

The Export-Import Bank of the Republic of China

Equator Principles Implementation Report

1. Origin

To align with the global sustainability development trend, the Export-Import Bank of the Republic of China (hereinafter referred to as the Eximbank) has voluntarily adopted the Equator Principles as of April 2022. This framework enables the Eximbank to effectively review and manage environmental and social risks in large project financing.

2. Roles and Responsibilities

To ensure compliance with relevant regulations and facilitate the implementation of the Equator Principles, the Eximbank has established "Equator Principles Projects Directions" and "Equator Principles Projects Practices". Department of Risk Management and Department of Loan and Guarantee are responsible for managing Equator Principles related matters and implementing environmental and social risk management in Equator Principles projects.

Department of Risk Management is responsible for formulating and revising Equator Principles related practices and tools, reviewing the results of Equator Principles project applicability and risk categorization provided by Department of Loan and Guarantee, conducting environmental and social risk assessments, and managing post-lending matters. The Department compiles training and conferences related to the Equator Principles, and the annual Equator Principles implementation and public disclosure.

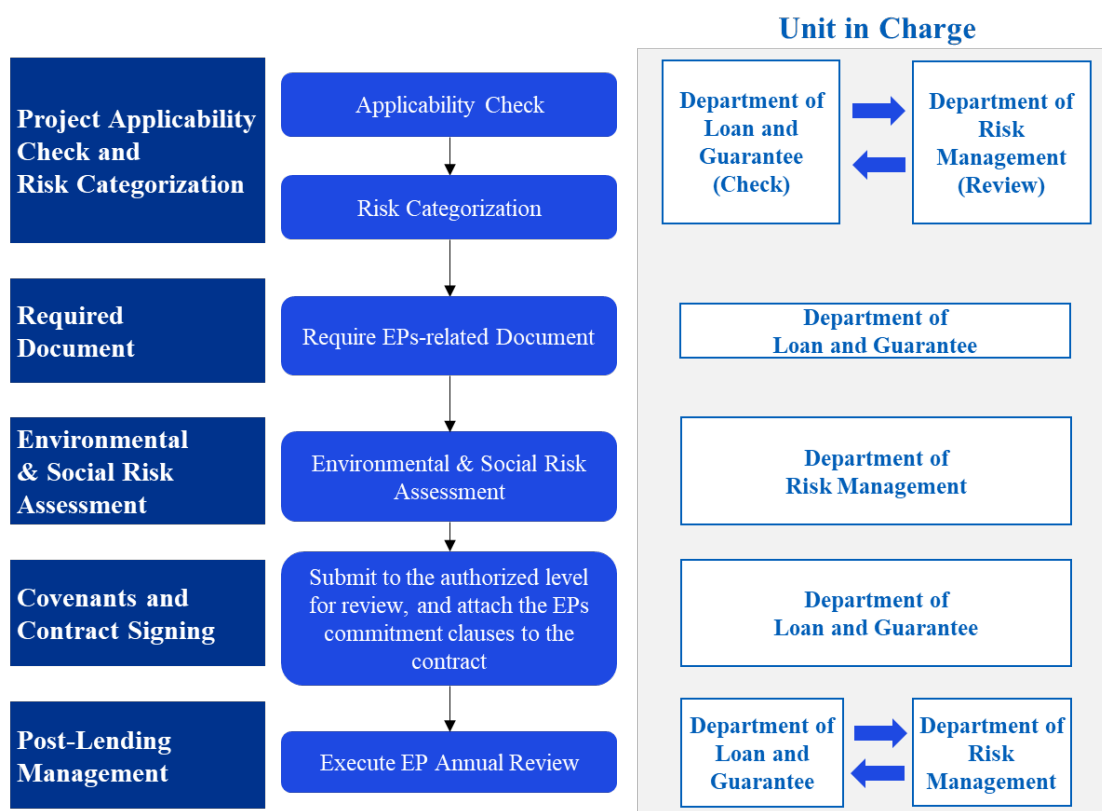
Department of Loan and Guarantee communicates with clients regarding Equator Principles related requirements and covenants, conducts applicability checks of the Equator Principles and risk classification for credit projects, obtains documents and information in compliance with the requirements of the Equator Principles, assists Department of Risk Management to complete the "Equator Principles Project Checklist" and environmental and social risk review, confirms the covenants of the Equator Principles to be included in the contracts corresponding to the result of risk categorization and the review of credit projects, and assists in providing disclosure content of the Equator Principles implementation.

3. Credit Work Process of Equator Principles Projects

The Eximbank integrates the Equator Principles into all aspects of the credit process, with Department of Risk Management and Department of Loan and Guarantee carrying out tasks such as applicability judgment, risk categorization, environmental and social risk assessment and review, covenant and contract signing, and post-lending management.

- **Applicability check and risk categorization of loans:**
When a project is submitted for credit, Department of Loan and Guarantee conducts an applicability check and risk categorization in accordance with the Equator Principles. The result is then submitted to Department of Risk Management for review and further risk categorization. Based on the potential environmental and social risks, the project is categorized as Category A, Category B (which includes Specific Category B and General Category B), or Category C.
- **Required documents:**
Based on the result of risk categorization, Department of Loan and Guarantee collects relevant documents such as environmental and social risk assessment reports, documents assessed and confirmed by a third-party independent environmental and social consultant, or external experts from the client. The Department then fills in preliminary comments.
- **Environmental and social risk assessment:**
Department of Risk Management conducts an environmental and social impact assessment of the project based on the performance standards of the International Finance Corporation (IFC). This assessment takes into account the preliminary opinions of Department of Loan and Guarantee and includes the environmental and social risks of the project in the assessment of the lending risk.
- **Covenants and contract signing:**
Department of Loan and Guarantee submits the project to the authorized level for review. After the review is approved, Department of Loan and Guarantee attaches an Equator Principles commitment clause to the contract based on the risk categorization of the project and the review result. The Department then signs a contract with the client that meets the requirements of the Equator Principles and requires the client to implement environmental and social risk management for the project after the loan is granted.

- **Post-lending management:**
For Category A and Category B (including general and specific) projects, the Eximbank conducts post-lending reviews applying the Equator Principles at least once a year. Department of Loan and Guarantee requests the required information from the client and provides preliminary comments. Then, Department of Risk Management conducts the review and examination to ensure that the client is managing the project in accordance with the contractual commitments and complying with the environmental and social regulations of the country where the project is located.



4. EPs Education Training

To enhance the understanding of the Equator Principles and the Eximbank's implementation process among Department of Risk Management and Department of Loan and Guarantee, the Eximbank conducted two training sessions for 134 participants in March 2023. Additionally, the Eximbank has developed online educational materials for relevant personnel to learn at any time.