee to effectively supervise and promote the implementation of legal compliance operations throughout the Bank. In order to comply with regulatory supervision and the recommendations of financial inspections, the Compliance Department continues to plan optimization measures and responses for various legal compliance operations. The Compliance Department also provides opinions on new products, services, or business lines that whether it complies with regulatory requirements of regulatory authorities and internal policies. Through existing channels such as business contact meetings, training, supervisory management, and improvement review, the Bank will continue to supervise the implementation effectiveness of legal compliance affairs in domestic units and overseas branches. The Department will also thoroughly review and improve based on the opinions of regulatory authorities, the Cathay FHC, and the Bank's Internal Audit Department, aiming to achieve the goal of full compliance with laws and regulations. The Bank will introduce financial technology to optimize operational processes and establish a compliance system to centrally manage the execution of various legal compliance operations. Additionally, utilizing artificial intelligence (AI) technology to develop tools for analyzing the correlation between internal and external regulations.

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Compliance Management Approach

 <p>Management Policies and Commitments</p>	<p>"Legal compliance" is an integral part of our corporate culture and a cornerstone of our business activities. The development of our business should inevitably adhere to legal requirements and should not conflict with them. Sacrificing legal requirements for short-term gains is not an option.</p> <p>"Legal compliance" is a shared responsibility among all levels of management and every employee in the Bank. Senior management should lead by example, and all levels of management and employees must understand that legal compliance is not solely the responsibility of senior management but also an everyday duty for every employee and department. Each employee should be aware that complying with relevant laws and regulations is a fundamental part of their job responsibilities. By embracing and practicing the concept of legal compliance across the organization, we can operate within a framework of sound risk management policies, ultimately leading to greater returns and creating more value for our stakeholders.</p> <p>To establish a robust legal compliance system within the Bank and strengthen employees' understanding of the rule of law, we are enhancing the dissemination and education of financial laws and ethical norms. This initiative aims to ensure that our daily management and business activities consistently adhere to relevant legal requirements, thereby promoting the sound operation of the Bank.</p> <p>In accordance with our organizational structure and risk management policies, the Board of Directors has approved the formulation of the "Implementation Guidelines for Legal Compliance System" for the Bank. These guidelines are designed to implement legal compliance practices and continuously enhance employees' awareness of financial laws and regulations. We will optimize our legal compliance control mechanisms, both domestically and internationally, to ensure that the Bank strictly adheres to relevant legal requirements in daily management and business activities.</p> <p>We will maintain open communication, coordination, and collaboration with legal compliance supervisors and colleagues in various departments, adapting promptly to changes in the domestic and international economic environment and relevant financial regulation amendments. Furthermore, we will continuously strengthen the legal compliance awareness of all employees and effectively supervise the implementation of relevant internal regulations in each department. This ensures that the Bank consistently complies with relevant legal requirements in daily management and business activities, thereby promoting the sustainable operation of the Bank. Together, we are committed to realizing the vision of "everyone is responsible for legal compliance, and compliance and accountability leads to shared benefits."</p>		
 <p>Corresponding to SDGs</p>		 <p>Specific Performance</p> <ul style="list-style-type: none"> • Conducted legal compliance awareness courses, 18 units in total. • Conducted online induction courses on compliance regulations for new employees. • Monthly conducted 15-hour annual in-service training for compliance personnel. • Conducted "Integrity as the Foundation for Protecting Customers" course, 2 units in total. • Organized mandatory courses on the reporting system for the entire bank in 2023. • Held domestic and international regulatory compliance supervisor contact meetings in 2023, 10 sessions in total. 	 <p>Optimization Measures</p> <ul style="list-style-type: none"> • Continuously track the progress of operations and management regulation updates across various units on the "Group Compliance System" to ensure that the Bank's operational activities comply with legal requirements. • Plan to procure the latest legal delivery services from information service providers, with daily distribution of updates on financial regulations or other legal changes highly relevant to the Bank's operations. • Implement checks on the suitability of compliance managers and personnel at overseas subsidiaries and confirm whether local compliance resources are adequate to ensure that the subsidiaries comply with local laws.
 <p>Management Assessment Mechanisms</p>	<ul style="list-style-type: none"> • Each unit shall conduct self-assessment of relevant legal compliance matters semi-annually based on the latest revised "Self-Assessment Checklist for Legal Compliance." At the same time, the Legal Compliance Department shall assess the effectiveness of legal compliance operations in each unit (excluding the Audit Office). The annual legal compliance assessment results, approved by the President, will serve as a reference for evaluating management and department heads. • Quarterly meetings with legal compliance officer are held to ensure that the entire organization adheres to internal and external regulations in its daily operations. • Supervise overseas subsidiaries to collect and report local legal changes and regulatory focal points monthly, assessing their impact on business operations to enable headquarters to identify legal compliance requirements and local regulatory demands for overseas subsidiaries. 		

5.6 Anti-Money Laundering and Combating the Financing of Terrorism

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5.6.1 Management Policy for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

In response to global trends in anti-money laundering (AML), combating the financing of terrorism (CFT), and countering proliferation financing (CPF), and in line with the Group's overseas expansion strategy, the Bank adopts a "risk-based approach" to continuously enhance its AML/CFT/CPF framework. Internal policies and regulations are updated promptly to comply with external regulatory changes, and correct concepts are disseminated with major current events as examples to strengthen the consensus and risk awareness of all staff regarding AML/CFT/CPF.

The Bank has established policies and regulations including the Cathay United Bank Anti-money Laundering and Counter Financing Terrorism Policy, Cathay United Bank Anti-Money Laundering and Counter-Terrorism Financing Guidelines, Cathay United Bank Rules Governing Customers' Money Laundering and Terrorist Financing Risk Assessment and Due Diligence, Cathay United Bank Management Rules Governing AML/CFT of the Overseas Entities, Rules Risk Assessment on Money Laundering and Financing Terrorism of Product and Service Offerings and Related Channels and Platforms, and Rules Governing Reporting on Cash Transactions, Suspicious Transactions and Designated Sanctioned Individuals or Entities. These regulations are reviewed regularly each year to ensure their appropriateness in light of domestic and international trends and changes in the financial market.

Taking into account recommendations from Financial Action Task Force (FATF) and best practices from banking associations, Cathay FHC establishes an information sharing mechanism with its subsidiaries while Cathay FHC being the core. This mechanism includes sharing group lists, types of suspicious transactions, information about suspicious customers/transactions, and risk data across subsidiaries to deploy a collective defense network against money laundering and financing of terrorism.

By identifying and assessing potential money laundering and terrorist financing risks, specific assessment items are formulated based on the identified risks to further control, mitigate, or prevent risks. The Bank has established an Anti-Money Laundering and Combating the Financing of Terrorism Committee, chaired by the CEO, with heads of various business units serving as committee members. Regular meetings are held to report and discuss issues related to AML/CFT. The committee reports on the Bank's AML/CFT efforts to the board of directors semi-annually. Additionally, we refer to external and internal information, including reports from FATF, foreign related reports, the National ML/TF/PF Risk Assessment Report (NRA) process conducted by the Anti-Money Laundering Office, Executive Yuan, and Sectoral Risk Assessment (SRA) conducted by the Financial Supervisory Commission. Regular institution-wide risk assessments are conducted and submitted to the Audit Committee for review and approval by the Board of Directors, with reports provided to regulatory authorities for reference.

AML/CFT Process Flow Chart

The Bank has established an internal audit mechanism for business units and subsidiaries/branches, focusing on risk-based internal audits. Internal audits are conducted regularly to examine the effectiveness of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) measures in the first line of defense (business units) and the second line of defense (compliance, risk management, and various business management units). This ensures the effectiveness of the procedures established in the first and second lines of defense against AML/CFT.

Regular cross-functional communication is facilitated among the three lines of defense through periodic meetings such as the Business Risk Control and Compliance Joint Committee (BRCC) and Internal Control Coordination Meetings. These meetings ensure the effective implementation of the AML/CFT framework.






Additionally, the Bank annually engages third-party organizations to conduct AML/CFT special audits.


5.6.2 Anti-Money Laundering and Counter the Financing of Terrorism Education

The Bank conducts diverse education programs to cultivate talent in technology compliance, anti-money laundering (AML), counter the financing of terrorism (CTF), and counter proliferation financing (CPF). These programs aim to instill a culture of compliance from within and address the specific needs of employees based on their roles. Educational materials are developed to address internal and external regulations, international trends, industry enforcement cases, and emerging threats in electronic commerce and financial technology. This ensures that employees understand their responsibilities and obligations in AML and CTF efforts and are equipped with the necessary expertise to fulfill their duties professionally.

5.7 Service Quality and Customer Rights

Customer Relationship and Service Management Approach

 <p>Management Policies and Commitments</p>	<p>To establish a corporate culture that values consumer protection in financial services, "Fair Customer Treatment" is designated as a core corporate culture and a key principle of the Bank. It is made a core value and behavioral guideline for all employees of the Bank. Approved by the Board of Directors, the "Fair Customer Treatment Policy" is implemented to realize a customer-centric approach. Through continuous improvement of consumer service processes, we ensure a positive customer experience, providing secure and high-quality financial services. We have established policies, strategies, and internal regulations that exceed current regulatory requirements to promote sustainable innovation and inclusive financial services.</p> <p>The Board of Directors serves as the highest decision-making and supervisory body for the Bank's "Fair Customer Treatment Policy." Together with senior management, it leads the implementation of fair treatment principles in the Bank. We have set up a Treating Customers Fairly Committee, chaired by the CEO, to promote related measures and financial-friendly services in accordance with the Bank's fair treatment policy guidelines, and to report regularly to the Board of Directors.</p>
 <p>Corresponding to SDGs</p>	
 <p>Specific Performance</p>	<ul style="list-style-type: none"> • Conduct training on the principle of fair customer treatment. • Reduce customer complaints this year through the customer complaint reduction plan. • Customer service center scored 61.1 points in Transactional Net Promoter Score (tNPS) (reference standard is 60 points). • CUBE APP scored 42.9 points in NPS (reference standard is 30 points).
 <p>Management Assessment Mechanisms</p>	<ul style="list-style-type: none"> • Reporting to the Board of Directors every six months on the implementation of the Fair Customer Treatment Policy, and quarterly reporting review and improvement of complaint cases to the Board. • Directors and senior management lead the "Service Quality Team," introducing FinTech to enhance customer service quality. • Implement a digital platform NPS customer feedback collection mechanism to better align with customer needs.

 <p>Optimization Measures</p>	<ul style="list-style-type: none"> • Continuously update the implementation of the Fair Customer Treatment Policy, digital financial service processes, and privacy protection policies to comply with legal changes and adapt to the latest technological advancements. This ensures the organization's commitment to safeguarding customer rights and interests. • Utilize technology to develop inclusive digital financial products and services, catering to a diverse customer base. Enhance digital platforms and optimize smart assistant functionalities to deliver high-quality financial services, thereby expanding accessibility and affordability of financial services for all.
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5.7.1 The Fair Customer Treatment Policy and Implementation Status

The Bank is dedicated to implementing the fair customer treatment principle, with the establishment of several key guidelines and committees: "Fair Customer Treatment Policy", "Treating Customers Fairly Committee Organization Regulations", "Consumer Dispute Review Committee Operating Rules", "Service Quality Team Establishment Guidelines". The Board of Directors serves as the highest decision-making and oversight body for the "Fair Customer Treatment Policy." The President is the committee chairperson and senior managers are members of the Treating Customers Fairly Committee. The Committee collaborates across departments in sales management, quality control and system development and report status to the Board of Directors every six month in order to improve continuously. The Board of Directors and the Audit Committee regularly review reports on customer complaints, compliance with laws and implementation of fair customer service, to ensure being effectively supervised.

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Fair Customer Treatment Principles Management Process

Planning Phase:

- Develop Products, Business, and Services Aligned with Fair Customer Treatment Principles.
- Establish Contracts, Internal Regulations, and Codes of Conduct that comply with fair customer treatment principles.
- Conduct Regular Employee Training Programs for tellers, enhance fair customer treatment awareness.
- Implement report and internal reward mechanisms, oversee and award tellers to comply with customer protection culture and guidelines.

Execution Phase:

- Adherence to fair customer treatment principles when operating, selling products, and fulfilling contracts, to avoid disputes.
- Unit supervisors supervise each unit to implement the fair customer treatment principle and report risk events in a timely manner.

Management Phase:

- The business management unit handles customer complaints or consumer disputes prudently and provides reasonable and easy-to-use service consultation and complaint channels.
- Examine whether the consumer dispute resolution system violates the fair customer treatment principle. Review and revise the system in a timely manner.

To enhance customer service quality and ensure consumer rights, the Bank continues to develop digital financial services. We have introduced new features such as remote insurance application services, allowing customers to apply for insurance policies anytime and anywhere with a "zero-contact" process. Additionally, we have extended our video service hours to non-business days and introduced foreign currency scheduled transfer services. These innovations ensure that customers can access secure and high-quality services without needing to visit a branch, meeting their financial needs conveniently. We have also established a cross-departmental anti-fraud task force to enhance anti-fraud measures, reflecting our commitment to safeguarding customer assets and our ongoing efforts to prevent fraud.

The Bank continues to improve inclusive financial services to ensure that customers with different needs can use our services with confidence. This includes providing easy-to-read versions of banking services, QR code links to our standardized contract webpages, and QR codes in ATM service areas linking to text-based customer service. These measures help individuals with disabilities understand service details in advance or on-site, allowing them to obtain necessary consultation services.

Through continuous year-round training, we aim to enhance employees' awareness of fair customer treatment, ensuring that they strictly adhere to relevant regulations and the Bank's established standards in their daily work. Our Board Members, responsible person, and senior managers have all received inclusive financial education training, which includes content on the Convention on the Rights of Persons with Disabilities (CRPD) and the protection of rights for people with disabilities. The following outlines our fair customer treatment-related trainings for 2023:

Results of Fair Customer Treatment Training

Course Topics	Number of Participants in Training	Completion Rate
Employee Confidentiality Policy	10,859	100%
Banking Industry Self-Discipline Regulations for Fair Treatment of Elderly Customers	2,114	100%
Consumer Protection Principles: Standardized Contracts, Business Marketing, and Advertising	2,138	100%
Fair Customer Treatment Principles	10,032	100%
Banking Industry Inclusive Financial Services	2,184	100%
Policy on Giving Gifts or Freebies	2,333	100%
Inclusive Financial Training	10,642	100%
Whistleblower System	10,900	100%
Regulations and Penalty Cases Concerning Stakeholders: Credit Transactions	4,894	100%
Recent Penalty Cases in the Banking Industry and Points to Note	2,423	100%
Integrity as the Foundation for Customer Protection	1,928	100%

5.7.2 Customer Care

CUB implements a "customer-centric" business model, where every service staff member interacts with customers based on the three key principles of "sharing wholeheartedly, touching sincerely, and caring attentively." By integrating warmth and sincerity into professional service, we have successfully created a culture of heartfelt service. In addition to actively addressing customer complaints, the Bank proactively manages customer feedback from the perspective of consumer rights. By systematically optimizing and adjusting consumer service processes, we ensure the maintenance of excellent customer experiences, reflecting the Bank's commitment to continuously enhancing customer satisfaction.

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Complaints Handling Channel

Dedicated Department	Financial Services Department
Channels for Complaint Submission	The Financial Services Department is dedicated to handling complaints. We have set up a 24-hour customer service hotline at (02) 2383-1000 or toll-free at 0800-818-001 for inquiries. Additionally, we provide various other channels for complaints, including service emails on our official website, intelligent customer service, branch offices, and written correspondence. We continuously enhance our intelligent services, integrating online and offline channels to improve operational efficiency and provide customers with a comprehensive 360-degree financial service experience. Customers are encouraged to utilize any of the aforementioned channels to provide feedback or share their thoughts.
Number of Complaints Received	In 2023, there were a total of 1,699 complaints filed.
Handling Mechanism	<ul style="list-style-type: none"> • Cases are classified according to severity, and relevant business units are notified to enhance processing efficiency. • Senior executives convene the "Consumer Dispute Review Committee" to effectively handle customer dispute cases. • Educational training is conducted for common, recurring, or significant compliance cases to reinforce compliance with operational and sales standards among colleagues. • Pain points in products or processes are reviewed to provide recommendations for root cause improvements, reducing the occurrence of customer disputes and enhancing service quality.
Status of Handling	For cases filed with the Financial Supervisory Commission's Banking Bureau's Public and Financial Ombudsman Institution, they are typically processed within an average of 15 business days. As for dispute cases, they are typically resolved within an average of 39 business days, with agreements reached with customers to conclude the process.
Improvement Measures	<ul style="list-style-type: none"> • Expand the functionality of the AI assistant, "A Fa (阿發)," continuously adding self-service applications to create personalized digital services, with the aim of enhancing service processing efficiency. • Present to the Board of Directors every six months the implementation status of the fair customer treatment principles, and report to the Board quarterly to track complaint cases and review improvement measures, ensuring the fair treatment of customers from top to bottom.
Industry Performance	In 2022, the Bank ranked first in the number of public petition cases among all banks. However, in 2023, we initiated a customer complaint reduction plan, resulting in a decrease in the number of cases. By the third quarter of 2023, our ranking in the number of cases dropped to fifth place.

CUB has established a "Digital Platform NPS Customer Feedback Collection Mechanism" to effectively gather user feedback on platform experiences through NPS surveys combined with customer interviews or usability tests. This approach allows us to design platform experiences that better meet users' actual needs and expectations, thereby enhancing overall customer satisfaction.

Our customer service center conducts Transactional Net Promoter Score (tNPS) surveys for customers who call in daily. This not only helps in promptly recording customers' feelings about the service but also assesses their satisfaction and loyalty. By analyzing questionnaire feedback, call reasons, and related product interactions, we delve into gaps in the customer experience. We then report these findings to relevant units monthly, allowing us to formulate service strategies that are more closely aligned with customer needs. In 2023, the tNPS for our customer service center was 61.1 points, while the tNPS for the CUBE APP was 42.9 points.

In 2023, facing significant challenges such as post-pandemic recovery and the expiration of the Costco contract, customers maintained a high level of satisfaction with our customer service center. We will focus particularly on key factors directly impacting customer satisfaction and continuously improve upon them to understand the service touchpoints better. Besides striving to meet customer expectations, we are committed to exceeding them and create more personalized and seamless service experiences. Through these efforts, we aim to solidify and enhance our position as a leading provider of financial services in the industry, while consistently delivering high-quality service experiences to our customers. This will further deepen the trust and loyalty between our customers and the Bank.

The Results of the 2023 Satisfaction Survey

Item	Year 2023	Goals for 2023
Satisfaction Survey	92.3%	90%

5.7.3 Customer Information and Privacy Protection

The Bank places great importance on the protection of customers' personal information and privacy. We have established the "Personal Information Management Guidelines and Related Operating Standards" and set up a "Personal Information Management Committee" responsible for supervising matters related to the personal information protection mechanism. We handle the collection, processing, and utilization of personal information and act in accordance with the "Personal Data Protection Act" and relevant laws and regulations. Before collecting information, we inform individuals the purpose of collection and sharing recipients, ensuring that it does not exceed the necessary scope for specific purposes. We explicitly define customers' rights regarding inquiries, requests for access, provision of copies, correction, supplementation, cessation of collection, processing, utilization, or deletion of personal information. Additionally, we require third parties to comply with the Bank's policies on personal information protection. Personal information is deleted, stopped from processing, or utilized when the specific purpose of collection disappears or when the deadline expires, unless otherwise stipulated by laws or contracts. We retain trace information or relevant evidence for at least five years.

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Our "Privacy Policy" statement outlines how we collect, apply, and protect personal information provided by customers. To safeguard users' personal information and maintain online privacy, we will update the privacy protection policy in accordance with changes in laws and the adoption of new technologies. This is to fulfill our mission of safeguarding customer rights. If there are any questions about the privacy protection policy or the use of personal information, individuals can contact the service windows through the contact information provided on the official website.

The Management Process for Customer Information and Privacy Protection

Personal Information Protection Policy Website	https://www.cathaybk.com.tw/cathaybk/personal/about/news/customer-benefits/client-privacy
Rules and Regulations for the Mutual Use of Customer Information Among Subsidiaries within the Group	Each subsidiary within the Group adheres to the "Financial Holding Company Act," "Personal Data Protection Act," "Rules Concerning Cross-Selling by Financial Holding Company Subsidiaries," and other relevant legal provisions for the collection, processing, storage, integration, and use of customer information. It is declared that subsidiaries involved in customer information undertake strict confidentiality measures when conducting related business and utilize the information in accordance with legal requirements.
Incident Response Procedure	The Bank has established an "Emergency Response Procedure for Personal Data Breaches" along with a drill mechanism. Through regular drills, the Bank aims to enhance employees' response and protection capabilities to prevent incidents from impacting the Bank and minimize harm to the parties involved. Simultaneously, these drills verify the effectiveness of internal procedures, identifying any inadequacies in personal information protection measures and continuously improving relevant safeguards. Additionally, the Bank conducts annual information protection training sessions for all employees to strengthen their awareness and reduce the occurrence of information breaches.
Audit Mechanism	Every year, The Bank undergoes third-party audits and verifications using the "BSI10012:2017 Personal Information Management System" and accounting firm projects for personal information protection, anti-money laundering, and counter-terrorism financing mechanisms. These audits are conducted to ensure the effectiveness of personal information protection measures.
Privacy Breach Incidents Involving Customers	In 2023, there were a total of 5 incidents of bank information leaks, including both customer complaint cases and cases of penalties announced by the Financial Supervisory Commission. The latter incurred a fine of 125,000 dollars for violating the Personal Information Protection Act. The number of affected customers due to these incidents was 40.

Personal Information Complaint Cases in 2023

Source of Cases	Confirmed Cases ^{Note}	Handling Situation
Internal (Customer Service Center, Official Website, Business Locations)	4	All cases have been properly handled, and the case processes have been reviewed and optimized. Employee trainings have been reinforced to strengthen awareness of personal information protection.
External Entities (including Assessment Centers)	1	The cases have been properly handled, and efforts have been made to enhance employee training, as well as increase audit frequency.

Note: "Confirmed Cases" refers to cases that have been verified to involve violations of the Personal Data Protection Act or relevant laws, regulations, administrative rules, or interpretations issued by regulatory authorities regarding personal data protection.

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Table 6.1-1 Distribution of All Employees (By Employee/Non-Employee Workers and Gender)

Item	Male	Female
Number of Full-time Employees	4,260	6,816
Number of Temporary Employees	25	32

Note:

1. Including overseas employees; the Bank has no part-time employees, no guaranteed-hour employees, or permanent employees.
2. In 2023, a total of 141 interns were recruited. However, due to varying durations of each internship program, there were 30 interns as of December 31, 2023.
3. The statistics cover full-time employees in Taiwan and overseas, excluding part-time employees, directors, supervisors, dispatch employees, hourly employees, interns, contracted employees, and other personnel not belonging to the Cathay FHC and its subsidiaries. Overseas refers to "expatriate employees + local hires," and subsequent tables follow this definition unless otherwise specified.

Table 6.1-2 Distribution of All Employees (By Region)

Item	Taiwan	Hong Kong	Singapore	Vietnam	Malaysia	Laos	Philippines	Myanmar	Thailand	Indonesia	Cambodia	Mainland China	Total
Full-time Employees	10,508	159	132	130	13	24	30	21	2	4	25	28	11,076
Temporary Employees	40	11	5	1	-	-	-	-	-	-	-	-	57
Total	10,548	170	137	131	13	24	30	21	2	4	25	28	11,133

Table 6.1-3 The Distribution of New Full-Time Employees

Item	Gender	Under 30	30-49	50 and Above	No. of People	As a Percentage of All Full-time Employees (%)
Taiwan	Male	464	368	6	838	17.48%
	Female	601	386	12	999	
Overseas	Male	25	24	5	54	24.65%
	Female	30	49	7	86	

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Table 6.1-4 The Distribution of Full-Time Employees who Voluntarily Resigned

Item	Gender	Under 30	30-49	50 and Above	No. of People	As a Percentage of All Full-time Employees (%)
Taiwan	Male	277	345	19	641	13.89%
	Female	340	451	28	819	
Overseas	Male	7	15	2	24	10.56%
	Female	4	26	6	36	

Table 6.1-5 The diverse composition of full-time employees

Item	Number of Employees	As a Percentage of Total Full-time Employees
Indigenous People	34	0.31%
People with Disabilities	90	0.81%
Foreign Nationals	457	4.13%

Table 6.1-6 Full-time Employee Distribution (by Level of Education)

Item	Total (people)	As a Percentage of Total Full-time Employees
Doctorate	15	0.14%
Master's	2,423	21.88%
Bachelor's / Associate	8,238	74.38%
High School	397	3.58%
Below High School	3	0.03%

Table 6.1-7 Distribution of Full-Time Employees (by Position)

Item	Male	Female	National (Excluding Indigenous)	Indigenous	Foreign
Managerial Positions	396	427	797	1	25
Non-managerial Positions	3,864	6,389	9,788	33	432
Total	4,260	6,816	10,585	34	457

Note:

1. The unit of statistics is people.

2. Management positions are defined as section managers, department managers, vice presidents, senior vice presidents, presidents, vice chairpersons, and chairpersons.

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Table 6.1-8 Distribution of Female Full-Time Employees

Item	No. of People		Percentage
Female Senior Executives and Middle management	81	As a Percentage of All Senior Executives and Middle management Managers	31.40%
Female Junior Managers	346	As a Percentage of All Junior Managers	61.24%
Female General Staff Managers	6,389	As a Percentage of General Staff	62.31%
Total Female Employees	6,816	As a Percentage of All Full-Time Employees	61.54%

Table 6.1-9 Occupational Accident Statistics

Item		2021	2022	2023
Number of Injuries (Cases)	Male	13	10	14
	Female	44	35	51
Number of Fatalities (Cases)	Male	0	0	0
	Female	0	0	0
Lost Workdays	Male	338	56	188
	Female	387	248	550
Disability Injury Frequency	Male	1.69	1.22	3.75
	Female	3.52	2.64	1.64
Disability Injury Severity Rate	Male	30	6	40
	Female	43	18	22
Total Work Hours		20,186,928	21,374,160	22,063,392

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Table 6.1-10 Results and Expenditure of Health-related Programs Implementation

Programs	Number of Users	Number of Sessions	Total Hours	Company Injection Fee (NTD)
General Employee Health Check-up	6,182	--	The inspection period is from May to December 2023	19,782,400
Health Check-ups for Managers and Overseas Staff from 2021 to 2023	2,728	--	Year of implementation 2021-2023	40,405,443
Consultation with Resident Physicians	392	148	444	1,198,800
Employee Assistance Program (EAP)	304	304	304	1,025,378
Group Weight-Loss Contest	2,327	--	Activity period is July - September 2023	2,312,152
Technological Fitness	159	2	6	41,760
Stress Relief Activities	171	4	8	325,000
Parent-Child Activities	369	12	88	765,840
Blood Donation Activities	1,068	7	49	228,331
Health Lectures	457	8	8.5	65,616
Parenting Classes	62	2	2	10,000
EAP Seminars	184	2	3.5	15,949
Walking Events	2,714	--	Activity period is May to June 2023	193,000
Influenza Vaccination Administration	73	3	3	0

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Table 6.1-11 Financial Inclusion Promotes Effectiveness

Item	2021	2022	2023
Amount of Property Principal in CUB's Charitable Trust (NT\$100M)	378.02	378.89	377.49
Charitable Trust Donation Amount (NT\$100M)	1.95	2.83	1.85
No. of ATMs Designed for the Visually Impaired (ATMs)	71	268	654
Accumulated loan balance of microfinance institutions (US\$1M) ^{Note 1}	43.8	74.2	41.4
Total Balance of Loans to SMEs (NT\$100M) ^{Note 4}	2,702	3,042	3,240
Total Balance of Loans to Small Business (NT\$100M) ^{Note 5}	1,032	1,088	1,280 ^{Note 2}
Total Number of Loans to Small Business (Loans) ^{Note 5}	9,117	8,738	8,275 ^{Note 3}
Balance of Microfinance Loans (NT\$100M)	1,182.6	1,362.5	1,431.5
Balance of Personal Loans to Customers Aged 35 and Under (at the Time of Application) (NT\$100M)	266.1	360.7	400.7

Note 1: According to the World Bank's literature, there is a clearly defined Micro Finance Institution (MFI) credit account.

Note 2: In 2023, the domestic figure was NT\$126.463 billion, while the figure from overseas branches was NT\$1,548 million.

Note 3: In 2023, there were 8,263 domestic cases and 12 cases from overseas branches.

Note 4: The Ministry of Economic Affairs defines small and medium enterprises (SMEs) as businesses whose paid-in capital is no more than NT\$100 million, or which hire fewer than 200 regular employees. The total balance of loans to SMEs, including overdue and collection amounts.

Note 5: Small enterprises are defined as corporate customers and their group affiliates with a combined revenue of 500 million or less.

Table 6.1-12 Courses to Enhance Training and Cultivate Sustainable Financial Talents According to Unit Characteristics

Courses	Content Highlights	Subjects	Cumulative hours	Cumulative Number of People
Sustainable Curatorial Program	Promote ESG Awareness Among Colleagues: Understanding Sustainable Development and Group Sustainability Goals. <ul style="list-style-type: none"> • Envisioning a Sustainable World - Learn about sustainable actions in daily life. • Cathay's Global Sustainability Strategy - Understand Cathay's strategic development goals. • Understanding the Impacts and Risks of Climate Change. • Cathay's Climate Sustainability Goals - Comprehend the impacts and risks posed by climate change. • Cathay's Health Sustainability Goals - Learn how to protect physical, mental, and financial health for yourself and your clients. • Cathay's Empowerment Sustainability Goals - Discover how to reskill and become a sustainable talent. 	General Staff	7,689.0	46,136
Sustainable Talent Pool First Tier	Covering Domestic Regulations and International Initiatives: ESG Actions in Response to Climate Risks, Green Finance, and Sustainable Economic Activity Guidelines, Group's Sustainability Strategy Blueprint Introduction and Evaluation Trend ,etc.	Related Organizations	126.0	14
Sustainable Talent Pool Second Tier			306.0	34
ESG Seed RM Training	<ul style="list-style-type: none"> • Group Climate Risk Appetite and Industry Limits. • Guidelines for Identifying Green Finance and Sustainable Economic Activities. • Key Points for Managing Corporate Finance Sustainability and Credit Granting. 	Related Organizations	69.0	23
Equator Principles and ESG Training	Explanation of the Bank's revisions to the Equator Principles, and practical seminar on ESG due diligence for corporate credit.	Related Organizations	548.0	548
Circular Economy Workshop	Establishing a sustainable concept of circular economy among the Group's employees.	Related Organizations	105.0	30
CUB Annual Consensus Camp	ESG Sustainability and Low Carbon Transformation.	Related Organizations	29.0	58
Corporate Sustainability Manager License Training	Core concepts of CSR and international trends, mastery of various standards and norms, and familiar with ESG case studies.	Related Organizations	240.0	3
ESG Sustainability Series Program	<ul style="list-style-type: none"> • Climate Change Scenarios, Projections and Risks. • Nature-related Financial Disclosure – TNFD.Low Carbon Transition Pathway Planning - Carbon Rights and Carbon Pricing. • Green and Sustainable Finance - Tools and Markets. • Corporate Supply Chain Risk Assessment and Case Study Analysis. 	Related Organizations	50.0	26
Real Estate ESG International GRESB Indicators Program	International Real Estate's Green Investor Benefits Report on ESG implementation in corporations. Scope of evidence, green building screening, assessment process and scoring ratio.	Related Organizations	18.0	1

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Courses	Content Highlights	Subjects	Cumulative hours	Cumulative Number of People
The Rise of Sustainable Finance	<ul style="list-style-type: none"> Global ESG Trends. Sharing of overseas beneficial ownership regulations. Suggested action plans for business units. 	Related Organizations	295.5	197
Internal Controls New ESG Compliance	How to adjust the existing internal control system and thinking of enterprises under the new ESG regulations.	Related Organizations	72.4	13
ESG Executive Training	Depending on their responsibilities, open executives will participate in external sustainability training to strengthen their understanding of sustainability trends and look forward to incorporating sustainability concepts into important considerations in their business strategies.	Middle and Senior Executives	351.0	103
CUB Management Seminar	ESG Sustainability and Low Carbon Transition Related Courses.	Middle and Senior Executives	72.0	288
Directors and Supervisors Sustainable Governance Series	Training on climate risk for sustainable development business, including participation in the 2023 Cathay Sustainable Finance and Climate Change Summit, the 4th Taiwan Meteorological Industry Forum, and the Circular Economy Award and Circular Economy Forum...seminars and courses.	Directors and Supervisors	269.0	15

Table 6.1-13 Full-time Non-managerial Employees Salary Information

Item	2021 年	2022 年	2023 年
Average number of full-time non-managerial employees (people)	9,694	9,964	10,253
Mean salary of full-time non-managerial employees (NT\$1K)	1,283	1,380	1,499
Median salary of full-time non-managerial employees (NT\$1K)	1,070	1,146	1,228

Note : The numbers were calculated according to "Notes on Reporting of Full time Non-managerial Employees Salary Information" and "FAQ" published by Taiwan Stock Exchange Corporation.

Table 6.1-14 Cost of Social Impact (By activity)

Events & Activities	Amount
Business Facilitation	69,667
Community Involvement	23,324,980
Total Investment	23,394,647

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Table 6.1-15 Number of Volunteer Hours and Attendances

Event Name	Volunteer Hours	Volunteer Participants
Beach Activities	1,699	231
Other Charity Activities	1,274	173
Tutor CUB Online Financial Education 2023	513	62
Blood Donation Volunteer	328	42
Weekend Basketball Camp for Autistic Children	306	80
Clean Mountain Activity	168	21
Taichung Charity Sale	120	15
Volunteer at Charity Music Concert	120	24
Total	4,528	648

Table 6.1-16 Greenhouse Gas Emissions

Item	Unit	2021		2022		2023	
		Taiwan	Overseas	Taiwan	Overseas	Taiwan	Overseas
Scope 1-Consolidated Group	tCO ₂ e	Taiwan	1,108.59	Taiwan	1,169.69	Taiwan	1,141.74
		Overseas	295.54	Overseas	731.28	Overseas	882.11
Scope 2-Consolidated Group (Location-based Emission)		Taiwan	21,153.41	Taiwan	20,800.54	Taiwan	20,653.02
		Overseas	1,469.66	Overseas	3,151.31	Overseas	3,156.64
Scope 2-Consolidated Group (Market-based Emission)		Taiwan	20,963.15	Taiwan	18,850.55	Taiwan	16,991.85
		Overseas	1,469.66	Overseas	3,151.31	Overseas	3,156.64
Scope 1 +Scope 2-Consolidated Group (Location-based Emission)		Taiwan	22,262.00	Taiwan	21,970.23	Taiwan	21,794.76
		Overseas	1,765.20	Overseas	3,882.59	Overseas	4,038.76
Scope 1 +Scope 2-Consolidated Group (Market-based Emission)		Taiwan	22,071.74	Taiwan	20,020.24	Taiwan	18,133.59
		Overseas	1,765.20	Overseas	3,882.59	Overseas	4,038.76
Scope 3-Upstream Transportation and Distribution		0.0214		0.0087		0.0058	
Scope 3-Downstream Transportation and Distribution		0.0347		0.0238		0.0155	
Scope 3-Business Travel		5.4317		34.9564		284.7081	

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Item	Unit	2021	2022	2023
Scope 3-Purchased Goods	tCO ₂ e	348.0573	484.2873	656.1360
Scope 3-Solid and Liquid Waste Management		115.4699	110.7612	125.0655
Scope 3-Emission or Removal during Use of Product		1,221.6041	1,543.3874	1,798.5032
Scope 3-End-of-life of Products		142.5889	136.3138	133.4802
Carbon Credit Purchase		-	-	10,000 Note6
Carbon Offset Emission		-	-	0 Note7
Intensity-Consolidated Group	(Scope 1+Scope 2) tCO ₂ e/NT\$1M	0.37	0.32	0.26
Renewable Power Purchase(PV)	kWh	-	2,391,024	7,276,290
Renewable Energy Certificate (T-REC)	Number of Certificates	379	1,440	120

Note 1: Renewable Energy Certificates or Renewable Energy Usage: In accordance with the GHG Protocol Scope 2 Guidance, Scope 2 emissions are disclosed under both the “Location-based” and “Market-based” methods.

Note 2: (1) Since 2018, the new version of ISO 14064-1:2018 standards has been adopted, and from 2020, BSI has been commissioned for external verification.

(2) Greenhouse gas emissions are calculated using the “Operational Control” approach, with Scope 2 emissions based on the market-based method.

Note 3: The emission factors are adjusted annually according to the Bureau of Energy: 2021: 0.502 kg CO₂e/kWh; 2022: 0.509 kg CO₂e/kWh; 2023: 0.495 kg CO₂e/kWh

Note 4: Intensity (Scope 1 + Scope 2/NT\$1M): Calculated based on the market-based method.

Note 5: Verification boundaries for Scope 1 and Scope 2: 2021: All domestic locations and international locations (including overseas branches, Cathay United Bank (China), and Cathay United Bank (Cambodia)). From 2022: All domestic locations and international locations (including overseas branches, Cathay United Bank (China), Cathay United Bank (Cambodia), and Indovina Bank). Scope 3 boundaries include operational waste, water usage, travel, credit card services, and unsecured microcredit services generated by Taiwan branches.

Note 6: Carbon credits purchased in 2023 were all certified by the Gold Standard: 1,000 tCO₂e from the Eritrea Community Boreholes Project, 3,500 tCO₂e from the AMI KHANH HOA Solar Project, 2,500 tCO₂e from the Central Mozambique Safe Drinking Water Programme, 1,000 tCO₂e from the Household And Commercial Biogas Plants In Kenya, 2,000 tCO₂e from the Santa Marta Landfill Gas (LFG) Capture For Electricity Generation Project, totaling 10,000 tCO₂e.

Note 7: Carbon credit usage is currently under planning.

Table 6.1-17 Environmental Investment and Financing Implementation Results in 2023 (100 Million)

Cathay Sustainable Investment and Financing Types	Investment	Financing
Alternative Energy	0	212
Architecture	0	123
Waste Recycling	0	38
Transportation	28	32
Energy Saving Industry	0	3
Green Bonds	229	0
Carbon Sink	0	0
Low Carbon Transition Infrastructure	0	5

6.2 GRI Standards Content Index Table

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Usage Statement	CUB has reported on the period from January to December 2023 with reference to the GRI Standards.
Cited in the GRI Content Index Table is based on	GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

GRI Number	Disclosure Items	Chapters
2-1	Organizational details	1.1.1 Overview of Operations
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	This report does not apply. This is CUB's first sustainability report and information from previous reporting periods has not been restated.
2-5	External assurance	About This Report
2-6	Activities, value chain and other business relationships	1.1 About CUB
2-7	Employees	4.1.1 Diverse and Inclusive Workplace Table 6.1-1 Distribution of All Employees (By Employee/Non-Employee Workers and Gender) Table 6.1-2 Distribution of All Employees (By Region)
2-8	Workers who are not employees	4.1.1 Diverse and Inclusive Workplace Table 6.1-1 Distribution of All Employees (By Employee/Non-Employee Workers and Gender) Table 6.1-2 Distribution of All Employees (By Region)

2-9	Governance structure and composition	5.1 Corporate Governance
2-10	Nomination and selection of the highest governance body	5.1 Corporate Governance
2-11	Chair of the highest governance body	5.1 Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	1.1.2 Sustainable Development Committee
2-13	Delegation of responsibility for managing impacts	1.1.2 Sustainable Development Committee
2-14	Role of the highest governance body in sustainability reporting	1.1.2 Sustainable Development Committee
2-15	Conflicts of interest	5.1.1 The Operation of the Board of Directors
2-16	Communication of critical concerns	5.1.1 The Operation of the Board of Directors
2-17	Collective knowledge of the highest governance body	5.1 Corporate Governance
2-18	Evaluation of the performance of the highest governance body	5.1.3 Performance Evaluation and Remuneration Policy
2-19	Remuneration policies	5.1.3 Performance Evaluation and Remuneration Policy
2-20	Process to determine remuneration	5.1.3 Performance Evaluation and Remuneration Policy
2-21	Annual total compensation ratio	Under confidentiality regulations, disclosure is restricted
2-22	Statement on sustainable development strategy	Message from the Chairman
2-23	Policy commitments	1.1 About CUB
2-24	Embedding policy commitments	5.2 Ethical Corporate Management

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2-25	Processes to remediate negative impacts	5.7 Service Quality and Customer Rights
2-26	Mechanisms for seeking advice and raising concerns	5.7 Service Quality and Customer Rights
2-27	Compliance with laws and regulations	5.5 Compliance
2-28	Membership associations	1.1 About CUB
2-29	Approach to stakeholder engagement	1.3 Stakeholder Identification and Communication
2-30	Collective bargaining agreements	The Bank has no labor unions or collective agreements. According to the definition by the Ministry of Labor, a collective agreement refers to an agreement on labor-related matters signed between the employer and a 'labor union.' Therefore, as CUB does not have a labor union, there are no 'collective agreements'

GRI 3: Material Topics

GRI Number	Disclosure Items	Chapters
3-1	Process to determine material topics	1.4 Material Sustainable Issues identification
3-2	List of material topics	1.4 Material Sustainable Issues identification
3-3	Management of material topics	1.5 Sustainability Issue Risks and Opportunities Analysis

GRI 200: Economic

GRI Series	GRI Number	Disclosure Item	Chapters
201	201-1	Direct economic value generated and distributed	1.1.1 Overview of Operations
	201-2	Financial implications and other risks and opportunities due to climate change	2.1.2 Identification of Climate and Natural Risks and Opportunities
	201-4	Financial assistance received from government	Did not receive any government financial assistance in 2022 and 2023
202	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Table 6.1-13 Full-time Non-managerial Employees Salary Information

GRI 300: Environment

GRI Series	GRI Number	Disclosure Item	Chapters
301	301-2	Recycled input materials used	2.3.2 Green Operation
	301-3	Reclaimed products and their packaging materials	2.3.2 Green Operation
302	302-1	Energy consumption within the organization	2.3.2 Green Operation
	302-3	Energy intensity	2.3.2 Green Operation
	302-4	Reduction of energy consumption	2.3.2 Green Operation
	302-5	Reduction in energy requirements of products and services	2.3.2 Green Operation
	303-1	Interactions with water as a shared resource	2.3.2 Green Operation
303	303-2	Management of water discharge-related impacts	2.3.2 Green Operation
	303-3	Water withdrawal	2.3.2 Green Operation
	303-4	Water discharge	2.3.2 Green Operation
	303-5	Water consumption	2.3.2 Green Operation

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305	305-1	Direct (Scope 1) GHG emissions	2.3.2 Green Operation
	305-2	Indirect energy (Scope 2) GHG emissions	2.3.2 Green Operation
	305-3	Other indirect (Scope 3) GHG emissions	2.2.3 Net Zero Emissions for Financial Assets by 2050
	305-4	GHG emissions intensity	2.3.2 Green Operation
	305-5	Reduction of GHG emissions	2.3.2 Green Operation
306	306-1	Waste generation and significant waste-related impacts	2.3.2 Green Operation
	306-2	Management of significant waste-related impacts	2.3.2 Green Operation
	306-3	Waste generated	2.3.2 Green Operation
	306-4	Waste diverted from disposal	2.3.2 Green Operation
	306-5	Waste directed to disposal	2.3.2 Green Operation
308	308-1	New suppliers that were screened using environmental criteria	2.3.2 Green Operation
	308-2	Negative environmental impacts in the supply chain and actions taken	2.2.4 Leader in Climate Engagement Actions

GRI 400: Social

GRI Series	GRI Number	Disclosure Item	Chapters
401	401-1	New employee hires and employee turnover	6.1 ESG Performance Data Table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.1.2 Attracting and Retaining Talents
	401-3	Parental Leave	4.1.1.2 Attracting and Retaining Talents

403	403-1	Occupational health and safety management system	3.1.2.3 Internal Inspection of the Workplace
	403-2	Hazard identification, risk assessment, and Incident Investigation	3.1.1.4 Accident Investigation Mechanism
	403-3	occupational health services	3.1.1 Health Work Environment Management System and Governance Structure
	403-4	Worker participation, consultation, and communication on occupational health and safety	3.1.1 Health Work Environment Management System and Governance Structure
	403-5	Worker training on occupational health and safety	3.1.1 Health Work Environment Management System and Governance Structure
	403-6	Promotion of worker health	3.1.2 Occupational Safety and Health Education Training and Management Measures
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.1.2.3 Internal Inspection of the Workplace
	403-8	Workers covered by an occupational health and safety management system	3.1.1 Health Work Environment Management System and Governance Structure
	403-9	Work-related injuries	3.1.1 Health Work Environment Management System and Governance Structure
	403-10	Work-related ill health	3.1.3 Physical and Mental Health Assessment Process and Implementation Results

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404	404-1	Average hours of training per year per employee	4.1.3 Upskilling Employees
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2 Reskilling Employees
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.1.2 Attracting and Retaining Talents
405	405-1	Diversity of governance bodies and employees	5.1 Corporate Governance
406	406-1	Incidents of discrimination and corrective actions taken	5.2 Ethical Corporate Management
417	417-1	Requirements for product and service information and labeling	2.2.2 Responsible Financing
	417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance with regulations regarding product and service information and labeling in 2023.
	417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with marketing communication regulations in 2023.
418	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.7 Service Quality and Customer Rights

6.3 IFRS S1 Standard Index Table

The following index table refers to the disclosure requirements related to "Core Content" in paragraphs 25 to 53 of IFRS S1 "General Requirements for Sustainability-Related Financial Disclosures.

Table 6.3-1 The Core Content index table of IFRS S1 standard

Disclosure Requirements for Core Content		Chapters
Governance		
Governance	<p>Paragraph 27(a)</p> <p>The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> (i) How responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions, and other related policies applicable to that body(s) or individual(s); (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities; (iii) how and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities; (iv) how the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs (v) associated with those risks and opportunities; and (vi) how the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies. 	1.1.2 Sustainable Development Committee
	<p>Paragraph 27 (b)</p> <p>Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> (i) Whether the role is delegated to a specific management-level position or management-level committee, and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities; and if so, how these controls and procedures are integrated with other internal functions. 	1.1.2 Sustainable Development Committee

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Disclosure Requirements for Core Content		Chapters
Strategy		
Sustainability-related risks and Opportunities	Paragraph 30(a) Describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	1.5 Sustainability Issue Risks and Opportunities Analysis
	Paragraph 30(b) Specify the time horizons—short, medium or long term—over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur.	1.4 Material Sustainable Issues Identification
	Paragraph 30(c) Explain how the entity defines 'short-term', 'medium-term', and 'long-term', and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	1.5 Sustainability Issue Risks and Opportunities Analysis
Business Model and Value Chain	Paragraph 32(a) A description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain.	2.2.1 Sustainable Finance 3.2.2 Digital Transformation and Innovation
	Paragraph 32(b) A description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	1.1.1 Overview of Operations
Strategy and Decision-Making	Paragraph 33(a) How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making.	1.2 Focus Areas for Sustainability Strategy 1.5 Sustainability Issue Risks and Opportunities Analysis
	Paragraph 33(b) The progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information.	Not applicable. This report is the first sustainability report of the Bank and there are no previous reporting periods.
	Paragraph 33(c) Trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community).	2.3 Environmental Sustainability 3.2.2.2 Financial Service Stations that Breaks Traditional Time and Space Limitation

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Disclosure Requirements for Core Content		Chapters
Strategy		
Financial Position, Financial Performance, and Cash Flows	Paragraph 35(a) How sustainability-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	1.5 Sustainability Issue Risks and Opportunities Analysis
	Paragraph 35(b) The sustainability-related risks and opportunities identified in paragraph 35(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	1.4 Material Sustainable Issues Identification
	Paragraph 35(c) How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage sustainability related risks and opportunities, taking into consideration: (i) Its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; and (ii) its planned sources of funding to implement its strategy.	1.5 Sustainability Issue Risks and Opportunities Analysis
	Paragraph 35(d) How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	1.5 Sustainability Issue Risks and Opportunities Analysis
Resilience	Paragraph 41 An entity shall disclose information that enables users of general purpose financial reports to understand its capacity to adjust to the uncertainties arising from sustainability-related risks. An entity shall disclose a qualitative and, if applicable, quantitative assessment of the resilience of its strategy and business model in relation to its sustainability-related risks, including information about how the assessment was carried out and its time horizon. When providing quantitative information, an entity may disclose a single amount or a range.	1.1.2 Sustainable Development Committee

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Disclosure Requirements for Core Content		Chapters
Risk Management		
Risk Management	Paragraph 44(a) The process and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about: (i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks; (iii) how the entity assesses the nature, likelihood, and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);(iv) whether and how the entity prioritises sustainability-related risks relative to other types of risk; (iv) how the entity monitors sustainability-related risks; and (v) whether and how the entity has changed the processes it uses compared with the previous reporting period.	1.1.2 Sustainable Development Committee
	Paragraph 44(b) The process the entity uses to identify, assess, prioritise, and monitor sustainability-related opportunities.	1.1.2 Sustainable Development Committee
	Paragraph 44(c) The extent to which, and how, the process for identifying, assessing, prioritising, and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	1.2 Focus Areas for Sustainability Strategy 1.3 Stakeholder Identification and Communication 1.4 Material Sustainable Issues Identification
Metrics and Targets		
Metrics and Targets	Paragraph 46(a) Metrics required by an applicable IFRS Sustainability Disclosure Standard.	Appendix Table 6.3-2
	Paragraph 46(b) Metrics the entity uses to measure and monitor: (i) That sustainability-related risk or opportunity; and (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	1.2 Focus Areas for Sustainability Strategy

6.4 SASB Sustainability Accounting Standards

Table 6.3-2 SASB Sustainability Accounting Principles Index Table

Indicator Code	Indicator Description	Chapter/Explanation
FN-CB-230a.1	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	(1) Number of data breaches: 5 incidents; (2) Percentage of leaked data containing personal information: 100%; and (3) Number of affected customers: 40 individuals 5.7.3 Customer Information and Privacy Protection
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	5.4 Information Security
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	3.2.3 Financial Inclusion Table 6.1-11: Financial Inclusion Promotes Effectiveness
FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Non-disclosure of overdue items; this indicator is not disclosed now.
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	3.2.2.1 All-in-One Digital Financial Platform: CUBE App
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	3.2.4 Financial Education 4.2.2 Supporting the Underprivileged
FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	2.2.2 Responsible Financing
FN-CB-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	2.2.3 Net Zero Emissions for Financial Assets by 2050
FN-CB-410b.2	Gross exposure for each industry by asset class	2.2.3 Net Zero Emissions for Financial Assets by 2050
FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation	2.2.3 Net Zero Emissions for Financial Assets by 2050
FN-CB-410b.4	Description of the methodology used to calculate financed emissions	2.2.3 Net Zero Emissions for Financial Assets by 2050

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Indicator Code	Indicator Description	Chapter/Explanation																		
FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	5.2 Ethical Corporate Management																		
FN-CB-510a.2	Description of whistleblower policies and procedures	5.2 Ethical Corporate Management																		
FN-CB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities	5.3 Risk Management ∙ Annual Report Sections 'Four. Fundraising Situation' and 'Seven. Review and Analysis of Financial Position and Operating Results with Risk Management Matters'																		
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	<table border="1"> <thead> <tr> <th></th> <th></th> <th>Number</th> <th>Amount (100 Million)^{Note1}</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Check Accounts</td> <td>Personal</td> <td>146,840</td> <td>23</td> </tr> <tr> <td>Small and Medium Enterprises (SMEs)</td> <td>21,344</td> <td>45</td> </tr> <tr> <td rowspan="2">Savings Accounts</td> <td>Personal</td> <td>11,836,245</td> <td>24,947</td> </tr> <tr> <td>Small and Medium Enterprises (SMEs)</td> <td>119,437</td> <td>2,565</td> </tr> </tbody> </table> <p>Note1: Small and medium-sized enterprises (SMEs) are defined according to the White Paper on Small and Medium Enterprises issued by the Ministry of Economic Affairs. SMEs are businesses with paid-in capital of less than 100 million or those that regularly employ fewer than 200 employees.</p> <p>Note2: Amounts are as of December 31, 2023.</p> <p>Note3: Excludes overseas subsidiaries.</p>			Number	Amount (100 Million) ^{Note1}	Check Accounts	Personal	146,840	23	Small and Medium Enterprises (SMEs)	21,344	45	Savings Accounts	Personal	11,836,245	24,947	Small and Medium Enterprises (SMEs)	119,437	2,565
		Number	Amount (100 Million) ^{Note1}																	
Check Accounts	Personal	146,840	23																	
	Small and Medium Enterprises (SMEs)	21,344	45																	
Savings Accounts	Personal	11,836,245	24,947																	
	Small and Medium Enterprises (SMEs)	119,437	2,565																	
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate ⁶	<p>Loan Balance</p> <table border="1"> <thead> <tr> <th></th> <th>Amount (100 Million)^{Note1}</th> </tr> </thead> <tbody> <tr> <td>Personal</td> <td>748</td> </tr> <tr> <td>Small and Medium Enterprises (SMEs)^{Note1}</td> <td>3,240</td> </tr> <tr> <td>Enterprises^{Note1, 2}</td> <td>4,479</td> </tr> </tbody> </table> <p>Note1: Small and medium-sized enterprises (SMEs) are defined according to the White Paper on Small and Medium Enterprises issued by the Ministry of Economic Affairs. SMEs are businesses with paid-in capital of less than 100 million or those that regularly employ fewer than 200 employees.</p> <p>Note2: Amounts are as of December 31, 2023 (including overdue loans and receivables under collection).</p> <p>Note3: Excludes overseas subsidiaries.</p>		Amount (100 Million) ^{Note1}	Personal	748	Small and Medium Enterprises (SMEs) ^{Note1}	3,240	Enterprises ^{Note1, 2}	4,479										
	Amount (100 Million) ^{Note1}																			
Personal	748																			
Small and Medium Enterprises (SMEs) ^{Note1}	3,240																			
Enterprises ^{Note1, 2}	4,479																			

6.5 The execution status of PRI and PRB

Table 6.5-1 The Six Principles of PRI

Incorporate ESG issues into investment analysis and decision-making processes.	<ol style="list-style-type: none"> 1. Established the Responsible Investment and Lending Policy and the Investment and Lending Exclusion Policy. 2. Established an ESG risk review process and investment management principles for sensitive industries. 3. Defined themed investing and increased investments in sustainable investment targets. 4. Continue to monitor investment portfolio emissions and calculate climate risks for appropriate ESG management. 5. Established net zero and SBT targets for financial assets.
Be active owners and incorporate ESG issues into our ownership policies and practices.	<ol style="list-style-type: none"> 1. Establish engagement policies and establish procedures for engagement processes and upgrading engagements. 2. Sign the Code of Corporate Governance, establish voting policies, and disclose voting records annually. 3. Engage with investee companies through dialogues, engagement activities, voting and advocating Cathay's interests at shareholder meetings to facilitate improvement in ESG management and disclosure.
Seek appropriate disclosure on ESG issues by the entities in which we invest.	<ol style="list-style-type: none"> 1. Identify companies of concern through Cathay's engagement strategy; conduct engagement activities to encourage investee companies to improve their ESG disclosure and strengthen their climate change management. 2. Continue to host the Cathay Sustainable Finance and Climate Change Summit; urge the financial industry to prioritize ESG disclosure and management, and take proactive action on climate change. 3. Participate in or support the PCAF, Partnership for Biodiversity Accounting Financials (PBAF), TCFD, and TNFD initiatives as part of our commitment to promoting sustainable disclosure for financial institutions and companies.
Promote acceptance and implementation of the Principles within the investment industry.	<ol style="list-style-type: none"> 1. Proactively participate in external activities to communicate Cathay's responsible investment policies and encourage industry peers to jointly implement responsible investment policies. 2. Proactively share responsible investment trends with the government to help government agencies understand their importance and strengthen responsible investment promotion. 3. Support academic institutions in their research and study of sustainable investment development in Taiwan to understand the status of sustainable investment in Taiwan and help the industry and the government promote its development.
Work together to enhance our effectiveness in implementing the principle.	CUB supports Cathay FHC's participation in Climate Action 100+ and the CDP Non-Disclosure Campaign to facilitate engagement with international investors and improve the effectiveness of corporate engagement.
Report on our activities and progress towards implementing the Principles.	<ol style="list-style-type: none"> 1. CUB publishes an annual report to disclose responsible investment activities and the status of implementation of stewardship principles. 2. CUB publishes TCFD&TNFD Report every year.

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Table 6.5-2 The Six Principle of PRB

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

CUB was established in 1975 and has developed into a regional bank over the decades, committed to providing comprehensive financial services. By the end of 2023, it had over 10,000 employees and a capital of 108.6 billion, making it the privately-owned bank with the most operating domestic branches. It holds market-leading positions in services such as securities settlement, credit cards, corporate banking, and wealth management. With Taiwan as its main operational base, it has 67 overseas branches, mainly located in Greater China and Southeast Asia, offering international enterprises comprehensive cross-border financial services.

CUB has always taken it upon itself to address the growth needs of businesses and individuals, offering diverse products and services to meet the financial service requirements of corporations and individuals. We translate the social responsibility mission of the Cathay FHC into various positive actions, working hand in hand with all stakeholders to exert the Bank's positive financial influence. We also continuously monitor and address the negative impacts of environmental changes and pandemic outbreaks on society, the economy, and individuals.

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

- CUB's impact RADAR analysis framework includes "social, environmental and economic" issues as its three main pillars. There are also 22 corresponding impact areas. Within existing products and services, CUB has identified six aspects that have a significant impact on key international initiatives and agreements outlined in Principle 1 in PRB, such as the SDGs and the Paris Agreement. These include loans for renewable energy, social enterprises, microfinance, products for the elderly, digital finance, and loans for high-carbon industries.
- In line with international green trends and government policies on net-zero emissions and energy transition, CUB actively responds to the SDGs through corporate lending and supports energy transition. By supporting green energy industries, including renewable energy and energy-saving technologies, funds are directed to green energy technology and innovation, guiding companies toward a low-carbon economy and sustainable development. To ensure continued support for renewable energy financing and exert financial influence, the Bank has set measurable targets for high-carbon industry loans and green deposits for 2023, tracking changes in amounts quarterly and reporting to the Board at least twice a year.
 - Achieve zero coal lending by the end of the first quarter of 2027
 - Aim to increase the balance of green deposits or services by 100% from 2022 to 203
- In view of market growth and in response to the expectations of Cathay FHC and its subsidiaries to promote sustainable policies, CUB has adopted the approach of major international banks and defined "green loans and sustainable performance-linked loans" as "sustainable loans" from fiscal 2024. Based on the baseline of 2023, the Bank has set a target amount of more than one trillion by 2030.

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Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

CUB actively integrates its core functions with a commitment to the environment, society, and customers. Through the positive impact of its products and services, the Bank communicates and collaborates with clients to promote environmental and social contributions. Summary as below:

- **Renewable energy financing:** CUB is committed to promoting renewable energy services. Since 2011, it has taken the lead in financing Taiwan's first solar power projects, including solar farms and offshore wind projects. By the end of 2023, CUB has approved loans for more than 2,700 solar power plants, with a total installed capacity of 1,045 MW, which will reduce carbon emissions by 638,000 metric tons per year, equivalent to the area of 1,653 Daan Forest Parks. By 2023, outstanding renewable energy credit will reach 27.1 billion, supporting customers to work with the environment through lending.
- **Personal financial Services:** With nearly millions of existing depositors, the Bank's six categories of products and services aligned with the SDGs have significant impact. In addition to renewable energy and high-carbon industries, the Bank focuses on providing customized services to meet customer needs. For instance, the CUBE credit card was launched in 2021, offering customizable benefits. The Bank also expanded its ATM network to over 5,222 machines by December 2023, ranking second in the industry, facilitating access to cash and promoting financial inclusion. The CUBE App serves as a cornerstone for the Bank's influence in personal finance and digital banking, offering users a comprehensive financial services experience.
- **Customized Financing Solutions:** CUB's Hong Kong branch supports corporates' low-carbon transitions through green finance. In June 2022, it signed a memorandum of understanding with the Hong Kong Quality Assurance Agency to help clients develop appropriate ESG financing solutions. Last year, the branch assisted numerous prominent Hong Kong corporations and listed companies, such as Mayer Group, Texhong Textile, China Water, Kerry Group, and Far East Consortium. It tailored sustainable performance-linked loans to support companies in their low-carbon transformation and sustainable operations by linking loan conditions to targets such as green energy consumption and improvements in employee welfare.
- CUB collaborated with the Villar Group, a representative conglomerate in the Philippines, to provide a PHP 1.25 billion (approximately NT\$700 million) sustainable performance-linked loan. This financing aimed to enhance local water resource collection and processing efficiency, marking the Philippines' first sustainable performance-linked loan milestone. The initiative received the Bronze Award for the "Best Initiative in Sustainability Asia-Pacific - Australia/New Zealand Region" at the 20th The Stevie Awards, making history for Taiwanese banks and being the first recipient of the award in its category.

Cathay FHC, the parent company of CUB, follows the AA1000 SES (Stakeholder Engagement Standards) to engage with stakeholders. Through communication and discussion meetings led by senior executives, nine key stakeholders are identified: government, investors, employees, customers, suppliers, associations, media, communities, and youth. In addition to identifying primary stakeholders, diverse channels are used to enhance communication with customers, industry professionals, and academia. The aim is to expand and leverage the Bank's role in the financial industry to exert substantial influence. Summary as below:

- Engage in project planning and discussions on sustainable finance initiatives organized by public/private associations. Provide training sessions to share and exchange relevant experiences.
- Integrate our core functions with carbon reduction efforts, encouraging employee participation in social welfare activities. Publicly disclose performance metrics for evaluation and participation in competitions.
- Gather customer feedback through interviews and customer service interactions to understand their needs and local community demands. Utilize financial services to enhance social welfare.
- Host events like the "Cathay Sustainable Finance and Climate Change Summit" and the "TWCAE Youth Forum," inviting diverse stakeholders for interaction to enhance awareness and collaboration.

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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

- Building a responsible banking culture: CUB, inheriting the three sustainability pillars of Cathay FHC — Climate, Health, and Empowerment—established its Sustainable Strategy Blueprint in March 2023. Leveraging its banking expertise, the Bank actively engages in key initiatives, accompanying stakeholders in addressing ESG challenges and leading sustainable development in the industry. With a vision to become a leading brand in green finance, the Bank is actively progressing towards "Environmental, Social, and Economic Sustainability," continually leveraging its financial influence and fulfilling corporate social responsibility. Currently, the Bank has integrated internal resources and gradually internalized its mission, becoming a proactive leader in meaningful change. Several ambitious goals have been planned, summary as below:
 - Achieving Net Zero Emissions in Financial Assets by 2050: Taking substantive action to become Taiwan's first financial institution actively divesting from coal.
 - Leading Climate Engagement Actions: Actively participating in domestic and international organizations, aligning with international frameworks, and jointly participating in initiatives like RE100, SBTi, and Coalition of Movers and Shakers on Sustainable Finance with Cathay FHC.
 - Provide Comprehensive Climate Finance Solution: Through offerings such as green credits, sustainable performance-linked loans, assistance in sustainable supply chains, and underwriting green bonds, supporting enterprises in transitioning to low-carbon and green practices.
- Establish an effective management structure: To implement sustainable development policies effectively, the Bank has established the CS Team. Chaired by the Bank's CEO, the committee comprises six working groups: Responsible Investment, Sustainable Governance, Responsible Products and Services, Employee Happiness, Green Operations, and Social Prosperity. The Bank's Vice President serves as the executive secretary, convening quarterly meetings to align with the Group's sustainability pillars, formulate short, medium, and long-term action plans combining core functions, and deeply embed the concept of sustainable development into various business sectors within the Bank. Important sustainability resolutions and progress reports are presented to the board of directors at least once a year, with two reports submitted in 2023. Additionally, to enhance oversight of corporate sustainability initiatives, CUB has established a Sustainable Development Committee, with three directors, two of whom are independent directors, serving as members.

CUB demonstrates its commitment to responsible banking and influence through regular assessments of principle implementation and public disclosure. This report summarizes the measures taken by the Bank to apply the PRB and manage products and services. Leveraging core functions, ESG elements are integrated to strengthen relevant business decisions.

As a pioneer in the industry, the Bank adheres to international sustainability benchmarks and is the first bank in Taiwan to voluntarily adopt the United Nations Principles for Responsible Banking (PRB). The progress of implementation is outlined as follows:

- The Bank's PRB progress report has been publicly disclosed annually on the Bank's corporate sustainability website and in Cathay FHC's Corporate Social Responsibility Report since 2021, providing transparency to the public and investors.
- The Bank regularly discloses the status of Equator Principles (EP) and corporate credit ESG audits in Cathay FHC's Corporate Social Responsibility Report and periodically on its official website. Every year, efforts are made to enhance compliance with ESG and EP standards, monitor and track climate-related risks, and continually improve management mechanisms. In 2023, revisions to the "Equator Principles Project Financing Management Regulations" were completed. Additionally, in line with the establishment of the Sustainable Development Committee, new regulations for the organization of the CUB Commercial Bank's Sustainable Development Committee were formulated.

6.6 Auditor's Assurance Report

2023 Principles for Responsible Banking (PRB) Implementation Report

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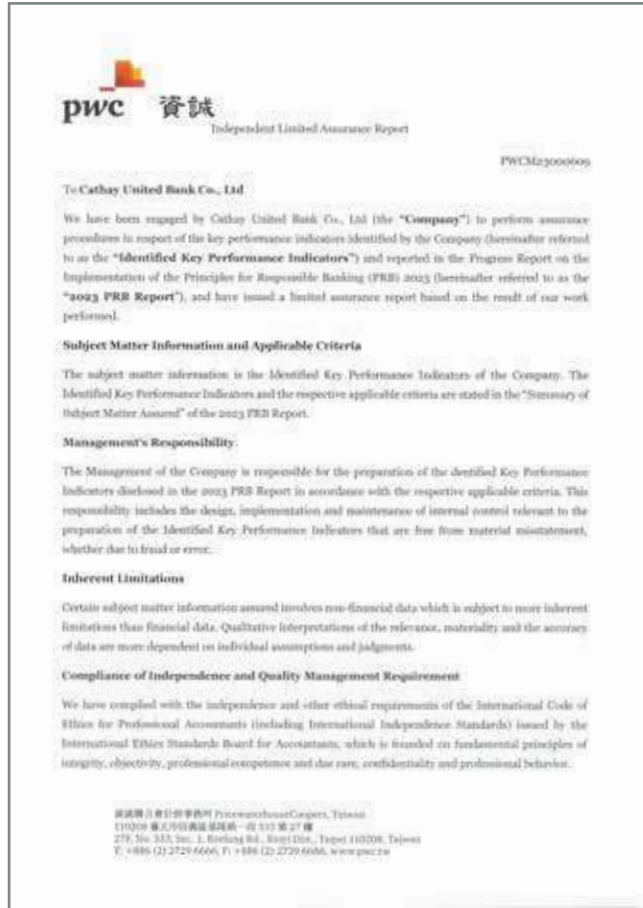
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Independent Limited Assurance Report
PWC23000609

To Cathay United Bank Co., Ltd.

We have been engaged by Cathay United Bank Co., Ltd. (the "Company") to perform assurance procedures in respect of the key performance indicators identified by the Company (hereinafter referred to as the "Identified Key Performance Indicators") and reported in the Progress Report on the Implementation of the Principles for Responsible Banking (PRB) 2023 (hereinafter referred to as the "2023 PRB Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" of the 2023 PRB Report.

Management's Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the 2023 PRB Report in accordance with the respective applicable criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

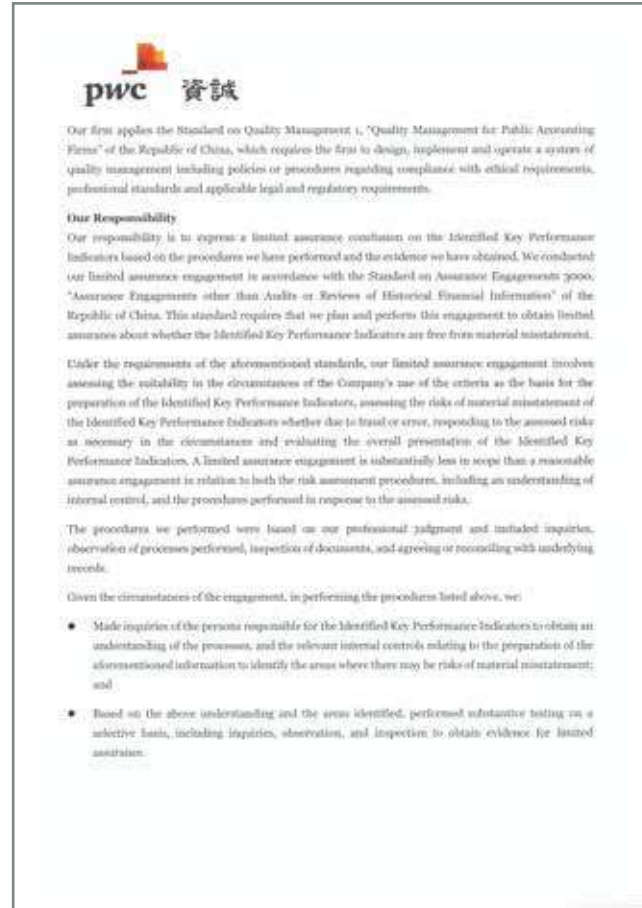
Inherent Limitations

Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

Compliance of Independence and Quality Management Requirement

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

普華永道會計師事務所 PricewaterhouseCoopers, Taiwan
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Our firm applies the Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standard, our limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Made inquiries of the persons responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed substantive testing on a selective basis, including inquiries, observation, and inspection to obtain evidence for limited assurance.



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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

We also do not provide any assurance on the 2023 PRB Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators on the 2023 PRB Report are not prepared, in all material respects, in accordance with the applicable criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the applicable criteria have been subsequently modified.

Chao, Yung-Chieh
Chao, Yung-Chieh
Partner
For and on behalf of PricewaterhouseCoopers, Taiwan
6 August 2024

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6.7 Summary of Assured Targets

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編號	確信項目	適用基準	對應頁碼
1	2023 年度資訊外洩案件共 5 件，資訊外洩案件與個資相關的占比為 100%，因上述事件而受影響的顧客數為 40 位。	依國泰金控暨子公司重大資訊安全事件通報暨緊急應變管理要點及國泰金世華銀行股份有限公司個人資料侵害事件管理辦法等相關管理辦法，統計 2023 年度國泰金控集團發生的資訊外洩事件數量總和、個人資料侵害事件占所有資訊外洩事件數量之比例及因資訊外洩事件而影響之顧客數總和。	P. 91
2	2023 年小型企業放貸總餘額為 1,280 億元；2023 年小型企業放貸總件數為 8,275 件。	國泰世華銀行暨海外分行截至 2023 年 12 月 31 日止小型企業放貸件數及放貸餘額總和。小型企業係依照國泰世華銀行《商業金融法人客戶分群管理要點》小型企業客戶為集團年合併營收規模新台幣五億元（含）以下之法人客戶暨其集團關聯戶。	P. 98
3	2023 年大樹計畫金融教育案「Tutor CUB 線上金融素養課程」及「永續金融探索營」之受益學童數共 164 人。	參與 2023 年大樹計畫金融教育案「Tutor CUB 線上金融素養課程」及「永續金融探索營」之學童人數總和。	P. 59
4	2023 年達 EP 規範須揭露之狀態（Financial Close- 簽約可撥貸）案件件數為 3 件。	2023 年度國泰世華銀行依國泰世華銀行赤道原則專案融資管理規則規範達須揭露狀態（Financial Close- 簽約可撥貸）之專案融資類案件總和。	P. 33
5	本行 2023 年度在國內核貸 111 座太陽能電站，總裝置容量 156MW。	1. 太陽能發電站：2023 年度，國泰世華銀行取得能源局出具備案函中所載明之案場數總和。 2. 國內授信核貸的總裝機容量：2023 年度，國泰世華銀行國內總行及分行授信核貸之專案，取能源局出具備案函或是台電電能購售契約孰低者之裝機容量總和。	P. 31



國泰世華銀行
Cathay United Bank

