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

Established on 2021.11.12 during the 16th Meeting of the Seventh 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 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)

This 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 have a Sustainable Finance Task Force established to engage correspondents at subsidiaries on how to incorporate sustainability values and execution plans into financial services, and to oversee execution by various subsidiaries.

Article 4 (Implementation and revision)

I. Sustainable finance covers several topics including responsible lending, responsible investment, the engagement mechanism, and management of high-risk businesses; it requires adequate understanding and assessment of environmental, social, and governance (ESG) issues that may be of material impact, such as corporate governance, climate change, human rights protection etc., so that the Company may help the society as a whole reduce ESG risks and capitalize on ESG opportunities for sustainable growth.

II. Responsible lending

(I) To support green energy industries such as alternative energy, water resources and pollution control. To 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.

(II) Businesses that generate high levels of pollution and fail to comply with environmental protection standards shall be classified as undesirable 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.

(III) Borrowers 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.

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

(V) When obtaining collaterals in the form of land and buildings, customers should be encouraged to place collaterals that have positive benefits on the environment or natural resources, such as green buildings and green factories.

III. Responsible investment

As an asset owner or manager, the Company and subsidiaries shall direct adequate attention to how business investments fulfill their corporate social responsibilities, and in doing so increase long-term value for business investments as well as capital providers. The Company and subsidiaries shall observe Principles for Responsible Investment (PRI) and incorporate ESG issues in investment analyses and decision-making processes.

(I) Securities investments: All public-listed and OTC-traded equities and fixed income investments shall be reviewed regularly for ESG risks according to 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) Investment consultation: 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.

(III) Underwriting: The Company and subsidiaries shall offer guidance to businesses on the issuance of sustainable bonds, and always look for opportunities to satisfy customers' 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.

(IV) Sustainable financing: As a response to the United Nations' Sustainable Development Goals (SDGs) of supporting green projects and movements that are beneficial to the society, the Company and subsidiaries may issue sustainable bonds (including Green Bonds, Social Bonds, and Sustainability Bonds) as a way of financing sustainable investment projects and loans. By helping businesses source medium-term and long-term capital, E.SUN may contribute meaningfully to Earth's environment.

IV. Engagement mechanism

The Company and subsidiaries shall develop proper mechanisms that facilitate more effective engagement and financial influence with businesses. Through communication and interaction, the Company and subsidiaries shall development understanding of ESG performances and plans of their counterparties, and offer incentives or assistance as deemed appropriate to promote ESG awareness, ESG actions, and sustainable growth among counterparties.

V. Management of high-risk businesses

The Company and subsidiaries shall develop management practices for businesses that have direct or potential negative impact on the environment or the society, including:

(I) Direct impact: Avoid dealing with businesses involved in adult entertainment, controversial weapons, illegal logging, endangerment of rare species, creation of new coal mine, or establishment of new coal-fired power station.

(II) Potential impact: Businesses involved in commercial activities such as coal-fired power, tobacco, gambling, mining, leather and fur production etc. shall undergo rigorous assessments and monitored on a regular basis.

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.