



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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Key Material Issue	 Social Impact		 Privacy and Information Security
Opportunities and Risks	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.
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. 	
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. 	<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.
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		5.4 Information Security

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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 treating customers fairly highlights within the Bank through the subgroups of the Treating Customers Fairly 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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