

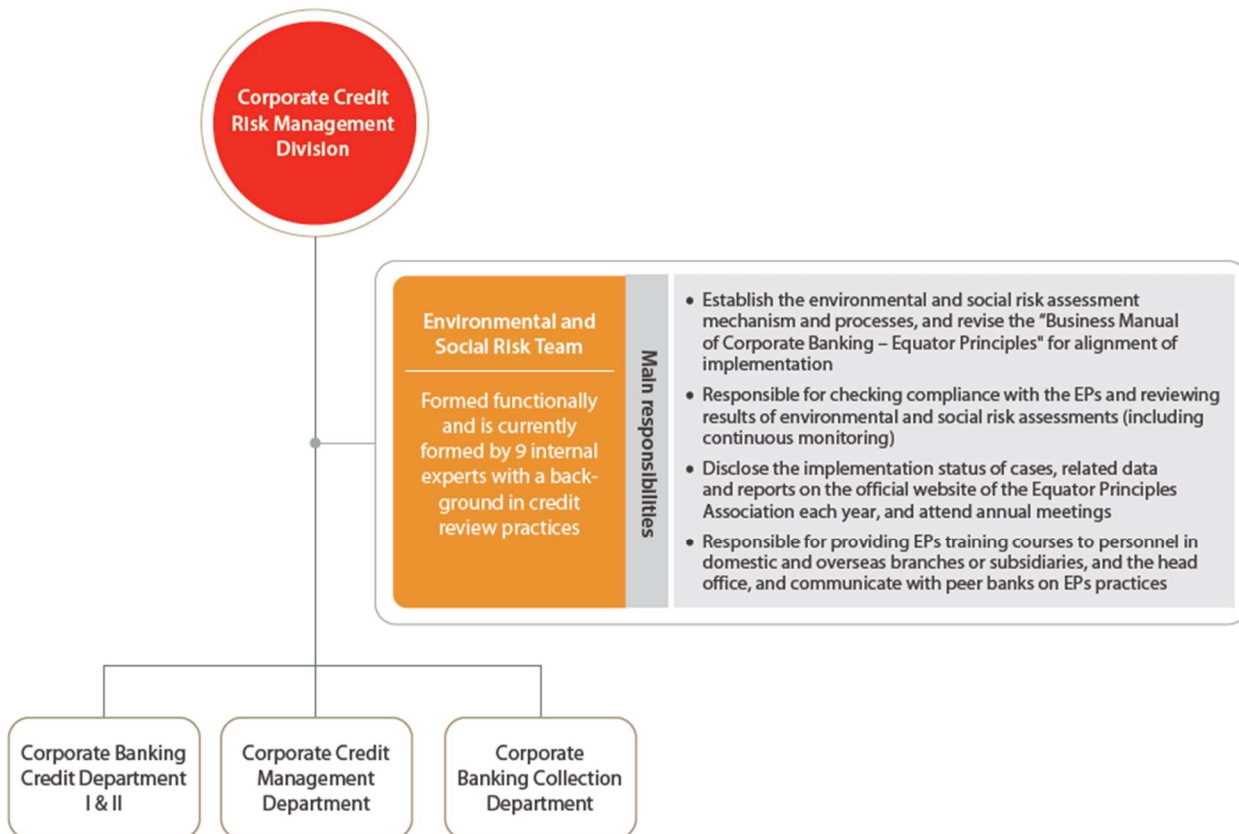
2022 the Equator Principles at SinoPac

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 the risk assessment and review of EPs cases. The team is currently formed by 9 members with a professional background in credit risk management. They have practical experience in the implementation of the Equator Principles case review process and have completed the EP4 course training. 2 team members have obtained the corporate sustainability management certification and serve as contact persons for the Equator Principles association. In October 2022, 3 team members attended the Annual General Meeting of the Equator Principles Association online. For high-risk cases, the team seeks assistance from a third-party external consultant according to the EPs. The Company has also incorporated Equator Principles cases into the self-inspection items starting from December 2022 and a third party from head office will inspect the process of Equator Principles cases regularly. Bank SinoPac reviewed a total of 18 financing projects in line with the EPs in 2022, among which 7 cases have reached financial close and the remaining are still in progress.

Results of Project Finance Review

Overall number of project finance	18
Percentage of projects reviewed according to the EPs	100
Number of projects that reached financial close	7
Number of projects rejected	1

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



In 2022, there was a large-scale syndicated loan project for the construction of transportation and auxiliary facilities for fossil fuel (natural gas) at a port 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. Therefore, Bank SinoPac declined participation in the syndicated loan. 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: 2022.01.01 – 2022.12.31)

■ Project Finance

Total number of transactions 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	7	0
Other	0	0	0
Region			
Americas	0	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	7	0
Country Designation			
Designated Country	0	0	0
Non-Designated Country	0	7	0
Independent Review			
Yes	0	7	0
No	0	0	0
Total	0	7	0

■ Project Finances Reviewed and Reached Financial Close under EPs in 2022

Project	Project A	Project B	Project C	Project D	Project E	Project F	Project G
Industry category	Energy and electricity industry	Energy and electricity industry	Energy and electricity industry	Energy and electricity industry	Energy and electricity industry	Energy and electricity industry	Energy and electricity industry
Description	The funds of the syndicated loan (Bank SinoPac as lead arranger) were used for the construction of ground-mounted solar energy plants in Huailien.	The funds of the syndicated loan (Bank SinoPac as lead arranger) were used for the construction of solar energy plants in Yizhu, Chiyai (indoor fishery and electricity symbiosis).	The funds of the syndicated loan (Bank SinoPac as lead arranger) were used for the construction of solar energy plants in Qiqia, Tainan (outdoor fishery and electricity symbiosis).	The funds of the syndicated loan (Bank SinoPac as lead arranger) are used for the construction of solar energy plants, in Beimen, Tainan (outdoor fishery and electricity symbiosis).	The funds of the syndicated loan (Bank SinoPac as lead arranger) were used for the construction of solar energy plants in Qiqia, Tainan (fishery and electricity symbiosis).	The funds of the syndicated loan (Bank SinoPac as lead arranger) were used for the construction of solar energy plants in Lunwei Donglin S in Changhua Coastal Industrial Park (floating).	The funds of the Independent loan were used for the construction of solar energy facilities on Taiwan Sugar Corporation land in Gakung Township (ground-mounted).
Environmental and social risk assessment and management	•	•	•	•	•	•	•
Labor	•	•	•	•	•	•	•
Resource efficiency and pollution prevention	•	•	•	•	•	•	•
Community health/safety and public security	•	•	•	•	•	•	•
Land expropriation and involuntary relocation							
Cultural heritage							
Climate change		•	•	•	•	•	•
Management of biodiversity and natural resource sustainability		•	•	•	•	•	•
Risk category	Category B	Category B	Special Category B	Special Category B	Special Category B	Category B	Special Category B
Region	Asia Pacific	Asia Pacific (non-designated country under the EPs)	Asia Pacific (non-designated country under the EPs)	Asia Pacific (non-designated country under the EPs)	Asia Pacific (non-designated country under the EPs)	Asia Pacific (non-designated country under the EPs)	Asia Pacific (non-designated country under the EPs)
Independent third-party experts review (Note)	Yes (TUV)	Yes (AECOM)	Yes (AECOM)	Yes (AECOM)	Yes (TUV)	Yes (AECOM)	Yes (AECOM)
Review by independent third-party experts	Implement independent reviews of the environmental and social management plan as well as the social and environmental management system. Continue monitoring and reporting within the duration of project financing and verify and submit the monitoring information.	Continue to implement environmental reviews in accordance with the standards of the World Bank, and environmental and social reviews and the items announced by the Bureau of Energy, Ministry of Economic Affairs.	Continue to implement environmental reviews in accordance with the standards of the World Bank, and environmental and social reviews and the items announced by the Bureau of Energy, Ministry of Economic Affairs.	Continue to implement environmental reviews in accordance with the standards of the World Bank, and environmental and social reviews and the items announced by the Bureau of Energy, Ministry of Economic Affairs. After the review, the “management plan”, “organization capacity”, and “follow-up and review documents” required additional improvements. The related contents are comprehensively described in the action plans in the Environment and Social Management Plan (ESMP) to update the Environmental and Social Due Diligence (ESDD) report.	An independent third-party completed the ESMP and Equator Principles Action Plan (ESAP), which satisfied the criteria for mandatory environmental assessment for identification by the World Bank.	Continue to implement environmental reviews in accordance with the standards of the World Bank, and environmental and social reviews and the items announced by the Bureau of Energy, Ministry of Economic Affairs. After the review, the “management plan”, “organization capacity”, and “follow-up and review documents” required additional improvements. The related contents are comprehensively described in the action plans in the ESMP to update the ESDD report.	Continue to implement environmental reviews in accordance with the standards of the World Bank, and environmental and social reviews and the items announced by the Bureau of Energy, Ministry of Economic Affairs. After the review, the “environmental and social risks”, “supplier/community resident complaints mechanisms”, “community health and safety”, and “physical climate risks” required additional information. The related contents are comprehensively described in the action plans in the ESMP.
Subsequent management measures	The annual review requires continuous follow-up and review in the form of an annual Equator Principles report in accordance with the syndicated loan contract.	Continue to track and review the complete environmental and social review report during annual reviews.	Continue to track and review the complete environmental and social review report during annual reviews.	Continue to track and review the complete environmental and social review report during annual reviews.	After the review of the project in accordance with the Equator Principles, the summary of the Environmental Social Impact Assessment (ESIA) was also published online. The related reports will be submitted regularly during future operations. In the duration of the loan, Bank SinoPac shall appoint an independent social and environmental consultant each year to continue to implement monitoring and reporting and submit the monitoring information to the Equator Principles Financial Institution (EPFI).	Continue to track and review the complete environmental and social review report during annual reviews.	Continue to track and review the complete environmental and social review report during annual reviews.

Note: When the environmental and social risk grade is A/B, the clients are requested to provide an independent third-party environmental and social risk assessment report (ESDD, ESMP, ESIA) according to the 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.