E.SUN Bank Asset Class and Sector Specific Standards for Responsible Investment

Approved by Supervisor of the Financial Market Group on 2025.07.11

Article 1 (Purpose)

These Standards have been established to ensure that environmental, social, and governance (ESG) issues are incorporated into financial services and the risk evaluation process, thereby enabling the Company to exert financial influence in ways that direct attention from businesses and customers toward corporate responsibilities such as environmental protection, climate change, human rights protection etc. for the sustainability of business activities, the society, and the environment.

Article 2 (Implementation Directions and Principles)

I. Responsible Investment:

(I) Securities investment: All public-listed/OTC-traded equities and fixed income investments shall be reviewed regularly for ESG risks according to related rules. Any violation that renders the holding position no longer in conformity with relevant investment guidelines shall be responded with reductions of the holding position if no feasible improvement plan is proposed.

(II) Sustainable financing: As a response to the United Nations' Sustainable Development Goals (SDGs) of supporting green and society-beneficial projects, the Company may issue sustainable bonds (including Green Bonds, Social Bonds, and Sustainability Bonds) as a way of supporting sustainable investment projects and help enterprises to raise medium-term and long-term capital or funding, thus E.SUN can contribute our effort to the earth's sustainability.

(III) Outcome identification & measurement: The Company shall adhere to the United Nations Principles for Responsible Investment (PRI) and relevant domestic regulations regarding responsible investment, regularly review the fund utilization plan and target achievement status of the products, as well as measuring positive contributions to the environment and society of the bonds by specific indicators, including but not limited to carbon emission reduction, biodiversity conservation, human rights, equality and diversity, etc.

II. Underwriting business: The Company shall offer guidance to businesses on the issuance of sustainable bonds, conduct due diligence on clients in terms of environmental, social, and corporate governance (ESG Factors) before issuance, and meet clients' financing requirements while catering for the sustainability of the environment. The Company shall also strive to fulfill corporate social responsibilities by exerting greater market influence within their respective areas of financial expertise.

III. Management of High-Risk Industries and Businesses

The Company shall develop management practices for industries and businesses that have direct or potential negative impact on the environment or the society, including:

(I) Direct impact: Avoid dealing with businesses involved in adult entertainment, controversial weapons, illegal logging, endangerment of rare species, creation of new coal mine, and establishment of new coal-fired power station.

(II) Potential impact: Businesses involved in tobacco, gambling, mining, leather and fur production shall undergo rigorous assessments and monitored on a regular basis.

Industries and businesses	Evaluation criteria
Tobacco	· Tobacco manufacturing or trading should comply with the World Health Organization Framework Convention on Tobacco Control (FCTC).
Gambling	· Compliance with international anti-money laundering and counter-terrorism financing regulations.
Leather and fur production	· Compliance with relevant environmental regulations and assessment of any significant pollution records, with explanation of subsequent improvement measures if applicable.
Mining	· Prohibition of mountaintop removal mining (MTR) or other non-conventional mining methods. · Compliance with local government regulations regarding mining site location and environmental management mechanisms · Prohibition of new coal mining operations. · Diamond mining or trading must comply

	with the Kimberley Process Certification Scheme (KPCS).

(III) If a company violates internationally recognized standards or engages in unethical behavior, including but not limited to the United Nations Global Compact, Convention on Biological Diversity, International Labor Organization Standards, UN Declaration of Human Rights, UN Convention against Corruption, OECD Guidelines for Multinational Enterprises, The UN Guiding Principles on Business and Human Rights, UN Declaration on the Rights of Indigenous Peoples, International Labour Organization Convention 169, etc., while the misconduct is significant and incurred administrative sanctions without subsequent improvement measures, the business dealing should all be avoided.

Article 3 (Sector Guideline for the Fossil Fuel Industries)

I. Coal Companies:

(I) Coal Mining: Companies with greater than 5% of revenues derived from extraction of thermal coal, including surface (open pit) and subsurface coal mining; or annual fuel coal production greater than 5 million tons.

(II) Coal-fired Power: Companies with greater than 10% revenue derived from coal-fired power generation; or companies whose energy generated through coal accounts for greater than 10% of total energy production; or total installed capacity of coal-fired power generation is greater than 1 GW.

(III) Coal Infrastructure: Companies with greater than 5% revenue derived from coal processing or coal transportation infrastructure, including coal processing plants, coal terminals, pipelines, etc.

II. Best Practices:

(I) Work with peers to control their methane emissions and improve the accuracy and transparency of methane emissions reporting in the oil and gas sector.

(II) Commit to relevant standards and conventions that prioritise sustainability and integrate this in their management planning and decision processes.

(III) Adopting strategies to reduce carbon emissions, enhance energy efficiency and engage in biodiversity conservation efforts, thereby ensuring a responsible and proactive approach to environmental stewardship.

(IV) Adherence to the following standards such as UN Global Compact, the

Convention on Biological Diversity Oil and Gas Climate Initiative, etc.

(V) Transparent and high quality disclosure of climate impact and material sustainability impacts in their value chain.

Article 4 (Sector Guideline for the Semiconductor Manufacturing Industries)

I. As an asset owner or manager, the Company shall direct adequate attention to how investment targets fulfill their corporate social responsibilities, and in doing so increase long-term value of themselves as well as capital providers. In addition to considering the United Nations Principles for Responsible Investment (PRI), the international ESG ratings of investment targets (such as Sustainable Fitch, S&P ESG Rating, etc.) and their inclusion in international sustainable indices (such as DJSI, MSCI ESG, etc.) should also be taken into account and incorporated into the investment analysis and decision-making process.

II. Best Practices:

(I) Enhance climate-change management: such as pollution prevention and control, power and resource conservation, waste reduction and recycling, safety and health management, and fire and explosion prevention, as well as to minimize the impact of earthquake damage.

(II) Management of hazardous substances: By analyzing chemical risks, performing preventive maintenance on manufacturing processes, and establishing clear operational guidelines, operational costs can be reduced while enhancing the safety of both the workplace and surrounding communities. The proactive implementation of process safety management systems, along with training and education on chemical hazards, further contributes to a safer working environment.

(III) Occupational health and safety: A comprehensive occupational health and safety system helps minimize the likelihood of workplace accidents, reduce employee insurance premiums and compensation costs, and improve overall productivity. Additionally, requiring suppliers to adopt certified occupational health and safety programs can enhance their market access.

(IV) Supplier management: Implementing strict supplier evaluation and monitoring processes helps ensure compliance with environmental, social, and ethical standards throughout the supply chain; Providing suppliers with ESG-related training and resources promotes continuous improvement and risk reduction; Market opportunities can be enhanced by requiring suppliers to obtain relevant ESG certifications or meet recognized sustainability standards.