

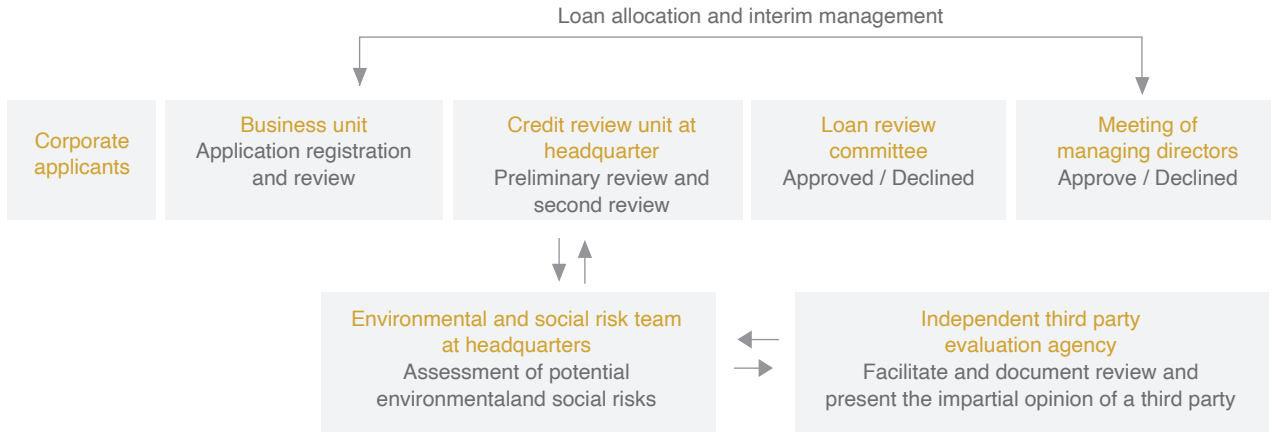


The Equator Principles At ESUN 2021



Equator Principles

E.SUN has long supported large-scale projects that contribute to social development. Since it became one of the first domestic financial institutions to adopt the Equator Principles in 2015, E.SUN has participated in a number of large-scale project financings for electric power, infrastructure, etc. 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 and improvement plans. Adopting the fourth edition of the Equator Principles framework, E.SUN assesses the climate change, human rights, and biodiversity risks associated with the projects it finances and continues to fine-tune its control process to strengthen post-loan management. EP-based assessments and undertakings are as follows:



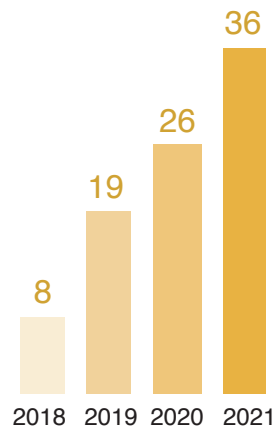
2021 Results

Agreements have been signed for a total of 10 project financing cases to which the Equator Principles and 1 case (involving coal transportation) was declined.

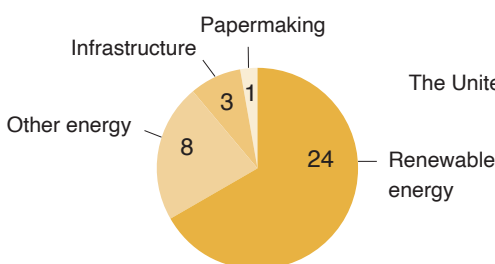
We have assessed 36 cases in response to the government's renewable energy policies, and 24 of these cases were green energy projects.

Cumulative number of approved cases under the Equator Principles

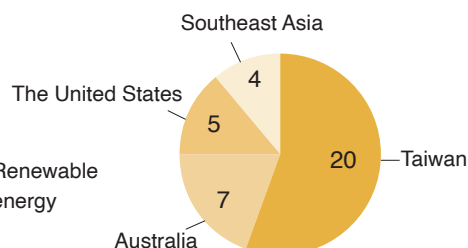
36 one case as finance advisory



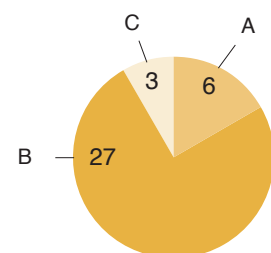
Industry distribution



Region distribution



Risk attribute



Note: Based on the Equator Principles, the risk levels of each case, from severe to minimal, are indicated with A, B, or C, and the cases would undergo reviewing processes that correspond to their level of risk.

■ 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	1	0
Oil & Gas	0	0	0
Power	1	7	1
Others	0	0	0
Sub Total	1	8	1

Region	Category A	Category B	Category C
Americas	0	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	1	8	1
Sub Total	1	8	1

Country Designation	Category A	Category B	Category C
Designated Country	0	1	0
Non-Designated Country	1	7	1
Sub Total	1	8	1

Independent Review	Category A	Category B	Category C
Yes	1	8	0
No	0	0	1
Sub Total	1	8	1

Total Number of Category A Projects	1
Total Number of Category B Projects	8
Total Number of Category C Projects	1



■ Project finance case studies

The projects information and E.SUN's approved loan amount to the 10 EP projects in 2021 are listed below:

Project	Description	Risk Category
A	29 km metro rail infrastructure in Australia	B
B	77 MW solar power station in Taiwan	B
C	53 MW solar power station in Taiwan	B
D	272 MW solar power station in Taiwan	B
E	9 MW solar power station in Taiwan	C
F	124.1 MW solar power station in Taiwan	B
G	300 MW offshore wind farm in Taiwan	A
H	70 MW solar power station in Taiwan	B
I	296 MW offshore wind farm in Taiwan	B
J	1 GW CCGT power plant in Taiwan	B

Project A

1. Australian rail project Sydney Metro City and South West extends its existing route, injecting 1.37 billion USD budget to build a new 29- kilometer metro line through new CBD station to south west of Sydney. Company N, as a subsidiaries of Company H, was awarded the sub-contract package including integration of core rail systems and operating & maintenance services.
2. Project A is listed as Category B, according to the 3rd party due diligent report delivered by Australian technical consulting firm ITMG, for the reason that the project is mostly related to the rail system installation which involves limited E&S risks and could be solved by appropriate remedial plan. It has also followed the local government's Conditions of Approval to establish the construction environment management plan, monitoring noise, vibration, waste, water pollution, etc. generated from the construction period.

Project D

1. Project D is a Ground-mounted PV project which will be installed in Yunlin Offshore Industrial Park near the coast of Taixi township in southern Taiwan. It is the phase 2 of the solar power project that were developed by Company V, and the phase 1 has been successfully commissioned in 2022Q1. With total capacity of 272MW, Project D is expected to reduce more than 218,000 tonnes of carbon emission annually.
2. The Environmental & Social Due Diligence report is delivered by ERM, ranking risk level of Project D as B due to the limited environmental & social impact to adjacent area and stakeholders. Through the IFC PS1~8 standards compliance review, all 49 items are marked as green (low risk) or no risk involved, for the reason that the project locates on existing industrial area without the concerns of involuntary land acquisition or indigenous people issues. However, we also noticed that some of the local oyster farms will need to reduce the farming area due to the project's development. Since the project has committed to arrange public hearing to obtain consent from local fishery group, as well as inject 200k USD annually to hold educational events or forums to local neighborhood, we believe that the impacts of social aspects could be mitigated properly.

Project G

1. The 298MW offshore wind power Project G is located 11~17km off the east coast of Changhua, Taiwan, and will be developed via a joint venture between Company P and Company C. It is consisted of 31 MHI Vestas wind turbines, each with 9.6MW capacity.
2. Project G is ranked as risk level Category A according to the Environmental & Social Due Diligence report delivered by the third party consulting firm Environmental Resources Management(ERM), due to its potential impact to marine biodiversity and the local fishery industry. Although no item is listed as high risk through the IFC Performance Standard compliance review, there are still 12 items listed as medium risk out of 56 items in total, according to the ESDD report. The major risks are related to IFC PS5-involuntary resettlement because the project's location limits the fishing area to a certain degree. In addition, in PS6 biological diversification review, the Chinese white dolphin issue is also found in this project, however the project is yet to perform the investigation during the evaluation period. To mitigate these issues, the project has promised to periodically provide the environmental monitoring report publicly, and to reach the consensus with local fishery group by negotiating the proper remedy and grievance mechanisms.