

Promotion & Development of Taiwan's Green Finance



Financial Supervisory Commission

Agenda

- 1 Background
- 2 Green Finance Action Plan
- 3 Key Measures
- 4 Preliminary Results

Promoting Green Finance

Major public policies

- Nuclear-Free Country
- Energy Transition
- Environmental Emission Reduction



Global trend

- Catalyzing funds to green industry
- Promoting green financial products

Purpose

- Channel resources of financial sector toward green industry and green life
- Realize economy transition and sustainable development
- Drive growth of financial sector and other industries



The **Green Finance Action Plan** was approved by the Executive Yuan on November 6, 2017.

Goals

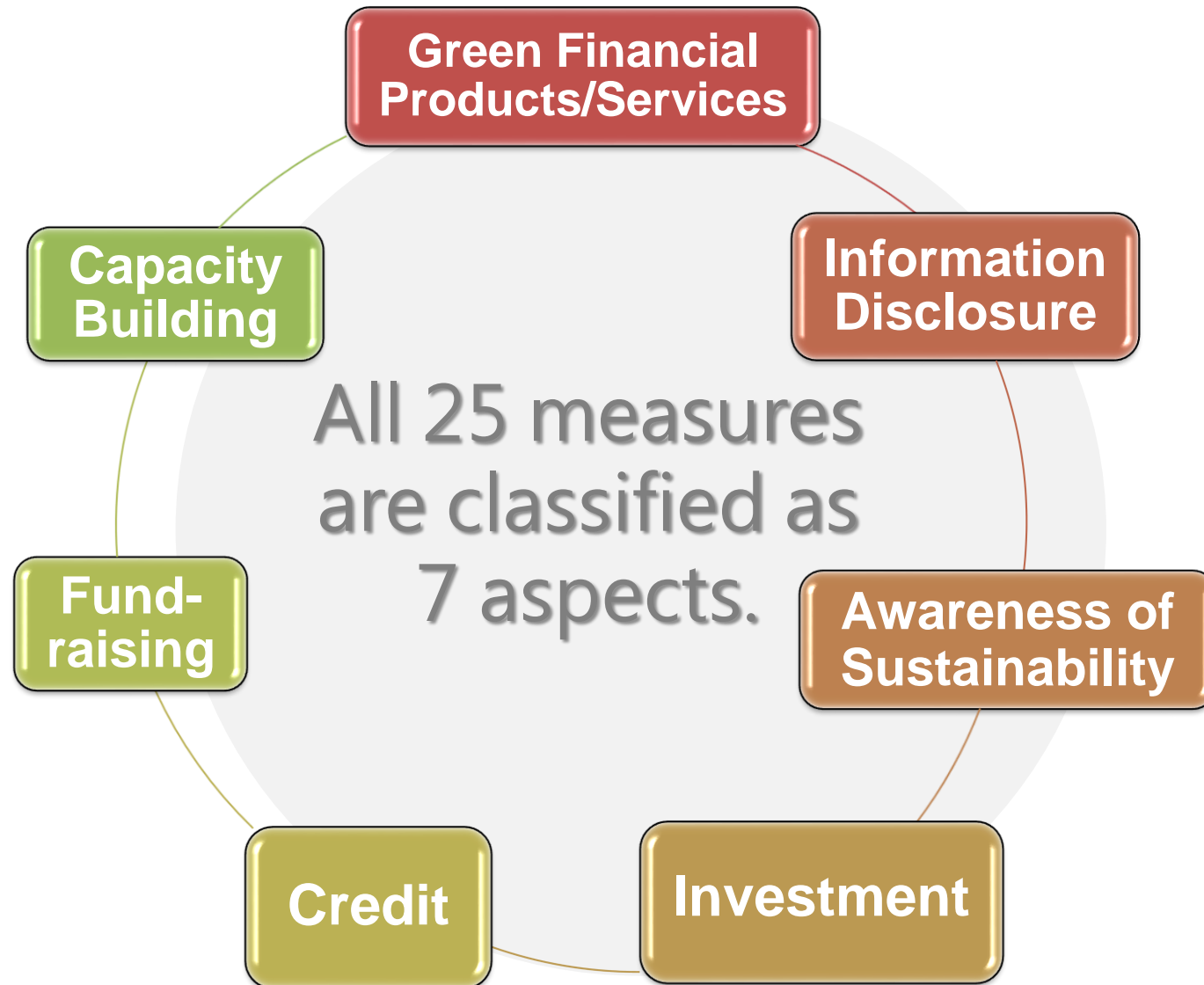
Short-term

Targeting green energy firms and helping them obtain operational funds*

Medium-long term

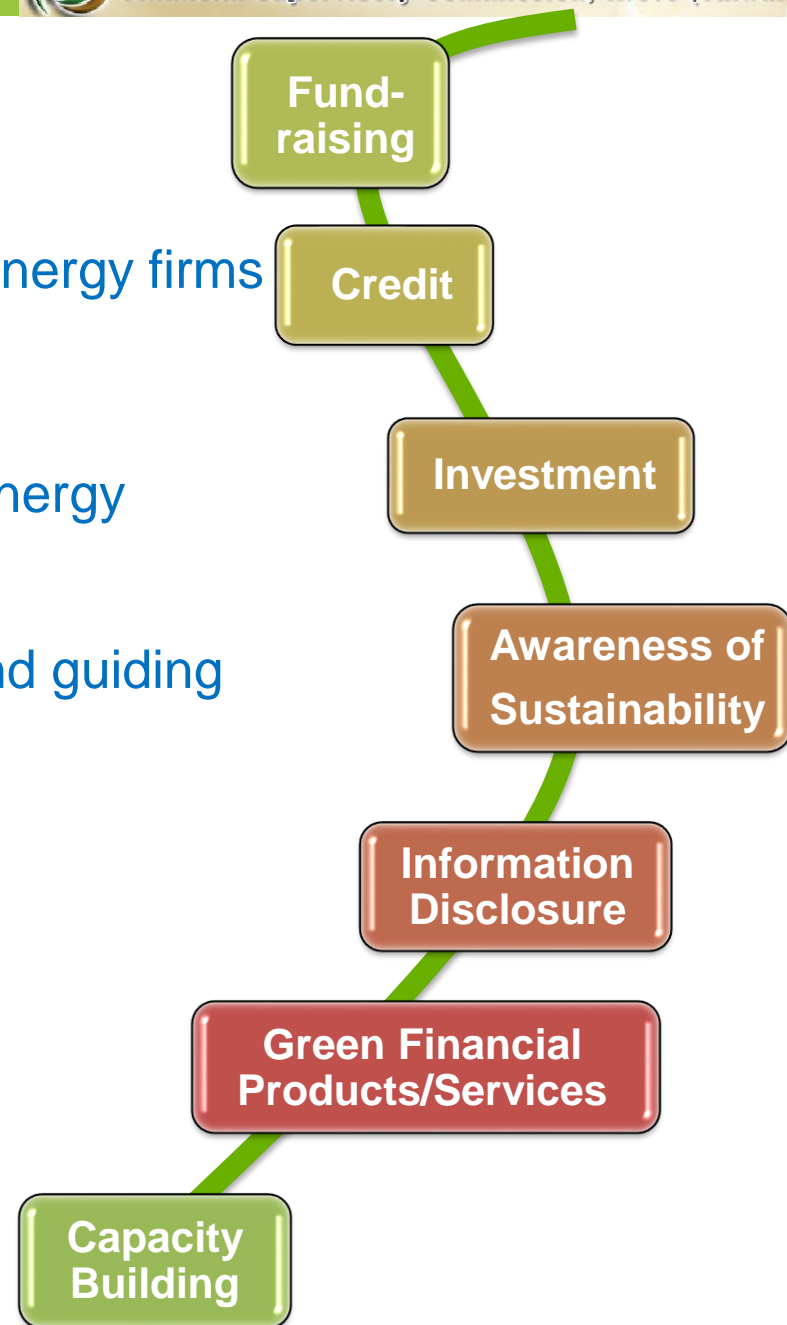
Targeting all industries, investors, and consumers and building up culture of valuing sustainability (low carbon economy, green investment, green consumption, and green life)

Measures are classified as 7 aspects



Key Measures

- ❑ Encouraging banks to extend credit to green energy firms
- ❑ Encouraging FIs to adopt Equator Principles
- ❑ Encouraging FIs to invest in domestic green energy industries
- ❑ Establishing a domestic green bond market and guiding capital market responsible investment
- ❑ Developing green products or services
- ❑ Building green finance capacity



Encouraging banks to extend credit to green energy firms

Incentives

For Domestic banks

- ✓ Launch the *Program to Encourage Lending by Domestic Banks to Enterprises in Key Innovative Industries* including green energy industry on Sep. 30, 2016

For Foreign banks branches in Taiwan

- ✓ Relax credit extension limitation
- ✓ Move up credit line ceiling
- ✓ Allow issuance of NT-denominated financial debenture for green financing

Others

- ✓ Introduce 3rd-party certification
- ✓ Encourage state-controlled banks / National Development Fund's participation in the programs

Encouraging FIs to adopt Equator Principles



4 banks are signatories of Equator Principles (13 in Asia, 94 in globe) as of 02/19/2019.

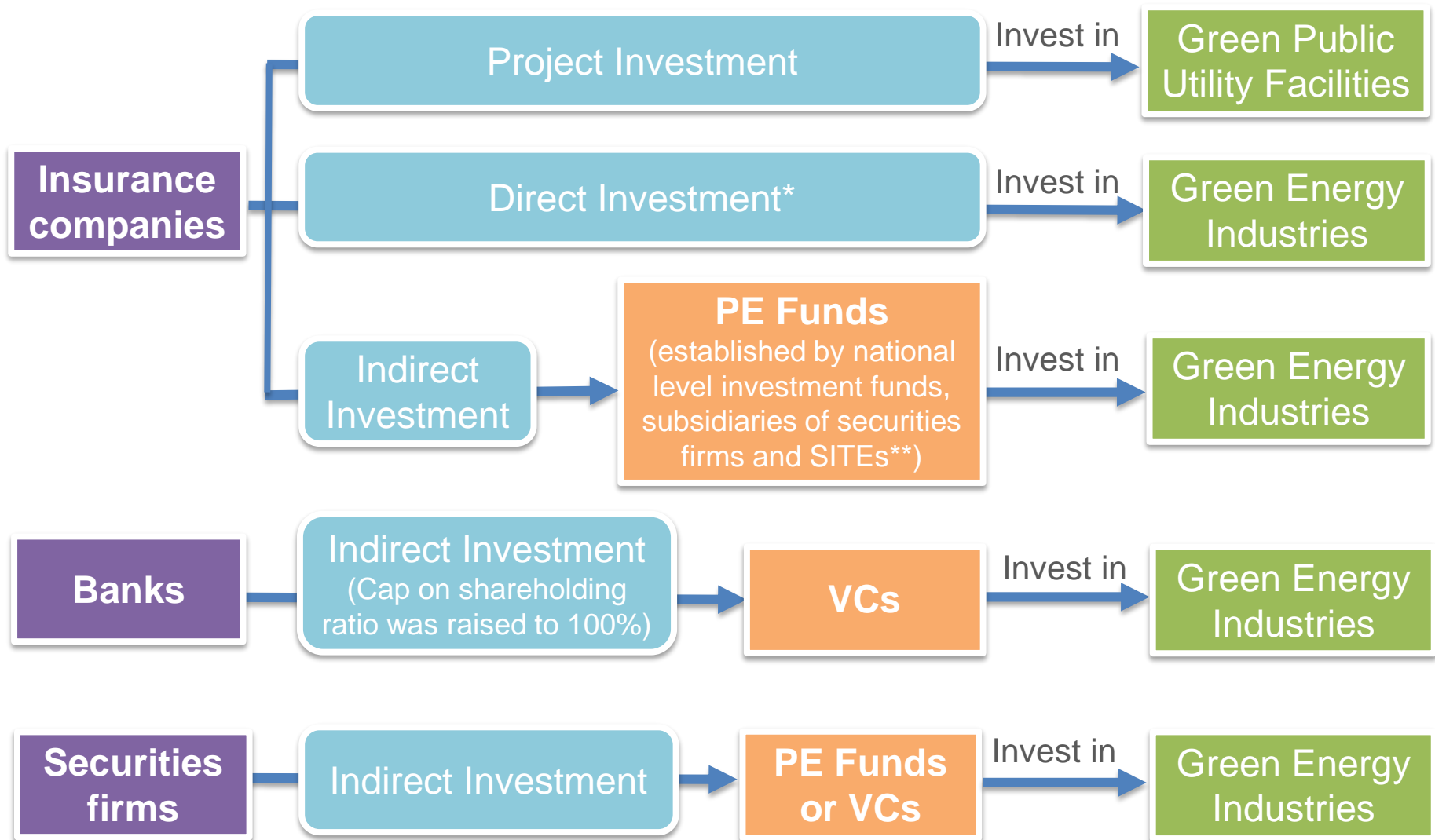
Bankers Association's "Regulation Governing Members' Credit Extension"

- already included concepts of equator principles
- broadening applicable scope from project financing to all corporate credit extension

Life Insurance Association's credit extension guideline for insurance companies conducting credit check, review and re-check

- already included concepts of equator principles and ESG

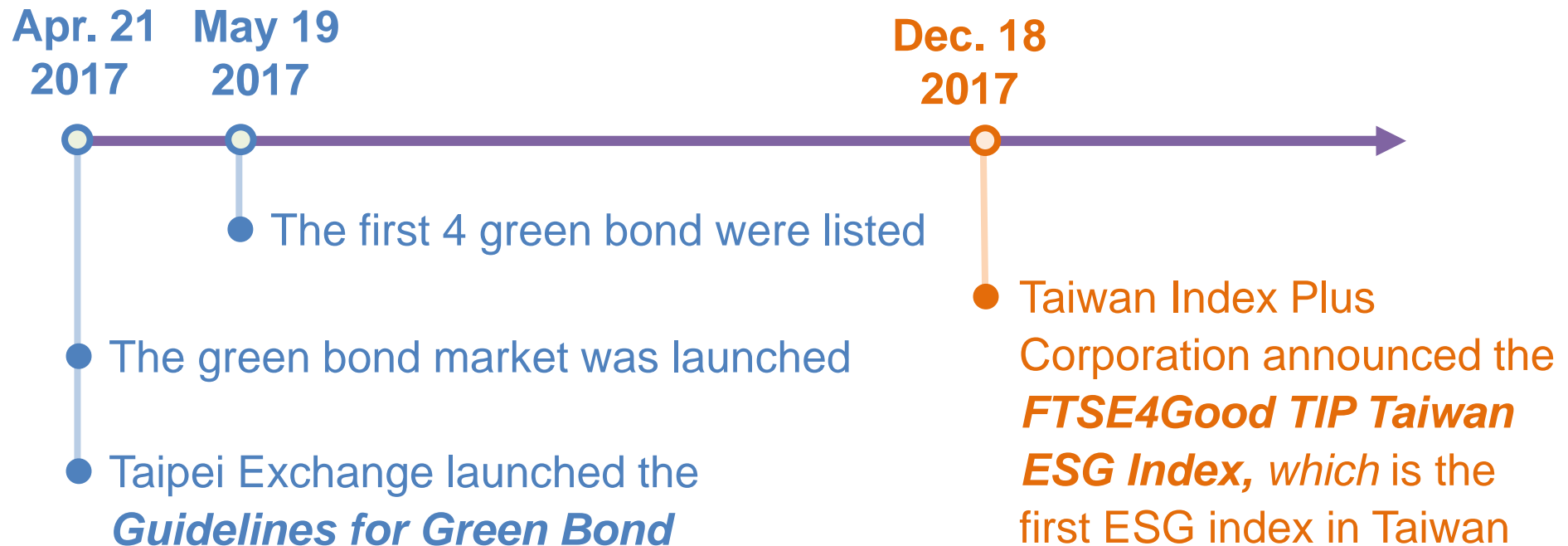
Encouraging FIIs to invest in domestic green energy industries



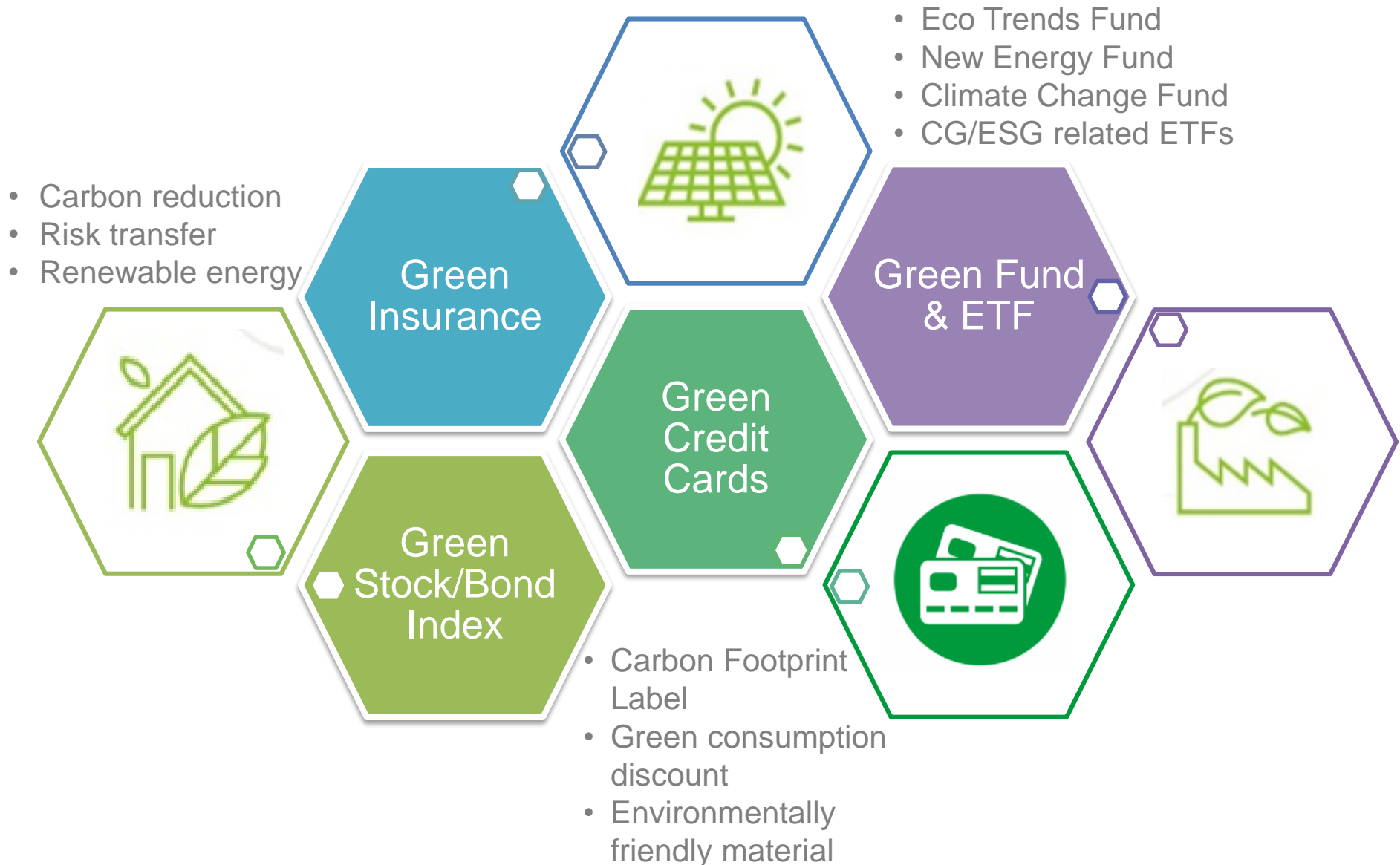
*The FSC launched the *Program to Encourage Insurance Companies to Invest in Key Innovative Industries* including green energy industry on Sep. 25, 2017.

**Securities Investment Trust Enterprises (SITES)

Establishing a domestic green bond market and guiding capital market responsible investment



Developing green products or services



Building green finance capacity

- ◆ Courses, forums and seminars
- ◆ Meetings of the renewable energy investment and financing (by MOEA)
3rd party testing and verification communication platform
- ◆ Project financing principles (added by Bankers Association)



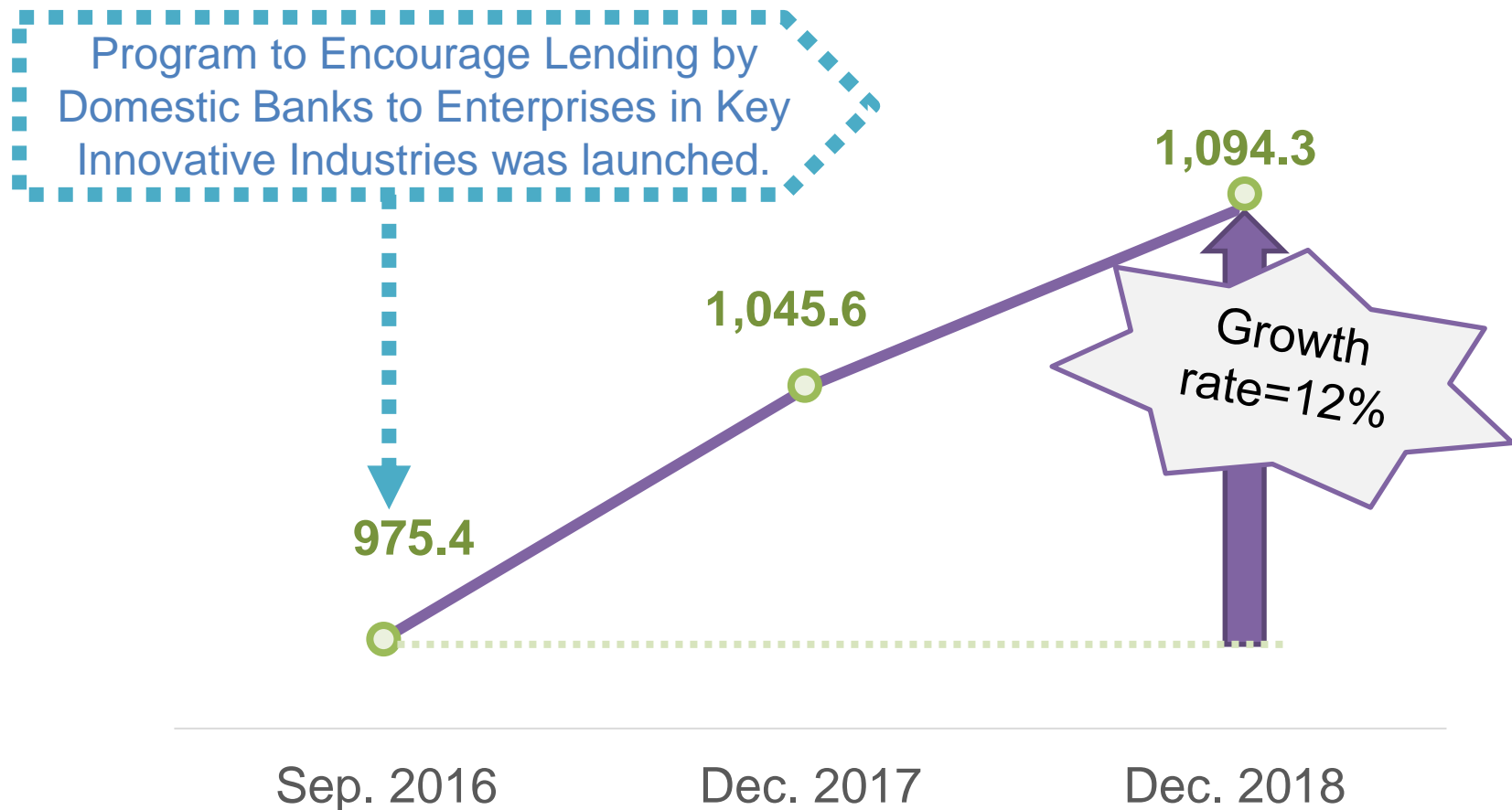
In 2018, Taiwan Academy of Banking and Finance held the “Project Finance Talent Development for Offshore Wind Energy Revolution”.

4. Preliminary Results



Credit

Balance of loans granted to green energy industry by domestic banks (NT\$ bn)



Investment



7 insurance companies approved to invest in **8 renewable energy plants (NT\$9.8bn)** as of the end of 2018

SITEs have launched 7 **green related funds**, such as New Energy Fund, Climate Change Fund.
AUM was about NT\$11.5bn as of the end of 2018



1 PE fund established by SITE subsidiary targeting green tech, renewable energy related firms (**AUM=NT\$8bn**)

Green Bonds

- ◆ **23 green bonds** are listed on the Taipei Exchange as of the end of 2018 (issuance amount **NT\$53.9bn**)
- ◆ Issuers: domestic banks, foreign banks and domestic production businesses



FSC Chairman Wellington L. Koo attended the listing ceremony of CPC Corporation Green Bond on Sep. 20, 2017.

Conclusions

To build up culture of valuing sustainability

