The Equator Principles At E.SUN 2024

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Equator Principles

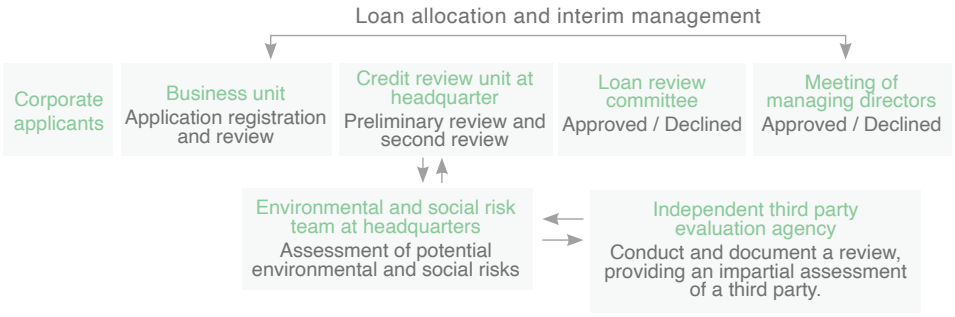
E.SUN Bank has long supported large-scale projects that contribute to social development. Since becoming one of the first domestic financial institutions to adopt the Equator Principles in 2015, E.SUN has participated in numerous large-scale project financings for electric power, infrastructure, and other sectors, both domestically and internationally. In line with the Equator Principles, E.SUN Bank 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 Bank 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 Team has been established consisting of a Chief Officer of Sustainable Finance Department (Senior VP) and five EP Specialists who undergo periodic training. The team 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.

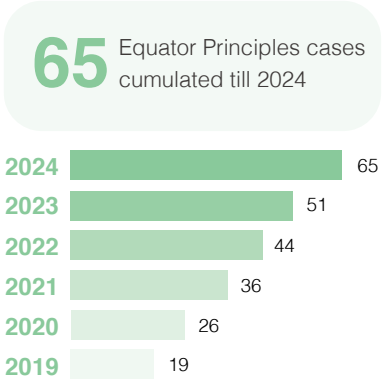
Below, here is an overview of the EP Implementation process within E.SUN Bank:

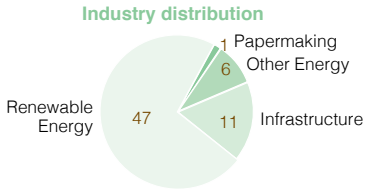
1. When a new potential transaction is recognized by the RM team, they hand out the case information including the name project to the team which assigns a person in command to undertake a screening review: they determine either the project fall within the scope of the EPs, and if so, identify its category according to the EPs Principle 1. It utilizes all internal checklists as well as EP Guidance in order to assess each project in a structured manner.
2. Confirmation by another specialist is necessary for each screening as a verification process. Should there be a disagreement, the team would then work together to reach a joint decision. Where necessary, it may also necessitate additional expertise to support this assessment.
3. The team reviews the external Environmental and Social Due Diligence (ESDD) documents and writes a comprehensive internal report detailing the project's specifics, categorization and a summary of key E&S risks along with their management strategies. This report is then submitted to the Credit Review Unit at headquarter for final loan approval by the Loan Review Committee, chaired by the CEO.
4. Upon approval, covenants are finalized, obligating the client to comply by the Republic of China's laws and regulations, the Environmental and Social (E&S) expectations outlined in the Equator Principles and their Action Plan. For projects with higher risk levels, the team will continuously monitor its progress. Should the project fail to meet the specified requirements and the client does not cooperate in implementing necessary improvements, the loan may be subject to be revoked.

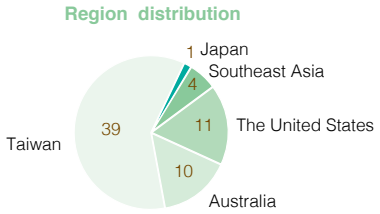


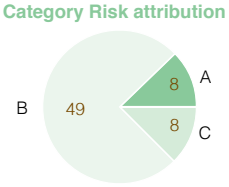
2024 Results

As of 2024, a total of 14 financing project cases have been signed following the Equator Principles, 3 cases were declined, making a total of 17 cases assessed.









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

Our EP focus for 2024 included:

1. We actively participated in Equator Principles conferences, and attended the Training and technical workshops in Bangkok, Thailand. This permitted us to have in-depth knowledge about specific topics, especially on social and biodiversity issues, and to engage as an Asian-Pacific EPFI in discussions on improvement and future guidance.
2. In our operations, we pursued improvement in our biodiversity and social risks scanning, and mapping aptitudes to cross-check different databases within internal reporting. We also assertively engage with borrowers to understand how projects can address those concerns.

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	2
Oil & Gas	0	0	0
Power	0	5[1]	3[2]
Others	0	0	0
Sub Total	**0**	**6**	**5**

Note 1 : All of the five Category B project finance transactions made in Power Sector were associated with Renewable Energy.
Note 2 : Out of the three Category C project finance transactions made in Power Sector, one is associated with Renewable Energy.

Region	Category A	Category B	Category C
Americas	0	3	3
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	3	2
Sub Total	**0**	**6**	**5**

Country Designation	Category A	Category B	Category C
Designated Country	0	3	4
Non-Designated Country	0	3	1
Sub Total	**0**	**6**	**5**

Independent Review	Category A	Category B	Category C
Yes	0	6	5
No	0	0	0
Sub Total	**0**	**6**	**5**

Total Number of Category A Projects	0
Total Number of Category B Projects	6
Total Number of Category C Projects	5

Project-Related Refinance 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	2[1]	1[2]	0
Others	0	0	0
Sub Total	**2**	**1**	**0**

Note 1 : Both Category A project-related refinance transactions made in the Power Sector were associated with Renewable Energy.
Note 2 : The Category B project-related refinance transaction made in the Power Sector was associated with Renewable Energy.

Region	Category A	Category B	Category C
Americas	2	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	1	0
Sub Total	**2**	**1**	**0**

Country Designation	Category A	Category B	Category C
Designated Country	0	0	0
Non-Designated Country	2	1	0
Sub Total	**2**	**1**	**0**

Independent Review	Category A	Category B	Category C
Yes	2	1	0
No	0	0	0
Sub Total	**2**	**1**	**0**

Total Number of Category A Projects	2
Total Number of Category B Projects	1
Total Number of Category C Projects	0

Project finance case studies

The information of the 7 EP projects approved in 2024 are listed below:

Project	Description	Risk Category
A	253MW Onshore Solar Power Station in the United States	B
B	149.2MW Floating Solar Power Station in Taiwan	B
C	3,515MW Onshore Wind Power Station in the Unites States	B
D	310MW Fishery Solar Power Station in Taiwan	B
E	605.2MW Offshore Wind Power Station in Taiwan	A
F	680MW Energy Storage Station in the United States	C
J	119.4MW Fishery Solar Power Station in Taiwan	B
K	50MW Energy Storage Station in Taiwan	C
L	135MW Data Center in the United States	C
M	500MW Onshore Solar Power Station + 500MW Energy Storage in the United States	B
N	78.9MW Onshore Solar Power Station in Taiwan	B
O	29.8MW Onshore Solar Power Station in Japan	C
P	340MW Data Center in the United States	C
Q	583MW Offshore Wind Power Station in Taiwan	A

Project C

Project C is a renewable energy development project, situated in New Mexico and designed to deliver approximately 3,515 MW of clean, onshore wind power. The project encompasses both northern and southern wind farms interconnected by an extensive 550-mile transmission line.

Construction of Project C commenced in 2022, with commercial operations anticipated to begin by May 2026. Throughout its development, the project has been recognized as a Category B risk under environmental and social due diligence (ESDD) conducted by DNV, aligning with the stringent standards of the Equator Principles. Compliance with all relevant U.S. environmental regulations has been maintained to ensure responsible development.

A cornerstone of Project C has been its thorough approach to human rights stewardship, including targeted assessments focused on Indigenous Peoples who are integral stakeholders in the region. The project secured official land use approvals from the U.S. Bureau of Land Management and completed extensive due diligence through a Human Rights Alignment Report in September

2023. This report detailed ongoing engagement efforts and evaluated potential impacts on Indigenous and other affected communities.

Despite these proactive measures, in January 2024, local Indigenous tribes and allied groups initiated legal action against the federal government, citing concerns over insufficient cultural assessments conducted by authorities. In response, the Project C team has allocated contingency funds and implemented adaptive risk management strategies to mitigate these challenges.

Community engagement remains a dynamic and continuous process, supported by a grievance mechanism adhering to U.S. regulatory standards to ensure transparent, timely responses to stakeholder concerns. While the litigation is closely monitored, the project's overall assessment finds that negative impacts on Indigenous Peoples are limited and can be effectively managed through ongoing mitigation efforts and meaningful dialogue.

Project M

Project M is the primary phase of renewable energy infrastructure across the United States, with a flagship development located in California's Kern County desert. The California site, spanning approximately 8,300 acres, is designed to deliver 500 MW of solar power complemented by 500 MW of energy storage capacity. This project is part of a broader portfolio, which also includes additional solar and storage installations in Arizona (200 MW solar and 100 MW storage) and Virginia (155 MW solar), demonstrating a multi-state commitment to clean energy solutions.

Construction on the California segment of Project M began in July 2023, with commercial operations targeted for June 2025. Integral to its infrastructure is a newly constructed 14-mile transmission line that connects the facility to a major regional substation, ensuring efficient integration into the power grid. Given its location within an OECD country and adherence to both federal and state regulations consistent with the Equator Principles, the project was assessed by DNV and classified as a Category B environmental and social risk.

Biodiversity considerations have been a central focus of the project's environmental and social due diligence. A global risk management firm conducted a thorough assessment revealing that the site does not overlap with any critical biodiversity hotspots such as Important Bird Areas, nor does it conflict with existing U.S. habitat conservation plans. Nevertheless, the area falls within the breeding and wintering ranges of iconic species like the bald eagle and golden eagle. In addition, the land may serve as habitat for several species of concern, including the threatened Agassiz's desert tortoise, the endangered California condor, and the threatened Western snowy plover.

To address these environmental sensitivities, Project M's team developed a comprehensive Mitigation and Monitoring Management Plan (MMMP). This plan incorporates targeted measures such as protecting critical habitats, enforcing speed limits to reduce wildlife disturbance, and conducting regular monitoring to ensure the effectiveness of conservation efforts. Through these initiatives, Project M strives to harmonize energy development with the preservation of the region's unique biodiversity.

Project O

Project O is a 29.8 MW solar power development located in Kumamoto Prefecture, Japan. Spearheaded by a Japanese renewable energy company, the project benefits from the involvement of local engineering, procurement, construction (EPC), and operations and maintenance (O&M) contractors, reflecting strong local engagement. Situated within an OECD country known for its robust environmental and regulatory frameworks, Project O was classified as a low-risk Category C project in the environmental and social due diligence (ESDD) conducted by TÜV Rheinland Japan under the Equator Principles.

Although the project site lies adjacent to the Aso-Kuju National Park, it remains outside its official boundaries. As a result, Japanese law did not mandate a formal Environmental Impact Assessment (EIA) for Project O. Nonetheless, the area falls within a designated governmental wildlife protection zone established to conserve local bird and mammal populations, where activities such as hunting and trapping are legally prohibited. The developer has proactively secured all necessary permits under these local wildlife protection laws to ensure compliance and minimize any potential direct impacts on protected species.

To further validate these efforts, E.SUN Bank conducted a comprehensive biodiversity screening utilizing national and international environmental databases. This screening confirmed the absence of critical habitats or any violations related to endangered species within the project footprint.

During screening, it emerged that the local government authorities have expressed growing concerns regarding the cumulative effects of solar developments on natural landscapes adjacent to protected areas like Aso-Kuju National Park. Plans are underway to expand protection zones surrounding such zones, which could introduce more stringent restrictions affecting future renewable energy projects in the region. Although Project O secured all required permits prior to these evolving regulations, our team remains vigilant in monitoring regulatory developments and is committed to applying adaptive management strategies to ensure ongoing compliance and environmental stewardship as policies evolve.