

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		
					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 green projects such as eco-friendly process or environmental protection. 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.