

*Statement 2023*



**E.SUN Commercial Bank, Ltd.**

—— *Modern Slavery Act* ——



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## **I Background and identity (mandatory criterion 1)**

In accordance with the Modern Slavery Act 2018, this statement outlines E.SUN Commercial Bank, Ltd.'s commitment to identifying and mitigating the risks of modern slavery and human rights abuse in our supply chains or in any part of our business for the financial year ending 31 December 2023.

E.SUN Commercial Bank, Ltd. (ARBN: 606 234 879, ABN 60 606 234 879, AFSL 481605) is a registered foreign company with ASIC and has two Australian branch locations at Sydney (Level 35, 259 George Street, Sydney NSW 2000) and Brisbane (Suite 2, Level 34, 123 Eagle Street, Brisbane QLD 4000). Together, "E.SUN Bank Australian Branches" means E.SUN Commercial Bank, Ltd. Sydney Branch & Brisbane Branch.

## **I E.SUN Bank structure, operations, and supply chains (mandatory criterion 2)**

E.SUN Commercial Bank, Ltd. was granted an authority to carry on banking business in Australia in 2016 by the Australian Prudential Regulation Authority (APRA). E.SUN Commercial Bank, Ltd. operates as a foreign authorised deposit-taking institution (foreign ADI), with branches located in Sydney and Brisbane and currently employs 38 full time staff.

E.SUN Bank Australian Branches parent is E.SUN Commercial Bank, Ltd. in Taiwan ("E.SUN Commercial Bank"). E.SUN Commercial Bank has 139 branches in Taiwan and has 31 overseas channels (i.e. branches, representative offices and subsidiaries) in ten countries including China, Hong Kong, Singapore, Vietnam, Cambodia, Myanmar, U.S.A., Australia, Thailand and Japan. E.SUN Commercial Bank is wholly owned by E.SUN Financial Holding Company ("E.SUN FHC") and is listed on the Taiwan Stock Exchange.

E.SUN Bank Australian Branches operations in Australia comprise of providing commercial financial products and services offered under an Australian Financial Service License (AFSL) and Foreign ADI Authorisation. These being deposit taking, provision of commercial finance, foreign currency, and international remittance. E.SUN Bank Australian Branches customers include individuals and corporates in Australia with Taiwanese background.

E.SUN Bank Australian Branches in the provision of financial products and services in Australia maintains relevant supply chains for its two branch office requirements. These supply chains include suppliers for IT equipment, printing and stationary, food supplies, cleaning, furniture, maintenance, auditors, legal advisers and consultants.

## **I Risk of exposure to modern slavery (mandatory criterion 3)**

As a financial services organisation regulated in Australia, E.SUN Bank Australian Branches considers the risk of modern slavery within our business, employees, and suppliers to be low. However, E.SUN Bank Australian Branches recognises that through our supply chains and other third-party relations, we can be indirectly exposed to the risk of modern slavery and human rights abuse. The following principles of commitment represent our expectation and exhortation to all business partners and suppliers to fulfil the principles and spirit of our values towards human rights:



## **(1) Employees**

- (i) E.SUN Commercial Bank and its Australian Branches complies with international human rights and statutory requirements and does not permit any actions or behaviours that are in violation of human rights, including prohibiting the use of child labour under the age of 16 and prohibiting forced labour in any form.
- (ii) Equal Employment: Employees will be selected based on tertiary qualifications, work experience and skills and attributes relevant to the position. The selection process must not take into regard ethnicity, religion, gender, sexual orientation, political agenda, age, disability, or marital status. E.SUN has been actively promoting gender equality in the workplace and implements equal pay policies and a fair and just performance evaluation system to ensure fairness. E.SUN takes action to support and protect the rights and benefits of employees in same-sex marriages, ensuring equal benefits and strive to create a non-discriminatory work environment. E.SUN also actively promoting prevention of workplace harassment and have established online platform for “Gender Equality and Prevention of Harassment” training to raise awareness. Furthermore, Complaint Evaluation Committee was set up and adheres to the principles of objectivity, fairness, professionalism, investigates and understands the incident process, provides necessary assistance to victims, and offers assistance programs and counselling services.
- (iii) Safe Working Environment: E.SUN Commercial Bank and its Australian Branches is committed to the proper management of occupational health, safety and welfare, which ranks equally with all other operational considerations. The Bank established the “Occupational Safety and Health Committee” and formulated the “Rules on Safety and Health” to continuously measure the potential risks of environmental health and safety in business activities; labour safety related training has also been provided, in efforts to improve the working environment and health conditions, reduce occupational disaster risks, and protect the physical and mental health of employees.
- (iv) Respect Labour Unions: E.SUN Commercial Bank and its Australian Branches respects and accepts the rights of employees to join labour unions and safeguard their occupational rights and interests. We maintain open channels of communication with employees to protect and elevate employees’ rights and interests while endeavouring to promote a harmonious employer-employee relationship.

## **(2) Suppliers**

More broadly E.SUN Commercial Bank partners with over 1,000 supply chains including service supply chains, equipment supply chains, and project. E.SUN Commercial Bank has set a priority to purchase from Taiwanese or overseas branches’ local suppliers. Regarding supplier management and selection, E.SUN Commercial Bank follows E.SUN Bank Supplier Management Guidelines and the Australian Branches follows its Purchasing and Procurement Procedure Manual when selecting its qualified suppliers.

E.SUN Commercial Bank and its Australian Branches partners only with suppliers that comply with local regulations, have the same level of commitment to human rights and environmental sustainability, and adhere to corporate social responsibility guidelines. Suppliers should clearly demonstrate their own expectations with regards to the environment, health and safety, prohibition of child labour, fair labour management, elimination of any form of forced labour, absence of damage to basic labour rights, high levels of conduct, and ethical management.



## I Our policies, processes and procedures (mandatory criterion 4)

E.SUN FHC, E.SUN Commercial Bank and its Australian Branches is committed to alleviating modern slavery from its business and operations and is supported by policies and procedures that identify, assess and mitigate risks of modern slavery and human rights abuse. These include, but are not limited to:

Policy Name	Policy Owner
Corporate Social Responsibility Best Practice	E.SUN FHC
Human Rights Commitment	E.SUN FHC
Corporate Social Responsibility Guidelines	E.SUN FHC
Sustainable Lending Policy	E.SUN FHC
Green Policy	E.SUN Commercial Bank
AML and CTF Policy	Australian Branches
Code of Conduct and Ethics	Australian Branches
Employee Manual	Australian Branches
Fraud and Corruption Management Policy	Australian Branches
Material Service Provider Management Policy	Australian Branches
Remuneration Policy	Australian Branches
Purchasing and Procurement Procedure	Australian Branches
Whistleblowing Policy	Australian Branches
Compliance Policy	Australian Branches

Our relevant processes and procedures include, but are not limited to:

- We monitor and review the effectiveness of relevant internal policies and implementation across our business operation.
- We undertake risk assessments and due diligence on customers and suppliers.
- We assess all potential Bank loans for Environment, Social and Governance (ESG) risks according to country of operations.
- We provide a reporting framework for employees to escalate any concerns in relation to alleged wrongdoing and serious malpractice, without fear of reprisals or disadvantage in the workplace.



### Open communication channels

- (1) Diverse communication channels: E.SUN Commercial Bank discloses ethical management policies and implementation status on its website, in annual reports, and during investor conferences. Employees can use different channels (e.g. meetings, face-to-face communications, digital platforms, and feedback surveys) to communicate any constructive opinions to executive management and the Human Resource Division.
- (2) Higher involvement in employment engagement survey: Increasing the completion rate of employee engagement questionnaire: Knowledge sharing meetings are held to communicate the overall development strategies to employees. At the end of the meeting, anonymous feedback questionnaires are distributed to collect employees' feedback regarding the long-term development of E.SUN Commercial Bank, employee engagement, identification with the organisation, and suggestions for future development. Action plans are compiled to address major proposals or trends. For example, E.SUN Commercial Bank officially adopted multiple work hour schemes for technology teams, relaxing of seniority requirement for job promotions, and rotation/transfer of marketing positions.
- (3) Higher participation in labour union: E.SUN Commercial Bank encourages its employees to join the labour union, with the ratio of employees that have joined increasing to 14.08% from 14.05% in 2023, noting that new joiners have come from different departments. Labour-management meetings were held four times in 2023, which raised key issues such as workdays and holidays, special leaves regulations, overtime procedures, flexible working hours etc.

### Human Rights

E.SUN Bank Australian Branches is committed to protect the human rights of its employees and to safeguard their lawful rights and interests according to the Australian Human Rights Commission Act 1986, Fair Work Act 2009 and National Employment Standards.

Furthermore, E.SUN Commercial Bank recognises and complies to the framework and spirit of the following international human right principles:

- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business
- International Labour Organization
- OECD guideline on multinational companies
- The ten principles of United Nations Global Compact

### Supplier Management

To establish a supply chain that protects the environment, human rights, safety, health and sustainable development, E.SUN continues to implement ISO 20400 Sustainable Procurement Standard to devise procurement policies. E.SUN classify suppliers by reviewing qualification to differentiate management. Qualified suppliers are in accordance with the E.SUN Commercial Bank Supplier Management Guidelines, and work only with suppliers that comply with local regulations, have signed the Statement of Commitment to Human Rights and Environmental Sustainability and adhere to E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers.



We seek to partner with suppliers and other third parties that share similar values, ethics and sustainable business practices. E.SUN has been named an outstanding benchmark organisation for “Green Procurement by Private Enterprises and Organisations” by Environmental Protection Administration Executive Yuan for 13 consecutive years. From 2018 to 2023, our Chairman (Mr. Joseph N.C. Huang) received the Responsible Business Leadership Award for incorporating environmental, social, and governance (ESG) into business strategies and implementing the United Nations Sustainable Development Goals (SDGs). Under his leadership, E.SUN FHC was selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for ten years (2014-2023) in a row and received a AAA rating from MSCI ESG (2022-2023).

### **Sustainable Finance**

To promote the development of sustainable finance and to control potential ESG risks, E.SUN Commercial Bank incorporated the Equator Principles into its loan review process. As such, the Know-Your-Customer and due diligence process entails scrutinising the proposed lending deal to determine if it relates to pollution, violation of human rights, and negative issues, as well as high-risk industries which may harm sustainable development of the environment and society, such as tobacco, leather/dye and printing, military fire arms, and gambling. E.SUN Commercial Bank launched the ESG Sustainability Initiative Action Plan to call for joint initiatives of like-minded partners. In 2021, E.SUN and 32 like-minded business partners jointly launched the “E.SUN’s ESG Sustainable Initiative”. Signing the “Sustainable Development Advocacy” and reducing greenhouse gas emissions through saving energy and carbon reduction actions. In 2022, the initiative expanded to include 101 companies in the sustainable initiative, including industry leaders, quality enterprises and hidden champions. In 2023, the number of participating companies increased to 157, high-quality companies from Taiwan and abroad, including the top 10 global market shares companies, critical zero-component suppliers, and important Taiwanese-funded enterprises in ASEAN countries such as Vietnam, Thailand, Malaysia, Cambodia, the United States and Australia. The companies jointly announced their initiatives and set a target to reduce carbon emissions by at least 1.57 million metric tons by 2025; with 46 companies pledging to achieve net zero emissions by 2050. E.SUN Commercial Bank has developed a responsible lending business to scrutinize potential ESG risks through practical actions. Each corporate banking loan application require ESG assessments, including sectoral exclusions for sensitive industries, significant environmental/social adverse events, and collection of sustainability-related information. E.SUN Commercial Bank avoids dealing with corporations involved in arms, pornography, illegal logging, endangering wildlife, coal-fired power generation, or coal mining and cautiously assesses operations related to tobacco and gambling or past significant environmental and social negative events. E.SUN Commercial Bank also has climate risk and environmental risk screening mechanisms in its credit process. For high-risk industries, the Bank requires further clarification based on the industry’s risk characteristics, allowing better understanding of the company’s environmental sustainability response.

### **Money Laundering and Terrorism Financing**

Furthermore, customers engaged in modern slavery may pose money laundering and terrorism financing risk to E.SUN Commercial Bank. E.SUN Commercial Bank and its Australian Branches undertake enhanced customer due diligence and transaction monitoring to identify, manage and mitigate the risk that our financial products and services might be used to money laundering or for terrorism financing.



### **Responsible Investment**

E.SUN Commercial Bank's Investment Policy attaches importance to the corporate social responsibility (CSR) performance of the invested target. Based on the Principles for Responsible Investment (PRI):

- ESG issues are incorporated in investment analysis and decision-making processes, for example use of Bloomberg's ESG scores.
- Environmental aspects are based on the ratio of GHG emission to business revenue.
- Social aspects are based on the ratios of female employees to female supervisors, employee turnover rate, percentage of employees who joined a union, and time lost due to accident.
- Corporate governance aspects are based on the percentage of independent directors, female directors, average age of directors, board attendance, and board size.

"E.SUN Sustainable Finance Policy" illustrates that E.SUN incorporates ESG issues into investment analysis and decision-making process, and the policy covers all Assets Under Management (AUM) in active investments. E.SUN also follows "Guidelines for the Phase-Out of Coal and Unconventional Oil & Gas Industries". E.SUN incorporates companies' SBT commitments, carbon price costs, and ESG performance such as DJSI, MSCI ESG rating into our investing evaluation model, preferentially selecting medium and low ESG risk companies as investment targets. As of December 2023, E.SUN's bond investments categorised as low-to-medium ESG risk account for 98.96%, and 100% of equity investments are low-to-medium ESG risk. E.SUN considers both ESG and financial performance, aiming to work together with investee companies on climate change, environmental protection and social welfare.

### **I Monitoring effectiveness in combating modern slavery (mandatory criterion 5)**

The processes of E.SUN FHC and E.SUN Commercial Bank outlined below are used to monitor the effectiveness of the Bank's efforts to combat modern slavery and human rights abuse. E.SUN FHC holds meetings periodically and formulates human rights policies, with due reference to the latest laws and regulations and human rights trends, including the UN Universal Declaration of Human Rights, the United Nations Global Compact, international labour standards, and the Social Responsibility Guidance.

On an annual basis, the E.SUN Declaration of Human Rights gets reviewed and in relation to the E.SUN FHC Human Rights Due Diligence Investigation Procedures involves monitoring and measuring issues related to the impact of human rights, and works with all partners to continuously strengthen and improve the management of human rights issues, in order to make a contribution to international human rights.

Furthermore, by examining human rights topics and adopting social trend analysis, data monitoring, and questionnaire surveys, the Bank's Corporate Social Responsibility Committee has established a matrix of potential risks to the human rights of all E.SUN employees, suppliers, customers, and investment/credit extension targets. This analysis has attributed to the development of the Bank's modern slavery and human rights risk mitigation and compensation measures and formation of the Bank's human rights policies.

### **I Consultation process with owned or controlled entities (mandatory criterion 6)**

E.SUN Bank Australian Branches as the reporting entity with respect to the Modern Slavery Act 2018 does not own or control any other entity.





## I Other relevant information (mandatory criterion 7)

### Corporate Social Responsibility (CSR)

E.SUN Commercial Bank continues to follow the Task Force on Climate-related Financial Disclosures (TCFD) framework: governance, strategies, risk management, and metrics and targets to disclose climate-related information. We have set comprehensive 100% green certification of owned buildings by 2027, 100% renewable energy use by 2030, “coal phase-out” goals by 2035 and net zero by 2050. On environment, E.SUN Commercial Bank responded to climate change with its influence on green finance. E.SUN Commercial Bank is the first Taiwanese bank who pledged to stop project-financing to coal-fired power generation plant. E.SUN Commercial Bank continues to engage in financing and investments in green energy industries, such as wind power and solar energy. E.SUN Commercial Bank became the first bank in Taiwan to receive validation of Science-based targets(SBT). E.SUN Commercial Bank also joined The Taskforce on Nature-related Financial Disclosures (TNFD), the global corporate renewable energy initiative RE100 and Partnership for Carbon Accounting Financial (PCAF) Moreover, E.SUN Commercial Bank is the leading issuer of green bond among domestic banks in Taiwan by amount and number of deals. In 2023, E.SUN headquarters building has obtained three green building certifications: LEED Platinum for Operations and Maintenance (O+M), LEED Zero Energy, and LEED Zero Carbon, the First Financial Institution in North Asia to achieve all three certifications simultaneously.

In regards to society, E.SUN Commercial Bank continues to invest in education, support for the disadvantaged children and humanity. 180 E.SUN Libraries have been established under E.SUN Golden Seed Project. In order to reduce habitat loss, E.SUN has been jointly promoting the “Plant a tree, Plant a life” project for 5 consecutive years in collaboration with the Forestry Bureau. In 2023, the Bank has adopted a total area of 6.01 hectares of state-owned coastal forests and planting 10,965 native tree species, in total over 50,000 trees have been planted from 2019 to 2023; furthermore, for 12 years, E.SUN held “Resource Circulation Charity Auction” and raised NT\$9 million in proceeds in 2023 that all donated to E.SUN Care for Schoolchildren Program. E.SUN has continuously supported the “E.SUN Maravi Rice” project encouraging local farmers to engage in sustainable farming practices while protecting biodiversity.

### Conclusion

E.SUN Commercial Bank and its Australian Branches acknowledges the risks of modern slavery and human rights are complex and evolving. We will monitor these risks in our business, suppliers, customers and openly engage with relevant stakeholders and the Australian Border Force to continually improve our practices. Together, E.SUN Commercial Bank and its Australian Branches will continue to advance and achieve our three aims: overall performance, corporate social responsibility, and sustainable development.

This Statement has been approved by the Board and the Bank President as the principal governing persons of E.SUN Commercial Bank and will be reviewed and updated annually.

**L.C. Lin**  
President  
E.SUN Commercial Bank, Ltd.