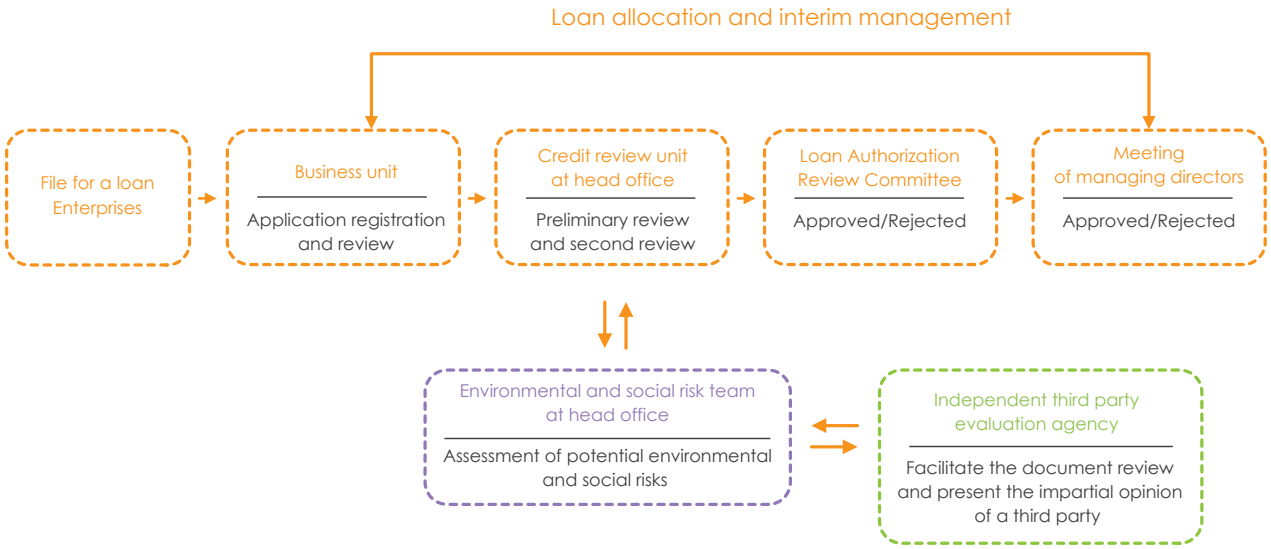
THE EQUATOR PRINCIPLES AT E.SUN

玉山金控 E.SUN FHC

Adopting international standards and the Equator Principles

Regarding industries with a greater impact on the environment or the society, such as those in mining, infrastructures, oil and gas extraction, and energy, E.SUN will handle the loan applications by classifying the risks and help clients implement plans to monitor and improve the environmental impact. E.SUN responds with care to stakeholder attention to credit assets in financing projects. In addition to applying the Equator Principles, E.SUN exercises its strength in risk management and influence in resource allocation and works with clients to pursue sustainability.



Result of 2018 :

Equator Principles：After considering potential risk of environment and social issue, 3 EP compliant financing deals were approved according to credit policy and risk appetite of E.SUN. Risk category of the deals were B.

Project	Project J	Project C	Project S
Risk Category	B	B	B
Sector	Natural Gas (NG) plant	Natural Gas (NG) plant	Photovoltaic
Nation	US	US	Australia
Audited by independent thrid party	Yes	Yes	Yes

PROJECT FINANCE TRANSACTIONS

Total number that reached financial close in the reporting period: 3

Sector	Category A	Category B	Category C
Mining			
Infrastructure			
Oil & Gas			
Power		3	
Others			
Sub Total	0	3	0

Region	Category A	Category B	Category C
Americas		2	
Europe, Middle East & Africa			
Asia Pacific		1	
Sub Total	0	3	0

Country Designation	Category A	Category B	Category C
Designated Country		3	
Non-Designated Country			
Sub Total	0	3	0

Independent Review	Category A	Category B	Category C
Yes		3	
No			
Sub Total	0	3	0

Total Number of Category A Projects	0
Total Number of Category B Projects	3
Total Number of Category C Projects	0

Project finance case studies

Regarding industries with a greater impact on the environment or the society, E.SUN will handle the loan applications by classifying the risks and help clients implement plans to monitor and improve the social and environmental impact.

1.Project J - United States

Located in New Carlisle, Indiana, the natural gas power station J Energy Center will have a total capacity of 1,400 MW and now provides 715MW in phase 1 project. Maintained by the globally well-known EPC contractor Kiewit, project J also acquired the warranty from its equipment supplier and the guaranteed natural gas contract. The power plant is now interconnected to the PJM market, a regional power network provides the service to 13 states in U.S.

In ESUN's EP assessment process, we considered a range of social and environmental issues including environmental management, biological and cultural resources protection, noise controls, GHG emissions,water and air quality permits, land development, and other requirements of the EP.

Due to the ability to meet the requirement from the government and other supervisory institutions, the project was ranked B regarding to the environment and social risk. Moreover, the original usage of the project's land is for the agricultural purpose and thus the potential negative impact to the water resource, bio-resource and the whole ecosystem is limited.

2.Project C - United States

Built as a highly efficient natural gas fire power station, Project C is located in Covert, Michigan with 1,176MW capacity. Equipped with three individually dispatchable combined cycle units with heat recycle boilers and its outstanding emission controls ability, C becomes one of the largest power plant in Michigan and supplies the PJM market currently.

The consideration of EP assessment is similar to other natural gas power plant evaluated by ESUN. We look carefully into the project's management in environmental and social aspects, including ecosystem management, air & water quality control, GHG emission, cultural protection and other requirements in EP policy.

In the EP report ESUN has noticed that 12 groundwater wells are situated near the power plant, however the usage of these wells is mainly for industrial purpose, and no evidence shows that the water resource is being corrupted. Additionally, the emission control and its advanced recycle system provides a substantial ability to meet supervisory requirements. This project is ranked B as low risk accordingly.

3.Project S - Australia

ESUN dedicates ourselves to protect the environment by financing the green energy industry. We have provided loan to the solar farm, S in NSW Australia, generating approximately 255MW of electricity which is enough to power more than 50,000 homes. It installed more than 755 thousands sets of PV modules, including both multi-crystalline and mono-crystalline(PERC) solar cell, and has strong contract guarantors to ensure the constant power generation.

Regarding to the characteristics of the solar power plant and its location in the outskirt area, its impact to the ecosystem and society is comparatively less than other fire power plant projects. Nevertheless, in the due diligence and assessment process, ESUN still looked carefully into its construction management, local legislation compliance, stakeholders' consultation such as agency consultation and aboriginal community consultation, and environmental matters such as biodiversity, aboriginal heritage, visual and noise impact, the electromagnetic hazard, and other requirements of the EP. Consequently, Sunraysia is ranked B as low risk in all aspects.