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

Approved by Supervisor of the Financial Market Group on 2025.07.11

Amended by Supervisor of the Financial Market Group on 2026.07.15

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) 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 bonds, it may be recognized during the investment evaluation as an ESG transition measure taken by the investment target.

(III) 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.

(IV) 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 origination of sustainable bonds, conduct due diligence on clients in terms of environmental, social, and corporate governance (ESG Factors) prior to origination, 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. Exclusion Mechanism

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

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 Company shall not invest in businesses listed on the Sustainability Development Division's Exclusion List, with the exception of enterprises that pose no material negative impact on sustainable development after a rigorous evaluation through reasonable due diligence.

IV. 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 following “Environmentally and Socially Sensitive Industries Due Diligence Evaluation Criteria”.

(I) Upon application for 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-investment management, if an investee violates investment conditions, or is found to have caused significant negative environmental and social impacts, investee shall have explanations and concrete remediation plans must be available, whether through direct communication or 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 investment allocation “or "gradually withdrawing investment,” shall be evaluated and implemented.

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. ・ Revenue share of thermal coal mining ・ Revenue share of unconventional oil & 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

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.

Article 5 （Sector Guideline for the Circular Economy Industries）

I. The Company recognizes the transition to a circular economy as a key driver for sustainable growth. As an asset owner or manager, the Company strives to direct our attention toward investment targets that embrace circular business models. The Company favors companies that demonstrate a commitment to moving away from traditional linear consumption, emphasizing the systematic design-out of waste and the extension of product lifecycles. Our investment considers the long-term value and resilience created by these innovative approaches.

II. Best Practices:

(I) Companies that endeavor to design products for durability and reuse, or those actively working to integrate recycled materials into their production to reduce dependence on raw resources.

(II) Entities that explore or adopt innovative service-based models (such as "Product-as-a-Service") or sharing platforms aimed at maximizing the utility and lifespan of their assets, thereby enhancing asset utilization and lifecycle value.

(III) A positive focus is placed on companies that optimize their manufacturing processes to minimize waste, or those that successfully transform by-products into valuable resources.

(IV) Companies that encourage their partners and suppliers to adopt circular practices, fostering a more sustainable and resilient value chain.

(V) Companies that provide transparent and quantitative disclosure on key circularity metrics, helping to build a clearer picture of their contribution to a sustainable economy.

Article 6 （Sector Guideline for the Green Finance Industry）

I. Our cooperation recognizes Green Finance as the core engine among the "Twelve Key Strategies" for Taiwan's net-zero transition. The Company values financial institutions that act as pivotal drivers for systemic change, utilizing their capital allocation power to support the other eleven key strategic sectors. The Firm seeks to partner with entities that surpass regulatory minimums by strategically channeling capital toward industrial decarbonization. By directing resources toward sustainable transition, these institutions not only mitigate systemic risks but also create stable, long-term fiduciary value within the national strategic framework.

II. Best Practices:

(I) Prioritizing the flow of capital toward economic activities defined by the 'Taiwan Sustainable Taxonomy'. This involves integrating sustainability criteria into the investment and financing processes to ensure funds actively support a substantive environmental transition.

(II) We favor institutions that engage in rigorous carbon accounting to actively manage and reduce 'Financed Emissions'（Scope 3）across their financing and investment portfolios, aligning these assets with a 1.5°C pathway through clear, science-based milestones.

(III) Corporate risk management involves performing advanced stress testing and scenario analysis to insulate the balance sheet against physical climate-related damages and transition-driven economic volatility.

(IV) Demonstrating excellence through high performance in the 'Sustainable Finance Evaluation' and other distinguished green finance awards, reflecting a consistent commitment to national net-zero goals.