

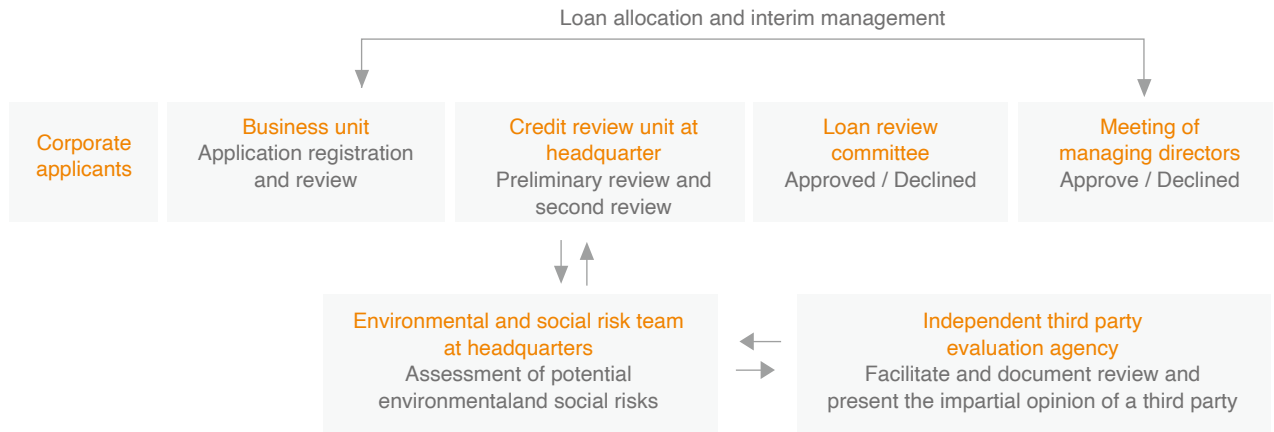


## The Equator Principles At ESUN 2022



## ■ 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 postloan management. EP-based assessments and undertakings are as follows:

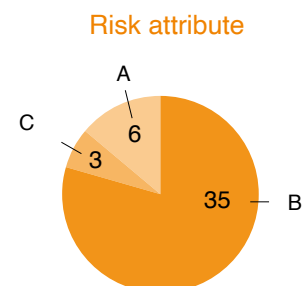
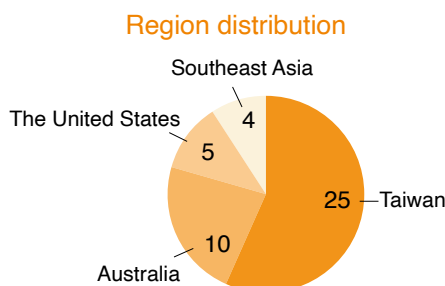
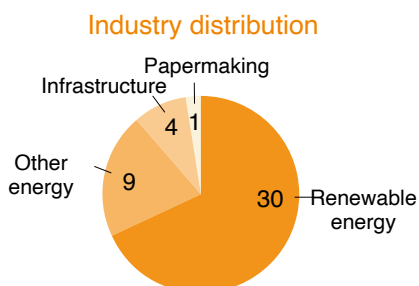
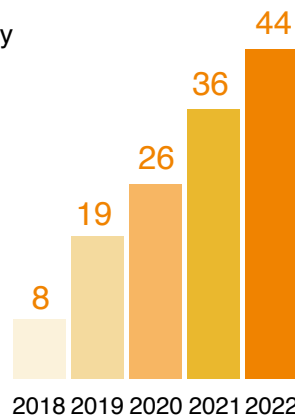


### 2022 Results

- A total of 8 project financing cases were signed in 2022 that comply with the Equator Principles, with most being environmentally friendly projects such as renewable energy and waste-to-energy. Additionally, in 2022, E.SUN Bank evaluated one overseas thermal power project but declined it due to high climate risks.
- A total of 34 cases have been evaluated, actively promoting renewable energy in response to government policies, and accounting for 24 green energy project financing cases.

The cumulative number of approved cases for the Equator Principle in 2022

**44** one case as finance advisory



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	0	7	0
Others	0	0	0
<b>Sub Total</b>	<b>0</b>	<b>8</b>	<b>0</b>

Region	Category A	Category B	Category C
Americas	0	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	8	0
<b>Sub Total</b>	<b>0</b>	<b>8</b>	<b>0</b>

Country Designation	Category A	Category B	Category C
Designated Country	0	3	0
Non-Designated Country	0	5	0
<b>Sub Total</b>	<b>0</b>	<b>8</b>	<b>0</b>

Independent Review	Category A	Category B	Category C
Yes	0	6	0
No	0	2	0
<b>Sub Total</b>	<b>0</b>	<b>8</b>	<b>0</b>

Total Number of Category A Projects	0
Total Number of Category B Projects	8
Total Number of Category C Projects	0

## ■ 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	LNG plant infrastructure in Australia	B
B	160 MW solar power station in Taiwan	B
C	20 MW waste-to-energy plant in Taiwan	B
D	99 MW solar power station in Taiwan	B
E	180.6 MW onshore wind farm in Australia	B
F	178 MW solar power station in Taiwan	B
G	13.5 MW solar power station in Taiwan	B
H	180.6 MW onshore wind farm in Australia	B
I	296 MW offshore wind farm in Taiwan	B
J	1 GW CCGT power plant in Taiwan	B

## Project C

---

1. Project C, a waste-to-energy (WtE) project, is developed by Company T, a Taiwan-based portfolio company sponsored by I Squared Capital (ISQ), which is based in the U.S. and dedicates to global infrastructure investment. The Project is located within Tangwei Area, south of Taoyuan Technology Industrial Park (TTIP) with a total capacity of 400 tons of solid recovered fuel (SRF) per day and 20 megawatt (MW). The Project area is 26,059.11 square meters.
2. Project C has engaged AECOM to conduct ESDD review of the Project against Equator Principle 4 (2020) with the risk level fall within Category B. The main rationale behind is that the Project's located in the industrial park which is newly developed by government to promote the circular economy, with solid regulation and management of E&S aspects. According to the ESDD report, the Project has addressed specific and reversible E&S impacts based on the nature of WtE plant. The assessment of human rights issue of the Projects is also conducted and based on United Nations Guiding Principles on Business and Human Rights (UNGPs), Taiwanese labor regulations, and other safety and health regulations. Regarding to the climate risk aspect, the ESDD categorize this project as renewable energy. However, E.SUN assessed that the project' s SRF is composed of industrial waste (waste plastic, wood and fiber), which not a biomass-related renewable energy according to the definition of the International Energy Agency (IEA). Therefore, we re-calculate the potential carbon emission through the power generation of the plant and the coefficient of municipal solid waste (0.367 kg emission per KWh). The estimated annual carbon emission of the project is about 57,000 tons, which is still lower than the Equator Principles inspection threshold 100,000 tons, with limited concerns to the climate transitional risk.

## Project E

---

1. The 180.6MW(Phase1) wind farm project is located in South-Western Victoria, Australia. The developer for the Project is Company G, which is a joint venture between Company N and Company K. It's consisted of 43 Vestas V136-4.2 wind turbines.
2. The Technical Report is delivered by the third party consulting firm Wood, ranking risk level of Project E as B due to the limited environmental and social impact to adjacent area and stakeholders. Australia is a designated country and in accordance with the applicable standards set out in EP 3. Ongoing compliance with the Australian regulatory processes is considered to be an acceptable substitute for, and demonstrates compliance with the requirements of EP 4, 5 and 6. Although the report showed the impact on ecology and ornithology, noise impact and shadow flicker impact, overall, it was likely identified as low risk.

## Project H

---

1. Project H, an onshore wind farm, is developed by Company R and resold to Company O. The project located within Queensland has an approximately total area of 8,000 ha of agricultural farm land which is predominately used for cattle grazing and non-irrigated cropping, and consists of 43 wind turbine generators, electrical substation, operations and maintenance facility, roads ,hardstands and associated infrastructure, and associates to 132kV transmission line. Company V, EPC contractor and O&M provider, commenced construction in July 2021 and expect to come into operation in October 2023.
2. Project H provides ESDD conducted by ERM which reviews against Equator Principle 4 (2020), with the risk level falling within Category B due to an understanding and mitigation measures of E&S issues. According to the assessment of human rights issue, Company R has issued a Slavery and Human Trafficking Statement, with aligns with the UK's Modern Slavery Act (2015). The Statement outlines the Company's commitment to ensuring that modern slavery does not exist in its supply chain on projects. The project's approach to stakeholder engagement is based on the 'Best Practice Charter for Renewable Energy Developments', which includes a requirement to "provide timely information, and be accessible and responsive in addressing the local community's feedback and concerns throughout the lifetime of the development". Additionally, since the consideration of key environmental and social risk issues such as noise, shadow flickering, biodiversity and community safety are fully understood, we believe the overall impacts could be mitigated and reversed.