

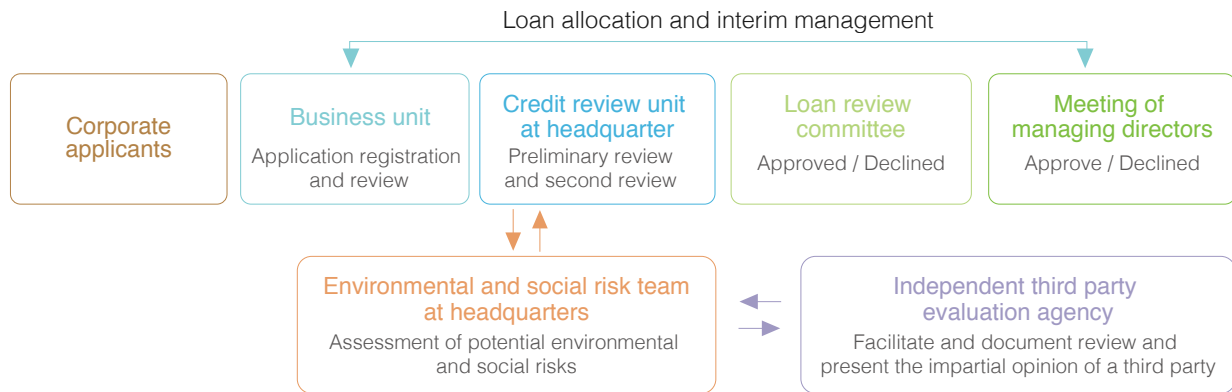


The Equator Principles At ESUN 2020



Equator Principles

E.SUN has long supported large-scale projects that contribute to sustainable development. Since it became the one of the first domestic financial institutions to become a signatory to the Equator Principles in 2015, it has participated in a number of large-scale project financings, including those for electric power and infrastructure at home and abroad. Furthermore, in accordance with the international standards of the Equator Principles Association, E.SUN manages project financing risks in a hierarchical manner, carefully assesses whether the project development process fulfills environmental and social responsibilities, and properly formulates environmental and social impact monitoring system and improvement plans.

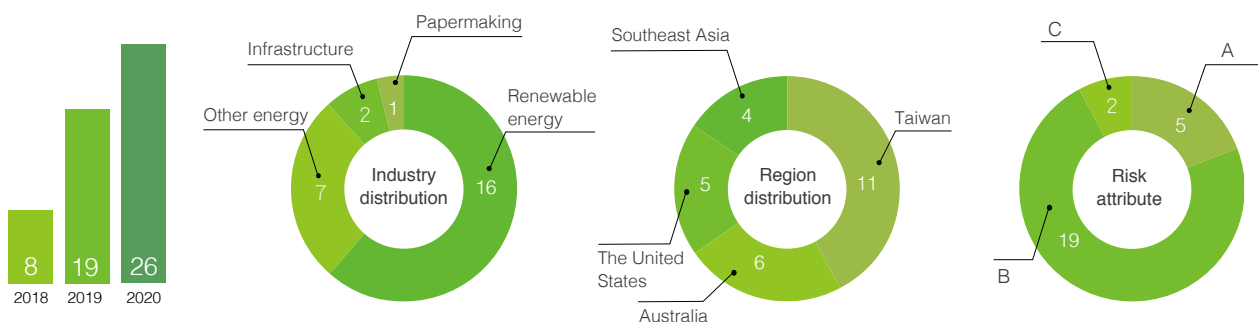


2020 Results

- In October 2020, we adopted the fourth edition of the Equator Principles (EP IV) framework and continued to refine the control process. In addition to expanding the scope of application of the Equator Principles and including more project financing into the evaluation criteria, E.SUN also pays great attention to risks related to climate change, human rights, and biodiversity, thus improving its environmental and social risk management capabilities.
- In 2020, a total of 7 project financing cases to which the Equator Principles apply were approved, and 1 case was declined.
- As of December 2020, a total of 26 cases have been approved. In response to the development of renewable energy, 16 of the cases were related to green energy.

Cumulative number of approved cases under the Equator Principles

* In 2020, a total of 26 cases were approved cumulatively, including 1 financial advisory case



Monitoring Compliance

E.SUN ensures compliance with the Equator Principles(EP) by both internal and external experts.

- Internal Experts: The Environmental and Social Risk Team at head office is responsible for conducting EP framework, including:
 - (1) Management of the implementation procedure and documents.
 - (2) Internal E&S evaluation report.
 - (3) Internal training to RM teams.
 - (4) Post loan management.
 - (5) Connection with EP association.
- External Experts: We cooperate with independent, third-party experts, including:
 - (1) KPMG: Advisory service of adopting new EP 4th edition and related internal procedures.
 - (2) Mott McDonald, Environmental Resource Management Ltd., Ramboll Environment, and other third-party experts: the SDD (environmental and social due diligence) of projects.

■ Project Finance Transactions

Total number that reached financial close in the reporting period.

Sector	Category A	Category B	Category C
Mining	0	0	0
Infrastructure	0	0	0
Oil & Gas	0	0	0
Power	1	6	0
Others	0	0	0
Sub Total	1	6	0

Region	Category A	Category B	Category C
Americas	0	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	1	6	0
Sub Total	1	6	0

Country Designation	Category A	Category B	Category C
Designated Country	0	0	0
Non-Designated Country	1	6	0
Sub Total	0	0	0

Independent Review	Category A	Category B	Category C
Yes	1	6	0
No	0	0	0
Sub Total	1	6	0

Total Number of Category A Projects	1
Total Number of Category B Projects	6
Total Number of Category C Projects	0



■ Project finance case studies

The projects information and E.SUN's approved loan amount to the 7 EP projects in 2020 are listed below:

Project	Description	Risk Category
A	offshore wind farm in Taiwan	B
B	offshore wind farm in Taiwan	B
C	solar power station in Taiwan	B
D	solar power station in Taiwan	B
E	onshore wind farm in Taiwan	B
F	onshore wind farm in Taiwan	B
G	offshore wind farm in Taiwan	A

Project A & B

1. Developed by Company C, Project A and project B are two offshore wind power farms. The projects are located 11~25km off the east coast of Changhua, Taiwan, and will be consisted of 62 MHI Vestas wind turbines, each with 9.5MW capacity. The total investment amount is estimated 108.5 billion NTD.
2. According to the ESIA (Environmental and Social Impact Assessment) report from third-party consulting firm ERM, this project is Category B and involves potential but limited environmental & social risks, which can be mostly relieved by remedial actions. The major ESG risk of the project is related to IFC PS-6 (Performance Standard 6) biological diversification, because of the endangered Chinese white dolphin issues that the routes of construction vessels may overlap with some part of the Chinese white dolphins' habitat, according to the ESIA. Although the project company mentioned that the Chinese white dolphins have never been observed during the evaluation period, the project is required to provide the monitor report periodically and publicly to ensure the impact is limited.

Project C & D

1. The project is a floating solar power plant situated in the intertidal zone of the Changhua County coast in the north west of Taiwan, comprising two plots of approximately 87 and 89 hectares respectively (plot 1 and plot 2), with a total investment amount of 9 billion TWD. The electricity generated by this project will be selling to Taiwan Power Company under a 20 years PPA (Power Purchase Agreement).
2. The project is listed as Category B, according to the 3rd party E&S consultant agency Mott McDonald, because most of the E&S risks are partial and could be solved by appropriate remedial plan. The site is not located in any national protected wetland nor the area related to Ramsar Convention, and none of the species in the area is found endangered. The ESMS of the project is comparatively brief, such as providing general guideline of grievance mechanism instead of more completed documents, but still provides additional compensation to local people and stakeholders. E.SUN bank will monitor the project periodically to meet the requirements of EP.

Project F

1. Project F is on-shore windfarm project in Changhua County, Taiwan, with 7 Vestas 3.6MW wind turbines in the first phase. The project will eventually have 10 turbines and the total capacity of 36MW. Developed by German Company W, the project was commissioned in 2020 with total capital around 1.65 billion and has signed the 20-years PPA with Taiwan Power Company.
2. The third party Environmental & Social due diligence report is delivered by the consulting agency Mott McDonald, and the risk level is B due to the limited sustainable impact to adjacent area. The location of Project F is commonly used for brackish water pond fish-farming by local fishery industries, and the developer has sufficient experience in dealing with local union and government since it has developed several energy projects in Changhua. However, although the report states that no residential building was registered within the area (<250 meters radius), E.SUN has still reviewed the social issue carefully because the wind turbines could possibly make high frequency noises to nearby area. By performing the site investigation, we ensure that the project has kept sufficient distance with local residential area.