

2021 the Equator Principles at SinoPac

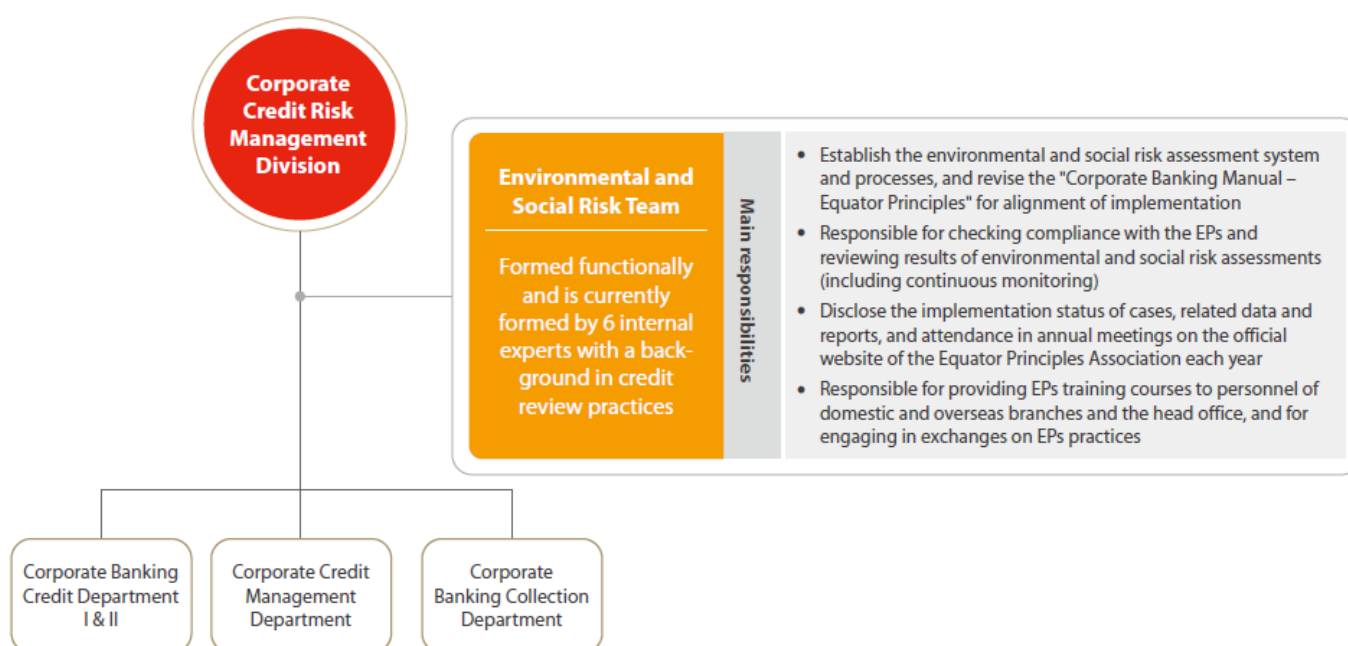
Bank SinoPac formally became a signatory to the Equator Principles (EPs) in February 2020, and published its first EPs Report in 2021. Disclosures included the EPs implementation process and mechanisms, education and training, and related information. The Company established a dedicated Environmental and Social Risk Team in November 2021, serving as an internal consultant for assisting the risk assessment and review of EPs cases. The team is currently formed by 6 members with a professional background in lending management; 2 members have obtained the corporate sustainability management certification and serve as contact persons for the Equator Principles Association; remaining members are members of the EPs Project Management Office (PMO) that have completed EP4 training and have practical experience with the credit review process of EPs cases. For high-risk cases, the team seeks assistance from a third-party external consultant according to the EPs. Bank SinoPac reviewed a total of 16 financing projects in line with the EPs in 2021, in which 3 cases have reached financial close and the remaining are still ongoing.

Results of Project Finance Review in 2021

| | |
|--|-----|
| Overall number of project finance | 16 |
| Percentage of projects reviewed according to the EPs | 100 |
| Number of projects that reached financial close | 3 |
| Number of projects rejected | 1 |



Organization and Duties of Bank SinoPac's Environmental and Social Risk Team



In 2021, a syndicated project finance for the construction of natural gas plant was rejected as the lead arranger had not signed the EPs and the client was unable to provide an environmental and social risks report from an independent third party. The case was not accepted after three-way engagement between front-line sales personnel, client, and the lead arranger. Bank SinoPac still remain business dealings with the client, and will continue on the engagement of the principles of EPs and concepts of environmental and social risks. Information on cases reviewed according to the EPs, "IFC performance standards", and "World Bank EHS Guidelines".

Annual Report of the Equator Principles (Reporting Period: 2021.01.01 - 2021.12.31)

Project Finance

Total number that reached financial close in the reporting period.

| | Category A | Category B | Category C |
|------------------------------|------------|------------|------------|
| Sector | | | |
| Mining | 0 | 0 | 0 |
| Infrastructure | 0 | 0 | 0 |
| Oil & Gas | 0 | 0 | 0 |
| Power | 0 | 3 | 0 |
| Others | 0 | 0 | 0 |
| Region | | | |
| Americas | 0 | 0 | 0 |
| Europe, Middle East & Africa | 0 | 0 | 0 |
| Asia Pacific | 0 | 3 | 0 |
| Country Designation | | | |
| Designated Country | 0 | 0 | 0 |
| Non- Designated Country | 0 | 3 | 0 |
| Independent Review | | | |
| Yes | 0 | 3 | 0 |
| No | 0 | 0 | 0 |
| Total | 0 | 3 | 0 |

Project finances reviewed in line with EPs in 2021

| Project/ Deal | Industry category | Description | Environmental and social risks | | | | | | | Risk category | Region | Independent third-party experts review (Note) | Review by independent third-party experts | Subsequent management measures | | | |
|---------------|----------------------|--|---|-------|--|---|---------------------|---|-------------------|---------------|--------|---|---|---|----------------|--|--|
| | | | Environmental and social risk assessment and management | Labor | Resource efficiency and pollution prevention | Community health/safety and public security | Inventory reduction | Land appropriation and involuntary relocation | Cultural heritage | | | | | | Climate change | Management of biodiversity and natural resource sustainability | |
| Project A | Electricity industry | Syndicated loan, Bank SinoPac is the lead arranger, and funds will be used to build a solar energy plant (fishery and electricity symbiosis) | ● | ● | ● | ● | | | | | ● | ● | Category B | Asia Pacific (non-designated country under the EPs) | Yes | The conditions of environmental assessment are identified according to standards of the World Bank, and environmental and social reviews will continue to be carried out according to items announced by the Bureau of Energy, Ministry of Economic Affairs. | Continue to track and examine the environmental and social evaluation report during annual reviews. |
| Project B | Electricity industry | Syndicated loan, Bank SinoPac is the lead arranger, and funds will be used to build a solar energy plant | ● | ● | ● | ● | | | | | ● | | Category B | Asia Pacific (non-designated country under the EPs) | Yes | This project is categorized as low intensity development and has not had any material events during its construction. However, subsequent human rights evaluations and improvements for construction safety and health deficiencies need to be tracked. | Environmental and social impact assessment reports and documents are reviewed each year to determine if they meet standards. |
| Project C | Electricity industry | Syndicated loan, Bank SinoPac, DBS Bank, and KGI Bank are the lead arrangers, and funds will be used to build a solar energy plant | ● | ● | ● | ● | | | | | ● | | Category B | Asia Pacific (non-designated country under the EPs) | Yes | Bank SinoPac continued to communicate with stakeholders since the beginning of the project, and no negative information was found. It is recommended to provide periodic reports on the project's progress to stakeholders and establish grievance mechanisms. | Periodically examine stakeholder engagement and human rights risks of this project. |

Note: When environmental and social risk grade is A/B, the client are requested to provide an independent third-party environmental and social risk assessment report (ESDD, ESMP, ESIA) according to requirements of the EPs, and conduct an on-site visit. The client's commitment to comply with the EPs must be included in the loan agreement, and environmental and social risks must be tracked according to the conditions for loan approval.