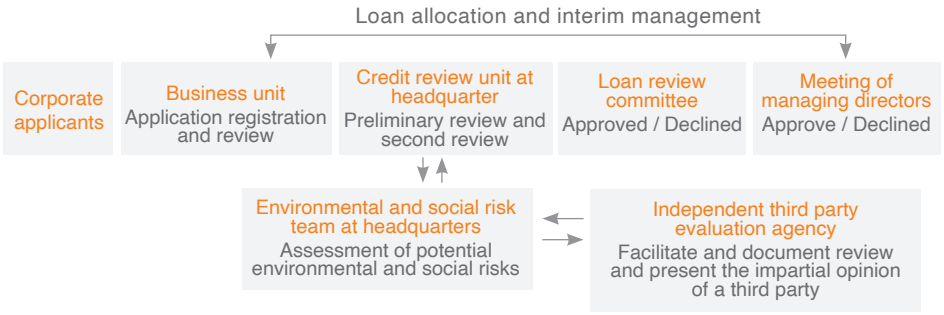
The Equator Principles At E.SUN 2023

玉山金控 E.SUN FHC

Equator Principles

E.SUN has long supported large-scale projects that contribute to social development. Since becoming one of the first domestic financial institutions to adopt the Equator Principles in 2015, E.SUN has participated in numerous large-scale project financings for electric power, infrastructure, and other sectors, both domestically and internationally. Furthermore, in line with the Equator Principles, E.SUN manages project financing risks hierarchically, carefully assessing whether the project development process fulfills environmental and social responsibilities, and properly formulating environmental and social impact monitoring and improvement plans. By adopting the EP4 framework, E.SUN assesses climate change, human rights, and biodiversity risks associated with the projects it finances and continues to refine its control process to strengthen post-loan management. In accordance with the current Equator Principles, an Environment and Social Risk Group has been established to primarily complete the following tasks:

1. Manage internal assessment processes and related documents to comply with the Equator Principles and issue internal assessment reports.
2. Conduct multiple training sessions for the RM team and relevant personnel.
3. Continuously monitor Equator Principles information and communicate through meetings with EP members.
4. Conduct post-lending management for Equator Principles cases and, together with the RM team, confirm the environmental and social risks and management plans of projects.

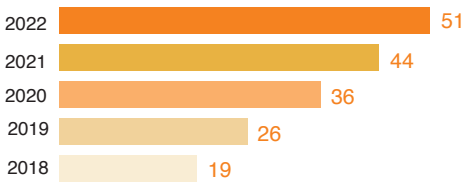


2023 Results

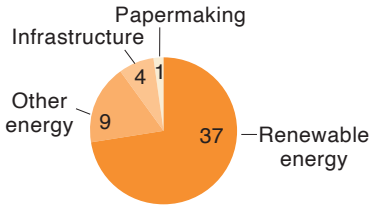
As of 2023, a total of 7 project financing cases have been signed following the Equator Principles and 2 cases were declined. We have totally assessed 51 cases in response to the government's renewable energy policies, and 37 of these cases were green energy projects.

Cumulative number of approved cases under the Equator Principles

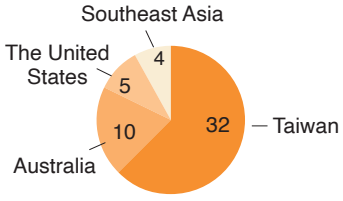
51 cases,
including 1 finance advisory case



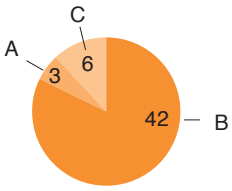
Industry distribution



Region distribution



Risk attribute



Note：According to the EPs, the risk level is divided into categories A, B, and C.

Our EP focus for 2023 included:

1. Actively participating in Equator meetings, attending the Equator Annual Meeting in Washington, D.C., to assess the future direction of the Equator Principles through member discussions and exchanges, and maintaining alignment with international standards.
2. Continuously enhancing biodiversity assessment capabilities, evaluating the impact of projects on biodiversity through domestic and international database such as the International Biodiversity Assessment Tool (IBAT), and engaging in communication and exchange with project companies.

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	0	7	0
Others	0	0	0
Sub Total	**0**	**7**	**0**

Region	Category A	Category B	Category C
Americas	0	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	7	0
Sub Total	**0**	**7**	**0**

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

Independent Review	Category A	Category B	Category C
Yes	0	6	0
No	0	1	0
Sub Total	0	7	0

Total Number of Category A Projects	0
Total Number of Category B Projects	7
Total Number of Category C Projects	0

Project finance case studies

The information of the 7 EP projects approved in 2023 are listed below:

Project	Description	Risk Category
A	49 MW solar power station in Taiwan	B
B	36 MW onshore wind farm in Taiwan	B
C	124 MW onshore wind farm in Taiwan	B
D	99 MW solar power station in Taiwan	B
E	94 MW solar power station in Taiwan	B
F	120 MW solar power station in Taiwan	B
G	50 MW solar power station in Taiwan	B

Project C

1. Project C owns and operates two onshore wind farm projects in Yunlin, Taiwan with a total capacity of 124MW, and was developed by German Company W. The projects consist of 31 turbines and require a total investment of 8.3 billion NTD. The construction of the projects is divided into four phases, and the current project is in the second phase. In this phase, four 4.2MW turbines will be installed, resulting in a total installed capacity of 16.8MW. The project site is also located in an agricultural and aquaculture area, classified as an eligible zone for the development of renewable energy projects.

2. The Environmental & Social Due Diligence report is delivered by Mott MacDonald, ranking risk level of Project C as a Category B due to the limited environmental & social impact and potential concerns can be mitigated through measures. One of the risk is related to IFC PS3-Resource Efficiency and Pollution Prevention because "shadow flicker" belongs to the medium risk. It might cause the potential impact of rotating blade shadows on nearby residents. However, the assessment confirms that the project owner will provide curtains for potential affected residents, effectively mitigating and responding to the issue. In addition, in PS6 -Biodiversity Conservation, the consultant assessed that Project C's Phase 2 has not established the documents for bird and bat impact mitigation, however, considering that relevant monitoring has already been carried out, the overall assessment is categorized as no risk or low risk. In conclusion, as the project has furnished an ESMS, EMP and an Equator Principles AP, the E&S risks could be controlled.

Project E

1. Project E is a floating solar power farm developed by Company X and Company Y located in the Lunwei East District of CCIP, Changhua County, Taiwan. It is developed within an area of approximately 82 hectares. The 94 MW DC capacity project will be constituted of a floating PV power system, mooring system, transmission lines, a jetty and a wave breaker. It is expected to come in operation in May 2024.

2. An ESDD and ESMP were conducted by AECOM to review Project E according to the Equator Principles 4 (2020) and libeled it as a Category B project. As solar panels need to be cleaned regularly, a waste management plan has been put in place: they would not only use industrial water that would be monitored until it gets discharged into the sea but also would not use detergents. Also, some birds listed in the marine conservation wildlife list were found in the surrounding areas, and although those species are not red listed by the IUCN, they agreed to pause construction during migration season as well as monitoring regularly and to produce reports quarterly. Overall, all the issues associated to environmental and social risks such as air quality and noise, water quality and management, waste management, soil and groundwater contamination, biodiversity, labor, traffic management, occupational health and safety, along with community relations were minimal and accordingly taken into account by the company.

Project F

1. Project F is a fishery and solar power symbiosis farm owned by Company F and Company I. It is located in the Beimen and Xuejia district of Tainan County and Yizhu township of Chiayi County, Taiwan. With a total capacity of 120 MW, the project is divided into three phases: the first phase is 67MW, the second phase is 38 MW, and the third phase is 15 MW, covering a total area of approximately 100 hectares.

2. Project F is classified as risk level Category B according to the Environmental & Social Due Diligence report provided by the third party consulting firm DNV. This categorization is due to the limited environmental and social impact, which can be mitigated but requires enhancement of human rights regulations and ESMP. The compliance review with IFC PS1~4 and PS6 standards indicates that all 25 items are marked as green (low risk) or no risk involved. There are also no concerns regarding involuntary land acquisition or indigenous people issues. However, we noticed that bird hotspots overlap in part of Project F areas, according to the Taiwan National Land Surveying and Mapping Center. To address this, DNV recommends conducting ecological surveys and monitoring actions, and regularly disclosing the results. Additionally, plans for mitigation or compensation measures should be provided. Overall, all environmental and social risks associated with the project can be controlled and mitigated.