

3.1.4 Retail Banking

■ Responsible Products

E.SUN has long valued environmental conservation and social care. In addition to actively participating in various initiatives for sustainability, we continue to promote sustainable financial products and services to encourage customers to respond to sustainable initiatives together. These include sustainable mortgages and personal loans, ESG credit cards, sustainable acquiring business, and more. Through our financial strength, we aim to create a sustainable financial ecosystem and expand our positive impact.

1.Sustainable Mortgages and Loans

E.SUN consistently launches diversified sustainable loan projects, including "green building mortgage," "electric vehicle loan," "reconstruction of urban unsafe and old building loan," and other loans to meet customers' needs. As of the end of 2023, E.SUN has assisted 9,997 customers in realizing their sustainable ideals. The balance of sustainable loans reached NT\$116.2 billion, accounting for 11.18% of the total individual customers' loan balance^{Note 1}.

Unit: NT\$ Million

Dimensions	Projects	As of the end of 2023	
		Number of Cases	Loan Balance
Environmental	Green Building Mortgage Encourages the purchase certified green buildings	1,118	17,030
	Rooftop Solar Loan Assists individual households, or small business in installing rooftop solar power generation equipment	11	17
	Electric Vehicle Loan Encourages the purchase of electric vehicles	18	52
Social	Care-free Mortgage Assists young individuals, low- to middle-income families, or customers facing economic challenges in realizing their dream of homeownership with affordable housing solutions	9,145	98,014
	Reconstruction of Urban Unsafe and Old Building Loan In response to the government's policy, assists customers in rebuilding unsafe or old buildings to improve living safety	62	1,115
Total number of cases and loan balance		9,997	116,229

Note 1: As of the end of 2023, the total loan balance (including mortgage and credit loans) amounted to NT\$1,039,954 million.

2.Zero Carbon Credit Cards

Since 2019, E.SUN Bank has been promoting the carbon footprint label for all credit cards. By the end of 2023, over 6.46 million "Zero Carbon Credit Cards" have been issued, and our goal is to convert all credit cards in force to zero carbon credit cards by 2025. For details on the other ESG-related credit cards, please consult the table below:

Category	ESG Credit Card	Content	2023 Number of Cards in Force	Proportion of the whole	Donation Amount (Thousand NTD)
Environmental	Digital e-Card (included Digital Insurance Card)	The first virtual credit card reduces carbon emissions by approximately 1.1 kilograms per card produced.	520 thousand cards	7%	859
	Kumamon Card	The first card production that utilizes the industry's innovative "stone paper" material, coupled with "PETG eco-friendly material," rendering the entire card recyclable without emitting any toxic substances when incinerated.			
	E.SUN Signature Card	When customers opt for electronic billing, 0.2% of their general consumption amount will be donated to a tree-planting program.			
	Black Bear Affinity Card	Allocate 0.2% of general consumption amount as a donation to the Taipei Zoo Animal Conservation Fund.			
	Co-branded EasyCard	Upon spending NT\$3,000 in a month, cardholders can enjoy promotional offers for riding YouBike in the following month.			
	E.SUN Infinite Card	With any purchase amount, cardholders can enjoy promotional offers for riding YouBike in the following month.			
Social	E.SUN World Card	World Card donates 0.3% of the general domestic consumption amount and Nanshan World Card donates 0.2% of the general domestic consumption amount to build libraries. Cardholders can participate in these activities while consuming and contribute to creating a warm and comfortable reading environment for children in remote area elementary schools.	730 thousand cards	10%	61,007
	E.SUN Nanshan Co-Branded Card	Allocate 0.1% of general consumption amount spending beyond insurance premiums to donate to Nanshan Happiness Fund, supporting community care and assistance projects.			
	Tsing Hua Affinity Card	Allocate 0.2% of the general consumption amount to support the "Sunrise Program" of Tsinghua University, which provides aid to economically disadvantaged students. Through this contribution, we aim to help these students transform their lives and reach their full potential.			
	Charity Card	Allocate of 0.2% of the general consumption amount to the blood donation event charity fund.			
total			1.24 million cards	17%	61,866

Note 1: In 2023, E.SUN Bank issued over 1.65 million zero-carbon credit cards, which were verified by the third-party auditor SGS to have offset 1,820 tons of CO2 equivalent. Based on the requirements of PAS 2060:2014, E.SUN Bank declared these issued credit cards have achieved carbon neutrality.

Note 2: The carbon offset for E.SUN Bank credit cards sourced from Taiwan Carbon Solution Exchange - AMI KHANH HOA SOLAR PROJECT.

Note 3: As of the end of 2023, E.SUN Bank had a total of 7.23 million credit cards in force, and a total of 4.80 million active credit cards.

3. Carbon Calculator of Payment

In order to encourage cardholders to practice carbon reduction in their daily lives, E.SUN Bank has pioneered the "Carbon Calculator of Payment" service. Moreover, it has forged a groundbreaking partnership with EasyCard Company, becoming the first financial institution in the industry to launch a public transportation carbon footprint calculation service. The Transportation Carbon Footprint Statistics via Electronic Ticket, developed by EasyCard Company, is the world's first verified by British Standards Institution (BSI) ensuring the credibility of carbon reduction data for cardholders using various forms of transportation. E.SUN cardholders can open Carbon Calculator of Payment through the E.SUN Wallet App and use E.SUN credit cards or debit cards with EasyCard functionality to ride designated public transportation such as MRT, buses, and YouBike. They can track their transportation carbon reduction data, making their daily carbon reduction efforts more tangible.



4. Zero-Carbon ATM Service

E.SUN Bank, the first financial institution in Taiwan to create a comprehensive Zero-Carbon ATM service, has developed several ATM functions to reduce carbon emissions. These functions include foreign currency withdrawal without a card, card issuance, and online banking password unlocking, aiming to reduce paper form usage and overall carbon emissions. By incorporating "ATM transactions" into carbon management, we have conducted carbon footprint verification and inventory for approximately 24.75 million ATM transactions across the bank. We prioritize using carbon credits generated by the Taiwan Taoyuan Guanyin wind farm for carbon offsetting. This has been verified and publicly disclosed by a third-party validation from SGS. We have obtained dual certifications for ISO 14067 product carbon footprint and PAS 2060 carbon neutrality. This means that every transaction made at E.SUN ATMs is a green transaction that is environmentally friendly. Through rigorous system management of carbon reduction for automated equipment, we aim to minimize our impact on the environment and enable customers to engage in ESG issues while using our ATM services, creating a zero-carbon green financial experience.

■ Considering ESG Risks in the Credit Approval Process

1. KYC/CDD Process

To ensure that all cases rigorously implement Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures, E.SUN automatically screens for negative news and Anti-money laundering (AML) blacklists for each new credit case during the application process. In 2023, 99,192 cases were reviewed under CDD. Moreover, High-risk customers or industries (such as the gambling, and arms industry) were subject to enhanced due diligence (EDD), **and about 8.2% of cases underwent EDD review in 2023. To sum up, loan applications were declined upon verification to reduce potential negative impacts on society.**

2. ESG Risk Assessment

For small business loan cases, E.SUN proactively investigates potential ESG risks of customers. **In 2023, a total of 6,460 cases underwent ESG risk assessments.** On the environmental side, it is necessary to confirm whether the applying business has received environmental pollution penalties, and the applying business with pollution penalties required to provide reasonable explanations and improvement reports. E.SUN only approve the application after confirming that the customers have completed the necessary improvements; on the social side, E.SUN considers whether the responsible person is involved in illegal fundraising or violating the Labor Standards Act to encourage customers to prioritize social issues. **In 2023, E.SUN declined 16 cases due to violations of ESG principles, such as environmental pollution or labor laws.**

3. Climate Change

To holistically manage climate change risks, E.SUN strengthens climate risk management in the loan application process. During application evaluation, real estate valuation system integrates internal physical risk databases to identify flood risk levels for each case to assist appraisers in assessing the impact of climate risks, enabling judgments on price adjustments. In the post-loan management process, risk notations are added in E.SUN real estate valuation system for collaterals in high flood risk areas with higher loan-to-value ratios to evaluate and monitor the potential impairment risk to real estate values caused by climate change. As of 2023, approximately 0.14% of collaterals are located in high flood risk areas.

Engagement with clients on ESG risk

When customers apply for mortgage, E.SUN not only assesses the collateral, also investigates illegal businesses, such as gambling, during the credit evaluation process. Once verified, credit applications associated with such businesses are declined to reduce potential negative impacts on society.

■ ESG Engagement

1. E.SUN Bank Collaborate with Businesses to Support Sustainable Actions

E.SUN Bank actively participates in the Ministry of Environment's guidelines for promoting a zero-carbon, green lifestyle. In 2023 E.SUN Bank launched the "Green Acquiring Project," which provides exclusive green acquiring services to businesses that have obtained the Green Label (such as green stores, green restaurants, and eco-friendly hotels), and encourages businesses to join forces in promoting green living and enhance public awareness. The project promoted 100 green acquirers with a transaction amount of 1.16 billion and involving approximately 24,000 participants annually.

2. ESG Credit Card

In 2023, approximately 167,000 customers applied for ESG credit cards (including E.SUN World Card, E.SUN Nanshan Co-Branded Card, Tsinghua Affinity Card, Charity Card, Digital e-Card, E.SUN Signature Card, Black Bear Affinity Card, Co-branded EasyCard, Kumamon Card and E.SUN Infinite Card).

3. Collaborating with Preferred Partners to Promote Green Consumption and Respond to Energy Saving and Carbon Reduction Efforts

E.SUN has collaborated with preferred partners such as Carrefour, Poya, YouBike, and PChome to promote eco-friendly practices in daily life encompassing food, clothing, shelter, transportation, and recreational activities. By encouraging customers to complete specific green actions and fostering biodiversity conservation, habitat preservation, and environmental sustainability, we have successfully engaged customers through interactive mechanisms. During the campaign period from April to June 2023, approximately 376,000 people participated in these activities. Our goal is to encourage customers to support quality enterprises through green consumption, and inspire more people to adopt a green lifestyle, contributing to a better future for Taiwan.

4. Utilizing Official Website and Social Media to Create Positive Impact

(1) ESG Section on the Official Website

To enhance customer experience, E.SUN Bank launched a new official website in 2022, which receives approximately 7 million monthly visits, a 12% growth compared to the previous version. In order to expand financial influence, we introduced the ESG section on the website's main menu in 2023. This section integrates sustainability with financial expertise, providing a wide range of sustainable financial products and services for businesses and individuals. We aim to assist customers in achieving sustainable transformation in terms of profitability, competitiveness, and influence, serving as a reliable partner and support system. By implementing tangible changes and fostering intangible values of kindness, we aim to co-create a sustainable future with our customers.

(2) E.SUN's ESG Column on Social Media

To actively respond to sustainable development and create a positive influence, E.SUN established an ESG column on social media. In 2023, we shared over

26 posts regarding ESG-related initiatives, reaching approximately 768,000 people. These posts included sharing the environmental documentary "Melting Greenland," participation in the COP27 and COP28 to discuss Taiwan's climate-associated new finance, attendance at the World Biodiversity Summit, complete issuance of zero-carbon credit cards, and the establishment of zero-carbon ATMs. By aligning with international trends and practices, we aim to share experiences, collaborate with partners, and work together with customers to fulfill our commitment to sustainability and move towards a sustainable future.

5. Sustainable Deposits

Since August 2022, we have invited 242 companies and 11 professional consultants, private banking enterprises, etc., to participate in the ESG Sustainability Initiative. A total of 22 companies have participated in the sustainable deposits project, with a cumulative balance of approximately NT\$1.954 billion. Among them, 12 companies participated in 2023, with a balance of approximately NT\$923 million.

6. Physical Activities

E.SUN collaborated with the Ministry of Agriculture and the Corporate Synergy Development Center, jointly holding counseling sessions in Taipei and Tainan. The in-person sessions introduced the traceability verification process and loan programs, inviting practitioners who have passed the processing verification to share their experiences. The sessions, approximately 20 groups of agricultural practitioners participated in, aimed to encourage more practitioners to join the traceability verification system through financial assistance. Through public-private cooperation, we promote the sustainable prosperity of the agriculture industry.



【 Retail Banking Business 】 - 2023 ESG-Related Products and Number of Individual Customer Participating

Items	Description	Number of Customers Participating	Number of Customers ^{Note 1}
Reconstruction of Urban Unsafe and Old Building Loan	Through agreement and reconstruction assistance, E.SUN helps transform old buildings into modern, environmentally friendly, and energy-efficient homes, thereby improving living safety, environmental conditions, and overall quality of urban life.	29	187,454
Green Building Mortgage	We encourage customers to choose environmentally friendly, energy efficient, and waste-reducing green buildings when purchasing houses.	470	
ESG Credit Card	A portion of revenue from credit card payments is used to construct libraries in rural areas and support environmental and wildlife conservation.	166,859	496,959
Green Acquiring Project	In response to the Ministry of Environment's guidelines for promoting a zero-carbon, green lifestyle, we have launched the "Green Acquiring Project" that enables businesses to obtain a Green Label certification to join forces in promoting green living and enhance public awareness.	24,276	
Individual Customers	Number of customers approved for mortgages, loans, and credit cards in 2023.		

Note 1: If a customer participates in more than one item, it is only counted once in the total number of customers.

Percentage of credit / lending customers we have engaged with in retail banking segment

37.7 %

