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5.5 Highlights in Sustainable Finance Performance

Sustainable finance has become a major global financial market trend, guiding capital toward companies with strong ESG performance, while accelerating the economy’s transition toward sustainable development. As a leader in sustainable finance, Cathay continues to strengthen its commitment to responsible investment and lending. On the investment side, Cathay actively promotes the implementation of sustainable themed investing, sustainability-related bonds, and impact investing. On the lending side, Cathay offers a diverse range of financial products and services such as sustainable lending, renewable energy loans, and social impact loans. Through these efforts, Cathay aims to enhance the positive impact of capital on the environment and society and realize shared prosperity through sustainability.

5.5.1 Responsible Investment Achievements

|| Sustainability themed investing and lending

Cathay has identified five key sustainable investment themes: low carbon, infrastructure, aging society and health, community and inclusive finance and water resources. These sectors have a significant impact on climate, economic stability and social well-being, and offer long-term, stable investment opportunities that align with financial institutions’ social responsibilities. Through strategic investments in these areas, financial institutions not only help drive industrial innovation and transformation, but also support sustainable economic development, leveraging core financial capabilities to create shared value for society and business. As of December 2024, Cathay’s total investment in sustainable themes reached NT\$1.7 trillion, while total lending amounted to NT\$134.5 billion.

Note: Please refer to [Appendix 7.2 Table 1](#) for sustainability themed investing and lending amount. The investment targets in the five themes may overlap, and duplicates have been excluded from the total amount.

Sustainability-Themed Investment/Lending and the Corresponding SDGs					
Theme	Actions	Corresponding SDGs	2024 (NT\$100 million)		
			Investment	Lending	
Low Carbon	Referencing the Global Investor Coalition on Climate Change (GIC) and its Low Carbon Registry (LCI), Cathay has established a group-wide definition for low-carbon industries. Investments in low-carbon and green energy sectors include: alternative energy (excluding nuclear, fossil fuels, natural gas, and thermal power), green buildings, waste recycling, transportation, energy saving industry, green bonds, and natural carbon sinks.	 	3,251	506	
Infrastructure	Referring to the relevant regulations set by the government, Cathay has defined an infrastructure-related investment scope, including transportation facilities, facilities of public utilities, social housing and elderly residence projects, environmental remediation facilities, low carbon transition infrastructure, infrastructure construction and software, etc.		9,176	756	
Aging Society and Health	Informed by definitions from Taiwan’s National Development Council and the Principles for Responsible Investment (PRI), Cathay outlines the aging society and health investment scope to encompass: aging society and health services (e.g., medical institutions, life insurance companies, transportation services), related product sector (e.g., pharmaceuticals, biotechnology), and supporting facilities (e.g., senior housing).		5,697	479	
Community and Inclusive Finance	This theme includes investments in companies that provide microfinance/inclusive financial services, financial technology services, microfinance institutions, and vocational education/professional skills training.	 	56	72	
Water resources	Climate change has made water access a critical issue, which is now posing a threat to both human health and the ecosystem. In response, Cathay has taken steps to address this issue by establishing a water resource-related investment scope, including water treatment, water supply and wastewater treatment.	 	135	16	

Note: Please see the following for correction on Cathay FHC’s thematic investments in 2023; investments in “Aging Society and Health” reached NT\$490.3 billion, with NT\$43.7 billion in credit; for “Water Resources”, investments totaled NT\$6.7 billion, with NT\$1.1 billion in credit; investments in “Community and Inclusive Finance” category amounted to NT\$2.4 billion, with NT\$4.0 billion in credit.

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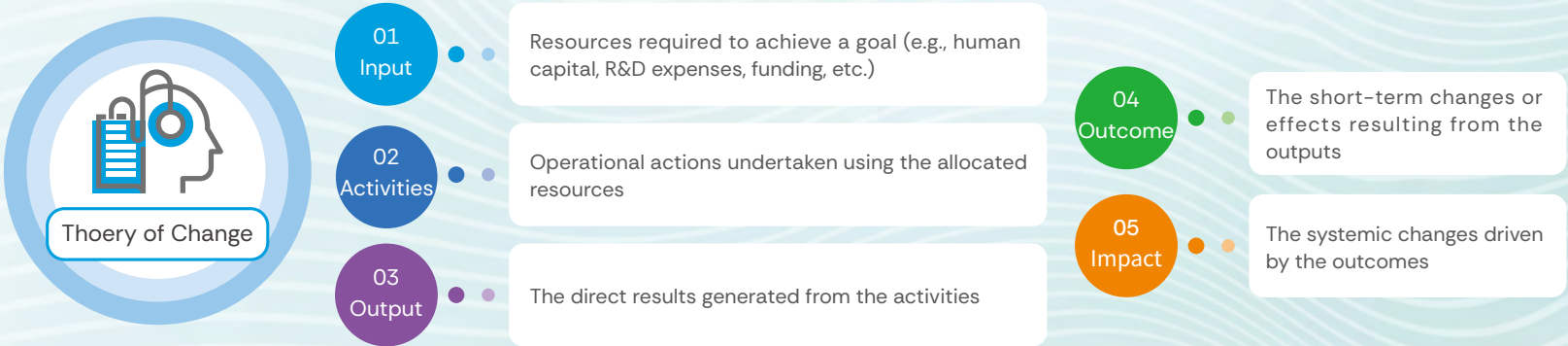
GSSSB Investments

Green, social, sustainability, and sustainability-linked bonds (GSSSBs) are bonds issued with proceeds specifically earmarked for sustainability-related purposes. These bonds can be issued by national and local governments, as well as corporations, and allow for more precise tracking of funds to designated sustainability areas, thereby accelerating progress in these areas. Cathay defines GSSSBs based on criteria provided by Bloomberg and the Taipei Exchange (TPEX). In 2024, Cathay invested NT\$147.2 billion in GSSSB. The definitions and corresponding investment amounts are shown below.

Asset	Definitions		Cumulative total investment as of 2024 (NT\$ 100 million)
	Defined by Bloomberg	Defined by TPEX	
Green Bond	Indicates the issuer states that the net proceeds of the instrument include environmental projects or activities.	Green bonds are bonds whose proceeds are used exclusively for green investment projects. To qualify as a green bond, issuers must meet the criteria set out in the Taipei Exchange Operation Directions for Sustainable Bonds to be accredited for eligibility. The bond must also be registered for OTC trading on the Taipei Exchange.	788
Social Bond	Indicates the issuer states that the net proceeds of the instrument include social projects or activities.	Social bonds are bonds whose proceeds are used exclusively for social projects. To qualify as a social bond, issuers must meet the criteria set out in the Taipei Exchange Operation Directions for Sustainable Bonds to be accredited for social bond eligibility. The bond must also be registered for over-the-counter (OTC) trading on the Taipei Exchange.	130
Sustainability Bond	Indicates the issuer states that the net proceeds of the instrument include environmental and social projects or activities.	Sustainability bonds refer to bonds whose proceeds are used exclusively for a combination of both green projects and social projects. To qualify as a sustainability bond, issuers must meet the criteria set out in the Taipei Exchange Operation Directions for Sustainable Bonds to be accredited for eligibility. The bond must also be registered for over-the-counter (OTC) trading on the Taipei Exchange.	468
Sustainability-Linked Bond, SLB	Indicates that issuer states that the instrument includes issuer predefined forward-looking performance-based organizational sustainability targets.	Sustainability-linked bonds (SLBs) are bonds whose principal and interest payment terms are linked to the sustainability performance targets (SPTs) of the issuers; to qualify as an SLB, issuers must meet the criteria set out in the Taipei Exchange Operation Directions for Sustainable Bonds to be accredited for eligibility. The bond must also be registered for OTC trading on the Taipei Exchange.	86

Impact investing

To enhance its positive social and environmental impact, Cathay Life in 2024 adopted the Global Impact Investing Network (GIIN) framework to guide its definition of impact investing. Cathay Life incorporates four key pillars – “intentionality, impact measurement, range of asset classes and financial return” – as critical factors in its investment decision-making process, aligned with broader social and environmental objectives. To evaluate investment outcomes, Cathay Life has established an impact assessment framework based on international standards, covering allocations across multiple asset classes, including sustainability bonds and private equity. The framework integrates the Theory of Change and IRIS+ metrics, with a focus on achieving tangible and positive contributions to society and the environment. (For more information, please refer to the [2024 Cathay Life Insurance Sustainability Report](#))



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Impact investing encourages companies to adopt more sustainable business models that integrate social and environmental goals into their corporate strategies to improve efficiency and competitiveness. Target companies or projects for impact investing typically address social or environmental challenges, such as providing education and training, access to clean water, improving public health, mitigating and adapting to climate change, and protecting ecosystems. Amid accelerating global trends toward net zero and ESG integration, Cathay Life continues to invest in green and social initiatives. Through these efforts, the company advances its impact investing strategy, with a cumulative investment amount of NT\$ 965 billion in related projects as of 2024. Please refer to the table on the right for details.

Asset	Overview	Cumulative total investment as of 2024 (NT\$ 100 million)
Green Bonds	Investments primarily focus on projects related to renewable energy, energy efficiency, clean transportation, green buildings, and wastewater management.	483
Social Bonds	These investments support initiatives that improve the lives of underprivileged populations, provide affordable housing to address housing issues, and develop basic services. They aim to generate measurable positive social impacts for governments or businesses.	60
Sustainability Bonds	In addition to direct investments in green and social bonds, Cathay Life also invests in sustainability bonds that simultaneously fund projects that encompass a mix green and social considerations. This encourages comprehensive corporate engagement in social and environmental improvement	360
Other	Encompasses investments in equity funds and private equity with a focus on generating positive social and environmental impacts to make a positive impact.	62



Column - Cathay Joins AVPN and GIIN to Advance Impact Initiatives



Cathay has long been committed to public welfare initiatives, leveraging group resources to promote inclusive social and environmental development. As part of Cathay's core sustainability strategy, "empowerment," Cathay integrates venture philanthropy with impact investing to support and encourage innovative solutions. In 2024, Cathay FHC became a member of the Asian Venture Philanthropy Network (AVPN) and the Global Impact Investing Network (GIIN), reinforcing its dedication to impact investing and enabling individuals, communities, and organizations to play a more influential role in addressing social and environmental challenges.



Impact Initiatives

Asian Venture Philanthropy Network (AVPN)

AVPN is the largest platform in Asia for social investors, bringing together over 600 diverse capital providers and resource partners across 33 markets. AVPN aims to mobilize capital from social investors in Asia to achieve the United Nations Sustainable Development Goals (SDGs). The platform helps members build connections, deepen learning, take action, and demonstrate social impact.

Global Impact Investing Network (GIIN)

Founded in the US in 2009, GIIN is one of the world's largest communities of impact investors, with around 450 members across 50 countries. The GIIN works to scale and improve the effectiveness of impact investing by building essential infrastructure, supporting industry activities, and promoting training and research, thereby fostering the growth of the global impact investing ecosystem.

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5.5.2 Responsible Lending Achievements

CUB focuses on its core services and leverages capital to drive industrial and social transformation. The bank aims to promote environmental and economic prosperity by providing more accessible digital services and improving the quality of its financial products.

|| Green Financial Products and Services

Green Financial Products and Services		Indicators	2022	2023	2024
Environmental Investment and Financing	Financing		\$38.1 billion	\$41.3 billion	\$51.4 billion
	Investment		\$19.4 billion	\$25.7 billion	\$30.1 billion
Renewable Energy Loans	Share of renewable energy in electricity supply-related corporate lending		87.56%	93.33%	99.79%
Sustainable Loans	Green Corporate Loans	Loan balance	\$25.244 billion	\$28.08 billion	\$25 billion
		% of green loans to total corporate loans	3.64%	3.69%	2.95%
	Green Consumer Loans	Loan balance	\$652 million	\$567 million	\$1,196 million
		% of green loans to total consumer loans	0.05%	0.04%	0.06%
	Sustainability-linked Loans (SLL)	Loan balance	\$16.927 billion	\$33.036 billion	\$49.513 billion
		% of green loans to total corporate loans	2.44%	4.34%	5.85%
Green Time Deposit	Green Time Deposit balance		\$4.905 billion	\$2.394 billion	\$1.007 billion

|| Responsible Lending Progress

Objective		Monitor & Tracking	2024 Progress Update
High emissions industry loan	"Zero Coal Financing" ^(Note 1) achieve zero coal lending by the end of Q1 2027.	Quarterly tracking	The revolving credit for zero coal generation loans would reset to zero at the end of 2022 and would not be renewed after the buffer period. Medium to long-term quota will be phased out and no new loans will be approved.
Sustainable loans ^(Note2)	Sustainable loan to exceed \$100 billion by 2030	Quarterly tracking	As of the end of 2024, the sustainable loan balance had reached \$74.513 billion.

Note 1: upstream/midstream/downstream coal industry chain includes coal-related mining, manufacturing, wholesale and retail; all are listed on the bank's exclusion list.

Note 2: includes sustainability-linked loans and green loans, which are defined in accordance with the "Principles Governing Corporate Banking Sustainable Loans."

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|| Social Loans

Starting in 2024, CUB began expanding its offering of social loans through its overseas branches. These loans, through indirect provision of financial services, are targeted toward underserved populations in developing countries who lack access to basic services such as transportation, medicine, housing, or financial services, or who require support to improve basic education, skills, or socioeconomic status. Funding is strictly allocated to one or more designated social projects. In addition, CUB has established cash flow control mechanisms and requires borrowers to submit regular reports on fund usage to ensure that all proceeds are applied exclusively to the financing or refinancing of the specified projects.

5.5.3 Sustainable Finance Products and Services

|| Cathay Securities App – One-Stop Digital Investment Service

By combining digital services with ESG principles, Cathay encourages investors to adopt sustainable investment practices. Building on its 2020 collaboration with National Taipei University (NTPU) to provide ESG research services for institutional investors, Cathay Securities introduced ESG-driven stock selection tools for individual investors via its mobile app in 2021. In 2022, it became the first in the industry to launch a dedicated “Sustainability Section” on the Cathay Securities app, enabling users to view ESG ratings for their Taiwan stock holdings. By 2024, the platform had attracted over 500,000 users and recorded over 2 million clicks. Cathay continues to optimize its services annually, striving to deliver digital financial tools that best meet the customer needs.



Target Group	Achievements
Those in need of funds but with limited access	<ul style="list-style-type: none">• A total of US\$33.5 million in approved loans for 2024.• All approved loans in 2024 were fully disbursed. The loans were intended for equipment upgrades for rural medical institutions and student loans for children from low- to middle-income households.

|| Sustainability Funds

• Cathay SITE – Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF

By the end of 2024, the fund's AUM reached NT\$376.3 billion. The COVID-19 crisis in 2020 has underscored the importance of corporate responsibility towards employees and supply chain management. To address this, Cathay SITE has partnered with MSCI to offer investors the opportunity to invest sustainably on an international scale. Our investment approach uses a dividend yield-weighted stock selection methodology designed to deliver consistent returns in line with investor expectations. The fund's performance has broken several records on the Taiwan Stock Exchange since its IPO.



2024 Achievements – Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF

- 2024 Asia Asset Management 2024 BEST OF THE BEST AWARDS—Most Active ETF Award
- 2024 Smartfunds Taiwan ETF Awards (with technical guidance from Morningstar) – Domestic Prototype Index Equity ETF Award
- 2024 Taipei Foundation of Finance – The 27th TFF-Bloomberg Best Fund Awards: “Golden Diamond Award” for Three-Year Performance in ESG Index Stock ETFs (General Category)

• Cathay US ESG Fund

By the end of 2024, the fund's AUM reached NT\$3.75 billion. The fund uses ESG ratings provided by MSCI for US companies and allocates at least 70% of its investments to companies rated A or higher. The fund not only focuses on top-performing ESG stocks in the US market but also excludes controversial industries such as weapons, tobacco, cannabis, and adult entertainment. By investing in companies with stronger ESG performance, the fund aims to enhance the stability of its portfolio while encouraging corporate social responsibility.