2.1.3 Comprehensive Climate Finance Solutions Provider

Amid the accelerating pace of the net-zero transition, Cathay Financial Holdings has incorporated climate-related issues into its core business development strategy. By leveraging a diverse range of financial instruments, the Company has developed climate finance solutions spanning investment, lending, insurance, and capital markets.

Low-Carbon Investment & Lending

Drawing on its experience from participating in the Low Carbon Registry (LCI), Cathay FHC has established the definition of low-carbon industries to promote the development of the low-carbon economy. As of the end of 2025, the amount of low-carbon investment and lending reached NT$375.2 billion.

Unit: NT$100 million

	2023		2024		2025	
Item	Investment	Lending	Investment	Lending	Investment	Lending
Low Carbon	**2,350**	**408**	**2,774**	**506**	**3,278**	**474**
Alternative Energy	421	212	543	190	514	212
Buildings	693	123	843	229	1,018	162
Resource Recovery and Circular Economy	51	38	56	45	94	50
Transportation (Note)	291	32	228	38	224	43
Energy-Efficient Industries	273	3	317	4	457	7
Green Bond	621	0	788	0	971	0
Natural Carbon Sinks	0	0	0	0	0	0

Note: Investment data have been revised. Due to the more granular industry classifications adopted by international databases, certain investments previously included as low-carbon investments were determined, upon reassessment, to no longer meet the definition of low-carbon investments. Accordingly, the calculation scope was adjusted, and the figures for 2023 and 2024 were retrospectively revised.

- **Percentage of renewable energy lending**

CUB reached its 2025 goal for renewable energy loans to account for 85% of loans to the electricity generation industry in 2022. In 2025, only one lending facility for coal-fired power plants remained, bringing CUB's percentage of renewable energy loans to 99.86%.

As of Dec. 31, 2025 (Unit: %)	2023	2024	2025
Percentage of loan balance for renewable energy within total lending to the electricity generation industry	93.33%	99.79%	99.86%

- **Investments in Renewable Energy Industries**

Cathay Life has developed its green electricity business with solar power as its core focus. The Company established a solar power plant subsidiary through a phased approach of initial investment, followed by joint ventures, and subsequently integrating its solar power plants under a dedicated subsidiary. Through direct investment in solar project sites and its solar power plant subsidiary, Cathay Life continues to accumulate power generation assets and operational experience. As of 2025, cumulative actual investment reached NT$4.27 billion, and installed grid-connected capacity totaled 520 MW.

Note: In consideration of adjustments to the business strategy of a cooperating partner, Cathay Life plans to dispose of certain project sites in 2026. This is expected to reduce the investment amount by approximately NT$120 million and installed capacity by 50 MW.

In addition to actively investing in solar power plants, Cathay Life established a dedicated offshore wind project evaluation team focused on assessing risks associated with offshore wind power investments. Following a prudent evaluation of investment risks, Cathay Life assessed the acquisition of a 50% equity stake in Ørsted's Greater Changhua Northwest Offshore Wind Farm in 2023. In December 2024, together with its subsidiary Cathay Power Corporation, it invested jointly in a 50% equity stake in the Ørsted A / S Greater Changhua Northwest Offshore Wind Farm for an amount not exceeding NT$27.3 billion. The wind farm has an installed capacity of approximately 583 MW. In addition, in December 2025, Cathay Life and its subsidiary Cathay Power Corporation jointly invested in a 55% equity stake in the Ørsted Greater Changhua Southwest Offshore Wind Farm for an amount not exceeding NT$34.0 billion. The wind farm has an installed capacity of approximately 632 MW. In addition to meeting the life insurance industry's need for long-term and stable investment returns and supporting its sustainable energy development strategy, these investments are also intended to demonstrate industry leadership and serve as a model for the market.

In 2025, CUB approved loans for 4 solar power stations in Taiwan with a total installed capacity of 4 MW. As of the end of 2025, loans have been approved for 2,800 solar power stations in Taiwan and abroad, with a total installed capacity of 1,059 MW and annual carbon reduction benefits of 612,000 metric tons.

Note: Calculated based on Taiwan's 2024 solar PV capacity factorr of 13.35% as announced by Taipower and the 2023 electricity emissions factor of 0.494 kgCO_2e / kWh as announced by the Energy Administration.

Green Time Deposit Program

CUB launched its Green Time Deposit Program in July 2022 in response to the government's Green Finance Action Plan 2.0 and 3.0 and in alignment with international green finance practices. In collaboration with an independent third-party consultant, the Bank issued its first assurance report in September 2023 to disclose the use of proceeds from green deposits. As of the end of 2025, a total of 52 companies had participated in the program, including leading enterprises in the transportation, electronics, chemicals, retail, machine tool, and engineering and construction industries. The cumulative transaction volume reached NT$40.28 billion. Funds raised through green deposits have been allocated to the renewable energy sector, including projects such as solar power plant loans, wind power generation, and fishery-solar symbiosis projects.

Sustainability-linked Loans (SLL)

CUB is promoting for sustainability-linked loans (SLL), customizing KPIs (Key Performance Indicators) and SPTs (Sustainability Performance Targets) for corporate clients to assess their sustainability progress against their sector peers, and then providing loans accordingly. As of the end of 2025, the cumulative outstanding balance of Sustainability-Linked Loans exceeded NT$100 billion, serving more than 1,400 corporate clients across Taiwan, Hong Kong, the Philippines, Singapore, and Malaysia.

Sustainable Finance Initiatives in 2025

CUB Hong Kong Branch continued to deepen its sustainable finance initiatives. At the Hong Kong Green and Sustainable Finance Awards 2025, organized by the Hong Kong Quality Assurance Agency (HKQAA), the branch received three awards in recognition of its internationally aligned Sustainability Product Framework and related achievements. Under this framework, the Hong Kong Branch launched its first Sustainable Time Deposit product. Since its launch in August 2025, the product has attracted clients from industries including logistics, shipping, and air transportation. Building on its sustainable lending services, the branch has further expanded into cash management, providing more comprehensive sustainable finance solutions.

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Case Study

CUB has extended sustainable finance beyond lending to a broader range of financial products. In 2025, with the support of Enterprise Singapore, CUB's Singapore Branch structured a customized green guarantee facility with a tenor of up to six years for Marco Polo Shipyard Pte Ltd, a subsidiary of Marco Polo Marine Ltd. The facility supported the shipyard's contract for the construction of an ocean research vessel for the National Academy of Marine Research, with a total shipbuilding contract value of NT$4.67 billion. This project involved a large-scale cross-border engineering contract characterized by high technical specifications, a lengthy construction period, and stringent performance requirements. Through rigorous risk assessment and structured lending design, CUB helped alleviate the company's funding and liquidity pressures during the performance and delivery phases, thereby enhancing project execution stability.

The newly built ocean research vessel has a gross tonnage of 4,000 tons and incorporates low-noise operational standards that comply with Underwater Noise Notation (UWN) requirements. It is also equipped with a battery energy storage system and waste heat recovery equipment to improve overall energy efficiency and reduce carbon emissions, thermal pollution, and impacts on marine ecosystems, while balancing scientific research needs and environmental protection objectives. By supporting projects that deliver energy-saving and carbon-reduction benefits while generating value for public research, this project not only helps strengthen regional marine science research capabilities but also demonstrates CUB's ability to leverage cross-border finance, guarantees, and structured financing solutions to support green and transition projects and promote sustainable and blue economy development. This was the Bank's first green guarantee facility and was recognized as the Best Case of the Year in the Bank's Third Annual Overseas Sustainable Finance Best Case and Branch Awards.

Green/Sustainability Bonds

Category	2025 Underwriting Activities
Green Bonds	CUB In 2025, CUB underwrote **two** green bonds to support corporations with sustainable transitions, with an underwriting amount of approximately NT$**3.7** billion. Cathay Securities In 2025, Cathay Securities participated in the underwriting of **two** green bonds issued by TSMC and Taipower to support environmental protection and green enterprises, with an underwriting amount of NT$**800** million.
Sustainability Bonds	CUB In 2025, CUB underwrote **one** sustainability bond to support corporations with sustainable transitions, with an underwriting amount of approximately NT$**1.0** billion. Cathay Securities Promoting the development of sustainable financial products, Cathay Securities participated in the underwriting of one sustainability bond issued by Hua Nan Commercial Bank in 2025. **One** sustainability bond was underwritten, with a total participation amount of NT$**100** million.

Green Insurance

Cathay Century has long remained committed to its development strategy: promoting insurance products to address environmental issues and offering businesses and society the financial protection required for net zero and energy transitions.

New Products in 2025	
Renewable Energy Industry Insurance	Cathay Century has been offering insurance products targeting the development and operations of green industries since 2010. In 2016, Cathay Century became the first company of its kind in Taiwan to offer insurance for offshore wind turbines, helping the renewable energy sector strengthen its competitiveness and professionalism. In 2020, Cathay Century founded the Energy Infrastructure Team to develop solar power projects and offshore/onshore wind farms. In 2025, Cathay Century underwrote an additional NT$141.1 billion in insurance coverage for related projects.
Public Bicycle Insurance	In June 2018, Cathay Century launched Taiwan's first "Public Bicycle Accident Insurance" and "Public Bicycle Third-party Liability Insurance." As of the end of 2025, 12 cities and counties across Taiwan - Taipei City, New Taipei City, Taoyuan City, Miaoli County, Hsinchu City, Hsinchu County, Chiayi City, Chiayi County, Tainan City, Kaohsiung City, Pingtung County, and Taitung County, providing coverage for over 290 million bike rides and mitigating risks for public bicycle users.

Green Funds

The Cathay Sustainable Development PE Fund invests 100% in key industries that support Taiwan's sustainable development. The fund has total committed capital of NT$8.0 billion, with paid-in capital reaching NT$6.9 billion in 2025. Investments cover key industries such as the circular economy (e.g., waste treatment and reuse) and renewable energy (e.g., solar power, geothermal energy, hydropower, and energy storage) as well as innovative industries spotlighted in the government's 5+2 Industry Innovation Plan (incl. IoT, smart machinery, and new agriculture).

Impacts of the Cathay Sustainable Development PE Fund	
Wind Energy	In 2020, the fund and the Caisse de dépôt et placement du Québec (Quebec Deposit and Investment Fund, CDPQ) inked an agreement with Ørsted A/S to acquire 50% shares in the 605 MW Greater Changhua Offshore Wind Farm and participate in its development to supply clean energy to over 850,000 households in Taiwan. Annual power generation is estimated to reach 2,540 GWh.
Solar Power	Estimated to generate 370 GWh annually.
Waste Resin & Waste Paint Residue Treatment	Processes up to 1,425 metric tons and 17,100 metric tons monthly and annually, respectively.

Corporate Loss Control Services

• Cathay Century Risk Assessment System

As extreme weather events increase, the frequency of sudden disasters such as fires and earthquakes faced by factories, corporate standards and requirements for facility management continue to rise. Ensuring operational safety and controllable risks in highly automated environments with equipment-intensive has become an important aspect of sustainable business operations. Cathay Century has developed the industry's first corporate risk assessment system, the Cathay Property Safety Management Program (Cathay PSMP). Drawing on international standards and integrating loss control and claims management experience, the program conducts comprehensive reviews and assessments of multiple aspects of industrial facilities, including building structures, fire protection systems, process risks, safety management, disaster response, and business continuity resilience. By quantifying risk levels and identifying potential risks, the program provides specific loss control recommendations and continuously tracks improvement progress.

> Using Macronix International Co., Ltd. as an example:
>
> Cathay Century has expanded its role from providing insurance services to becoming a partner in enterprise risk management. In 2025, Macronix became the first company to implement the Cathay Property Safety Management Program at its Fab 5 facility. Through a three-stage process of **standards confirmation → design review → acceptance inspection**, the company comprehensively implemented fire protection measures, strengthened seismic resistance and energy dissipation systems, and established robust disaster recovery and contractor safety management systems. This initiative pioneered a new model of collaboration between insurers and insured enterprises in the field of risk management.

• Solar Photovoltaic (PV) Client Care Program

Cathay Century upholds the core loss control principle of ex-ante prevention, continuously helping enterprises mitigate the financial impacts of natural disasters. The program focuses on strengthening corporate loss control awareness and reducing workplace and operational risks, while also supporting Cathay FHC's sustainability pillar of "Health" by helping corporate clients enhance their overall financial and operational resilience.

Building on the achievements of 2024, Cathay Century continued to implement the Cathay Solar Shield Program in 2025, with a focus on enhancing the resilience of solar PV project sites against natural disasters such as typhoons and flooding. In addition to continuing to provide basic inspection tools, including the Solar PV Site Safety Inspection Checklist and Short Video Inspection Guide, the Company further increased the frequency of client engagement and expanded the depth of its services. The Company also continued to provide site self-inspection tools prior to the typhoon season, enabling clients to carry out critical maintenance work in advance. In addition, the scope of on-site survey services for major clients was expanded. Through the expertise of its loss control team, Cathay Century assisted clients in identifying potential risks that could affect the safety of solar PV facilities, including mounting structure stability, inverter equipment, cable configurations, and surrounding topographical conditions. Through ongoing loss control education and on-site advisory services, Cathay Century has helped clients in the solar PV industry strengthen their ability to respond to natural disasters, reduce the risk of equipment losses, and continue advancing the green energy industry toward safer and more sustainable development. For details of these initiatives, please refer to "Cathay Sustainability Story 1."

• Annual Loss Control Seminars

Since 2005, Cathay Century has held loss control seminars every six months to help prevent major disasters and enhance corporate preparedness for extreme weather-related risks. In 2025, a total of three loss control seminars were held, covering emerging trends in sustainable supply chain management, supply chain cybersecurity risks, and corporate asset risk management.

• Corporate Loss-Control Consulting

Cathay Century has applied natural disaster models since 2020 to help companies control risks and reduce operational loss from natural disasters. The models simulate scenarios of loss and damages from climate change, and help Cathay Century offer suggestions to enterprise customers for greater resilience against natural disasters.

Risk	Action	2025 Achievements
Natural Disasters (Typhoons, Floods & Earthquakes)	Cathay Century conducts on-site risk surveys and models suited to Taiwan's natural disasters during ex-ante disaster prevention planning to produce an assessment plan.	Between 2012 and 2025, Cathay Century compiled **480** risk assessment reports on typhoons, floods, and earthquakes to help corporate clients and internal underwriting units. Cathay Century provided **183** risk assessment data sets to internal underwriting units in response to corporate clients' needs for typhoon, flood, and earthquake insurance, bringing the cumulative total to **663** data sets.
Rainstorms & Floods	Considering the risks of flooding from heavy rainfall caused by extreme weather, Cathay Century is helping corporate clients evaluate surrounding water drainage systems and vulnerable areas. Evaluations can serve as the basis for preliminary steps to upgrade factory flood alerts and water drainage systems, thereby reducing flood risks, claims, and scale of potential losses.	From 2013 to 2025, **20** service cases were completed.
Solar Power Risks	Cathay Century conducted on-site surveys and collected information to assess risks and provide suggestions on defending solar PV sites against typhoons.	From 2015 to 2025, risk assessments were conducted for **167** solar PV sites.

Sustainable Finance Service Innovation in 2025

SME Sustainable Finance Partnership Program

To encourage small and medium-sized enterprises (SMEs) to progressively advance their decarbonization transformation, CUB launched the SME Sustainable Finance Partnership Program. Under the program, the Bank works with clients to establish targets for electricity and water consumption intensity. Companies that achieve these targets are eligible for a range of benefits, including interest rate discounts on sustainability-linked loans, preferential interest rates on foreign currency demand deposits, smart seal management and corporate online banking services, monthly fee waivers or preferential rates for interbank withdrawals and fund transfers, discounts on domestic and foreign currency remittance fees, and fee waivers for tax and bill payment services. The program also provides convenient digitalized financial services, promoting both environmental awareness and digital transformation among SMEs through practical action.

- From the launch of the program at the end of December 2024 through the end of 2025, a total of **179** SMEs applied to participate.
- **Six** sustainability-linked loan (SLL) applications were approved.
- The total approved loan amount reached NT$**212** million as of the end of 2025.