

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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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

