E.SUN Financial Holding Co., Ltd. Sustainable Finance Policy

Approved on June 16, 2023 during the 3rd Meeting of the 8th Board of Directors
Amended on June 24, 2024 during the 13th Meeting of the 8th Board of Directors
Amended on June 23, 2026 during the 3th Meeting of the 9th Board of Directors

Article 1 (Purpose)

This Sustainable Finance Policy (the Policy) has been established to ensure that sustainability values are incorporated into financial services and the risk evaluation process, thereby enabling E.SUN Financial Holding Co., Ltd. (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 (Applicable subjects)

The Policy applies to the Company and subsidiaries, including offshore branches.

Article 3 (Division of responsibilities)

Sustainable Development Committee of the Company shall be responsible for the supervision and coordination of various policies, measures, and mechanisms that are relevant to the Policy. The Sustainable Development Committee shall appoint the Chief Sustainability Officer to coordinate sustainability-related departments of subsidiaries on how to incorporate sustainability values and execution plans into financial services, and to oversee execution by various subsidiaries.

Article 4 (Implementation Directions and Principles)

I. Sustainable finance covers several topics including responsible lending, responsible investment, engagement mechanism, underwriting business and management of high ESG risk businesses; it requires adequate understanding and assessment of environmental, social, and governance (ESG) issues that may cause significant impact, so that the Company may reduce ESG risks and capitalize on ESG opportunities for sustainable growth.

II. To grasp the risks and opportunities of sustainable finance, environmental, social, and corporate governance-related factors should be incorporated into investment and financing analysis and decision-making processes. The definition of ESG factors (ESG Factors) is as follows:

(I) Environment (E): Consider the risks of the investee and corporate clients in terms of carbon emission reduction, climate change, biodiversity, environmental pollution and waste management, nature reserve development, and water stress (e.g., high water consumption), and evaluate the environmental investment and lending business opportunities brought by carbon reduction, circular economy, renewable energy, and green construction.

(II) Social (S): Consider the investee and corporate clients in terms of employee health and safety, labor management, human rights protection, community relations, and the rights of indigenous peoples, etc.

(III) Corporate Governance (G): Consider the investee and corporate clients in terms of board governance and operation, shareholder rights protection and fair treatment, risk control, and anti-corruption etc.

III. To promote positive environmental (E) and social (S) development, relevant factors should be considered and incorporated into sustainable finance products and service development processes, as follows:

(I) Environment (E): Aspects beneficial to environmental sustainability, such as assisting companies' carbon reduction and transformation, biodiversity, as well as promoting energy conservation and carbon reduction, green lifestyle transformation, and ecological conservation among individual customers.

(II) Social (S): Aspects beneficial to social sustainability, such as encouraging companies to enhance employee wellbeing and promote DEI (diversity, equity, and inclusiveness); providing accessible financial services for individual customers and promoting social participation.

IV. Engagement Mechanism

The Company and subsidiaries shall develop proper processes that facilitate effective engagement and financial influence with corporate clients and related individuals. Through communication and interaction, the Company and subsidiaries shall develop understanding of ESG performances and plans of their engaged parties, and offer incentives or assistance as deemed appropriate to promote ESG awareness, ESG actions, and sustainable growth among engaged parties.

V. Support for Sustainable Industries and Corporations

The Company and subsidiaries shall drive business operations in adherence to the principles of effective risk management and sustainable development, and shall actively assess opportunities to provide financial products and services to the following enterprises with sustainable prospects:

(I) Environmental Sustainability: Industries contributing to mitigating climate change and environmental protection, such as those engaged in renewable energy, energy storage and conservation, pollution control, resource recycling, biodiversity, and green agriculture.

(II) Social Prosperity: Industries engaged in biomedical research and development, healthcare, quality education and education for the disadvantaged, and the improvement of food security, health, and well-being.

(III) International Benchmarks: Companies included in mainstream domestic and international sustainability initiatives and sustainability indices, or companies substantially contributing toward the improvement of ESG transformation.

VI. Exclusion Mechanism

(I) The Company and its subsidiaries shall avoid financing businesses that cause serious negative environmental or social impact. For businesses already in the portfolio, no new financing shall be extended or each subsidiary may establish separate management policies based on business considerations. Serious negative environmental or social impact includes:

1. Companies involved in pornography, controversial weapons, or those sanctioned by the United Nations Security Council.
2. Companies that violate internationally recognized standards, including but not limited to the United Nations Global Compact, the Convention on Biological Diversity, International Labor Organization Standards, OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights, where the misconduct is significant and incurred administrative sanctions without subsequent improvement measures.

(II) The Sustainability Development Division shall periodically screen the “Exclusion List" according to the aforementioned standards and notify each subsidiary after approval by the President.

(III) Each subsidiary may refer to the “Exclusion List” as a basis for investment and financing decisions, subject to evaluation through reasonable due diligence that the enterprise poses no negative impact on sustainable development.

VII. Control Mechanism for Environmentally and Socially Sensitive Industries

Enterprises with adverse environmental and social impacts may be subject to rigorous evaluation. Identification of such entities and the performance of due diligence may be conducted in accordance with the Appendix. The Appendix to this Policy shall be approved by the President under authorization granted by the Board of Directors.

(I) Upon application for credit or investment, due diligence shall be performed to ensure the transaction poses no significant adverse impact on sustainable development. Alternatively, the transaction may only proceed subject to conditional terms (e.g. incorporating mitigation plans for adverse environmental and social negative impacts into the credit or investment conditions or covenants) to mitigate such impacts.

(II) Regarding post-lending or post-investment management, if a client or investee violates credit or investment conditions, or is found to have caused significant negative environmental and social impacts, they shall be requested to provide explanations and concrete remediation plans, or such remediation data may be obtained via public sources. In the event of failure to achieve effective remediation, control mechanisms, including but not limited to "freezing further utilization" or restricting extending. If effective improvement cannot be achieved, a control mechanism such as "not increasing the use of funds" or "gradually withdrawing credit lines or investment," shall be evaluated and implemented.

VIII. Responsible lending

(I) When evaluating lending business with customers, the Company and subsidiaries should conduct due diligence on clients' ESG Factors as a reference for lending decisions.

(II) Support green energy industries such as renewable energy, water resources and pollution control and provide appropriate financing and support in favorable terms to businesses with strong prospects that are committed to reducing energy consumption, pollution, or the introduction of environmental protection facilities.

(III) The corporate clients that generate high levels of pollution and fined with environmental protection shall be classified as divest prospects until feasible improvement plans are proposed. Existing business partners that exhibit the above shall be given improvement guidance and have further loan increments suspended or existing balances recovered.

(IV) The corporate clients that do not operate in the green energy industry shall be encouraged to invest into environment friendly products or equipment, energy conservation or energy storage equipment, green production process, and pollution reduction, and offered appropriate financing assistance in favorable terms as an incentive for contributing to the sustainability of the society.

(V) For project financing cases that have been granted based on the Equator Principles, the borrowers would be required to fulfill environmental and social sustainability commitments according to the Equator Principles and related international rules.

(VI) When obtaining collaterals in the form of land and buildings, the Company and subsidiaries shall encourage customers to place collaterals that have positive benefits on the environment or natural resources, such as green buildings and green factories.

IX. Responsible Investment

As an asset owner or manager, the Company and subsidiaries shall direct adequate attention to how investee fulfill their corporate social responsibilities, and in doing so increase long-term value of themselves as well as capital providers. During investment evaluations, a due diligence process should be conducted to assess the environmental, social, and governance (ESG) factors of the investment target, ensuring that ESG risks and opportunities are integrated as a key reference in the investment decision-making process. In addition to complying with the United Nations Principles for Responsible Investment (PRI), reference may be made to the domestic and international ESG ratings of investee targets, or their inclusion in domestic and international sustainability indices, which shall be integrated into the investment analysis and decision-making processes.

(I) Equity Investment: 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) Fixed Income Investment: 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. If the target asset is classified as a Sustainable Bond, it may be recognized as an ESG transition action taken by the investment target.

(III) Investment advisory: All financial products or services offered through wealth management shall undergo rigorous product review and selection, and cater for customers' investment interests and sustainability values. The Company and subsidiaries shall examine the ESG conducts of business partners, and engage them in the promotion of ESG related financial products for low carbon economy, green investment practices, and green environment.

(IV) Sustainable Funding: In response to the United Nations' Sustainable Development Goals (SDGs) of supporting green and society-beneficial projects, the Company and subsidiaries may issue sustainable bonds (including but not limited to Green Bonds, Social Bonds, and Sustainability Bonds) in accordance with the "Taipei Exchange Operation Directions for Sustainable Bonds" as a way of supporting sustainable investment projects and help enterprises to raise medium-term and long-term capital for funding, thus E.SUN can contribute our effort to the earth's sustainability.

(V) Outcome identification & measurement: The Company and subsidiaries 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.

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

Article 5 The Company and subsidiaries may develop separate management rules based on the Policy, and incorporate them into the financial service execution process while taking into consideration the sustainable financing guidelines, ESG risks, and opportunities.

Article 6 The Policy shall become effective upon approval of the Board of Directors.

Appendix.

Environmentally and Socially Sensitive Industries

Due Diligence Evaluation Criteria

Industry	Due Diligence Evaluation Criteria
Oil, Gas, and Thermal Coal Mining	・Whether the company is under the Company's phase-out plan for Coal and Unconventional Oil & Gas related companies ・Revenue share of thermal coal mining ・Revenue share of unconventional oil and gas extraction
Sand, Stone Extraction, and Other Mining	・Whether the company is involved in conflict mineral mining ・Whether the company has commitments to address controversial sourcing practices such as human rights abuses and illicit trade
Forestry	・Whether the company has established deforestation policy or commitments ・Whether the company's operating sites are located in high-risk deforestation fronts ・Whether the company obtained sustainable timber related certification
Gambling	・Whether the company complies with international anti-money laundering and counter-terrorism financing regulations
Leather and Fur Production	・Whether the company has serious violation of local environmental regulations with penalties records and no subsequent improvement measures