

3.1.2 Responsible Investment

SASB: FN-IB-410a.3

E.SUN has referenced the Principles for Responsible Investment (PRI) and incorporated environmental, social, and corporate governance (ESG) issues into the investment analyses and management procedures of fixed income investments, equity investments and underwriting activities based on "Sustainable Finance Policy" and "Securities Sustainable Investment Management Principles." Furthermore, E.SUN follows "Guidelines for the Phase-Out of Coal and Unconventional Oil & Gas Industries" to achieve Net-Zero by 2050. In 2023, we didn't hold any unconventional oil & gas assets in the investment portfolio. As of December 2023, E.SUN Bank's bond investments categorized as low-to-medium ESG risk account for 98.96%, and 100% of equity investments are low-to-medium ESG risk.

	Negative Screening	Norms-Based Exclusions	Internal Evaluation Model ^{note 1}	High-risk Businesses Management ^{note 2}	Asset Class and Sector Specific Guidelines	Engagement and Shareholder Activism	Outcome Identification & Measurement
Listed Equity ^{note 3}	V	V	V	V	V	V	V
Fixed Income ^{note 3}	V	V	V	V	V		V

Note1: E.SUN incorporates ESG indicators from reputable institutions such as MSCI ESG rating, S&P Global ESG score into the internal investing evaluation model, as well as companies' SBT commitments and carbon price costs.

Note2: E.SUN sets up a management mechanism for high ESG risk enterprises that have direct or potential negative impact on the environment or the society.

Note3: "Sustainable Finance Policy" covers all AuM of active investments, passive investments and externally managed assets of E.SUN.

E.SUN has adhered to the "Stewardship Principles for Institutional Investors" since 2018 and publicly discloses annual stewardship reports on corporate governance practices. In accordance with the "Sustainable Development Engagement Guidelines," E.SUN actively engages in shareholder activism by communicating with investee companies, participating in shareholder meetings or briefings, and exercising voting rights. For instance, E.SUN has sent emails to over 80% of its long-term investing companies in 2023, fostering collaboration with businesses to take ESG actions and demonstrate a firm commitment to sustainable development.

Definition of criteria for ESG resolutions

E.SUN follows "Sustainable Development Voting Guidelines" and supports ESG resolutions that can promote the investee companies' performance in environment, society, and corporate governance, such as resolutions addressing climate change, biodiversity and gender equality.

2023 Results

In 2023, E.SUN issued 3 U.S. Dollar Denominated structured sustainable financial bonds for the first time and became the first domestic bank to provide ESG-linked financial products for high-asset customers. Following the issuance of the country's

first green bond in 2017 with a total issuance amount of approximately NT\$23 billion, E.SUN ranks first among Taiwan's domestic banks in terms of the sustainable bonds issuance scale.

2023 Sustainable Bond Issuance Overview				Percentage over Total Bond Issuance
Types of Bond	Green Bond	USD	40,900,000	100%
	Social Bond	TWD	2,900,000,000	
		USD	9,100,000	
Sustainable Bond Issuance Volume		TWD	4,437,650,000	
Total Bond Issuance Volume		TWD	4,437,650,000	

E.SUN also assists companies to raise funds for sustainable development goals. In recent years, E.SUN has acted as the underwriter of 26 green bonds, 10 sustainability bonds, 2 social bonds, and 1 sustainability-linked bond, accumulating a total of more than NT\$25 billion by the end of 2023.

2023 Sustainable Bond Underwriting Overview				Percentage over Total Bond Underwriting
Types of Bond	Green Bond	TWD	500,000,000	11.32%
		USD	15,000,000	
	Sustainability Bond	USD	33,000,000	
Green Bond and Sustainability Bond Underwriting Volume		TWD	1,976,144,000	
Sustainability-linked Bond Underwriting Volume		TWD	200,000,000	
Total Sustainable Bond Underwriting Volume		TWD	2,176,144,000	
Total Bond Underwriting Volume		TWD	19,228,157,894	

100 % of fixed income products verified

E.SUN continues to support sustainable thematic investment and financing, as well as project hedging advisory services, to provide financial support for environmentally friendly projects. In 2023, E.SUN provided Interest Rate Swap (IRS) hedging services for 7 new offshore wind power and solar energy project finance, worth NT\$5.3 billion, accumulating a total of approximately NT\$23.6 billion by the end of 2023. E.SUN will continue to leverage its financial influence to assist companies in promoting environmentally friendly projects and building a sustainable financial ecosystem.