Woori Financial Group

Environmental and Social

Risk Management Framework

Contents

1. Purpose and scope

Woori Financial Group recognizes the importance to the global economy of industrial sectors that can have a significant impact on the environment. Future economic growth will rely in part on these industries to supply raw materials or meet energy needs, and companies in these sectors will need to operate in a sustainable manner that respects communities and the environment.

Woori Financial Group considers the potential impact of its industry sector and strives to promote responsible practices through engagement and disclosure, including protecting the environment, ensuring worker health and safety, and communicating with stakeholders.

The policies and guidelines summarized below set forth environmental and social standards that customers operating in certain sensitive industry sectors must adhere to in their business activities. These standards are based on those defined by international organizations such as the United Nations Global Compact (UNGC), the Equator Principles, and the International Finance Corporation (IFC).

These guidelines are developed by Woori Financial Holdings' ESG Management Department in collaboration with key stakeholders, including subsidiaries or relevant departments within Woori Financial Group. Industry sector-specific guidelines are regularly reviewed to reflect the latest status and challenges.

These guidelines guide our decision-making process and are designed to help you understand how we can best respond to the social and environmental challenges facing our industry and ensure the long-term sustainability of our business.

These guidelines apply globally to all business activities of Woori Financial Group directly related to the industry sector.

Exceptions to the guidelines outlined in this document may only be granted on a case-by-case basis in accordance with our risk review process.

2. Environmental and Social Risk Management System

As one of the country’s leading financial groups, we at Woori Financial Group have adopted the following ESG Financing Principles to fulfill our environmental and social responsibilities in our financial operations and to prevent ESG risks. "ESG Financing" refers to financial products, services, and support designed to reduce environmental and social risks and contribute to the sustainable development of society.

It is a requirement of this framework that we give due consideration to environmental and social issues in the management of our resources and infrastructure and in our business decisions, and that we comply with the principles set out in national laws, sustainability principles or guidelines such as the United Nations Global Compact (UNGC), the Equator Principles, and, for emerging markets, the relevant International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability.

1) Exclusion Area

Woori Financial Group operates the principle of excluding financial support for the following areas with significant negative environmental and social impacts.

- Production or trade of products or activities that are considered illegal under the laws and regulations of concerned country.
- If the labor used in production includes child labor or forced labor
- Transactions involving the illegal gambling/porn industry
- Transactions in the production, trade, or use of radioactive materials that are not determined to be adequately protected, controlled, and monitored.
- Transactions involving the production or shipping industry for cluster munitions
- Assistance with a new coal mining business or expansion of a coal mining business
- Build a new coal plant

2) High-caution Area

Woori Financial Group identifies businesses or industries that may have adverse impacts as areas of concern and manages them by referring to national laws, the UN Guiding Principles on Business and Human Rights (UNGPs), and, for emerging markets, the relevant International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability. In project-related transactions where these risks exist, an independent review of social and environmental assessment documents may be required by a qualified independent consultant with relevant expertise to assess whether risks and impacts are being managed appropriately. These areas of heightened attention include the following subject areas.

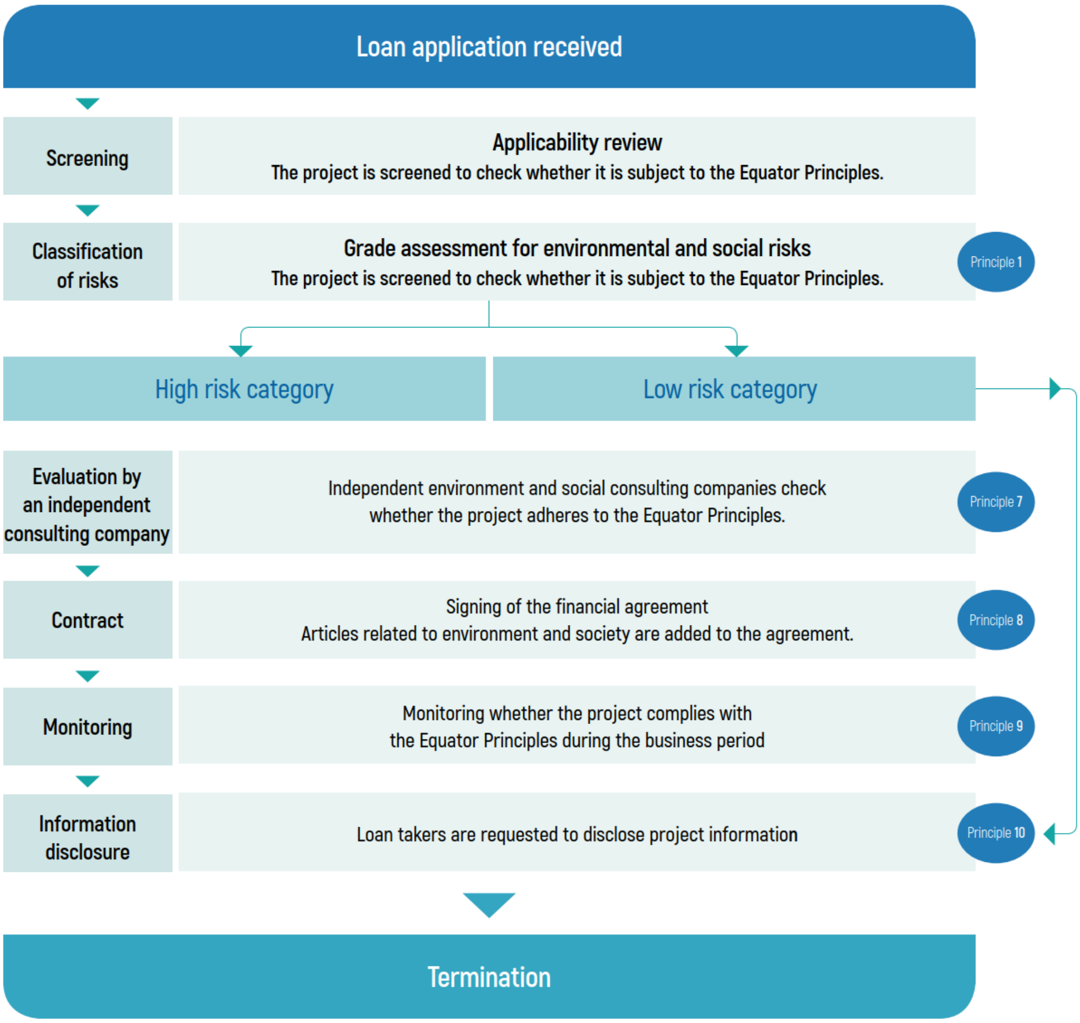
- Projects in countries or regions with a known history of human rights abuses and weak labor laws, particularly occupational health and safety and freedom of association;
- Doing business in areas of critical habitat, conservation value, and high cultural heritage value
- Coal Mining
- Coal-fired power generation
- Forestry
- Other high-carbon emitting industries (refining and petrochemicals, steel, cement, aluminum, etc.)

3) ESRM Applicability Criteria and Scope

Woori Financial Group's ESRM framework fully integrates the Equator Principles (EP), a credit risk management framework for determining, assessing, and managing environmental and social risks for project finance. Woori Financial Group's ESRM framework applies to all company-wide business areas, including lending and investments involving large-scale projects, when one of the following criteria is met

- Transactions that exceed thresholds set by groups for specific projects and applicable financial instrument types.
- Transactions that fall within the 'areas of caution' or 'industry-specific guidelines' established by Woori Financial Group through this framework.

4) ESRM Application Process



① Risk screening

As a step in reviewing whether a project to be invested in is in line with the Group's environmental and social risk management policy, we identify the project details, including whether it is subject to the Equator Principles and the type and purpose of the project.

② Classification

The Equator Principles' preliminary environmental and social scoring process and the scoring procedure use scoring criteria (A, B, and C) based on the internationally recognized International Finance Corporation Performance Standards as a step to classify projects according to the extent of their environmental and social risks and impacts.

③ Independent environmental and social audits

For all A-rated and B-rated projects with significant environmental and social risks and impacts, we conduct a detailed risk and impact assessment, including high-level due diligence as necessary.

④ Pledge

Reflect in the financing agreement requirements such as the establishment and maintenance of an environmental and social management system, stakeholder engagement, and grievance mechanisms to ensure that the client minimizes identified risks and takes action on residual impacts. If the client fails to comply with the agreed requirements, we reserve the right to require remediation and, if not remedied within the agreed grace period, to exercise remedies, including declaring default if necessary. However, the pledge step, which is a requirement of the Equator Principles, may be applied optionally during the environmental and social risk review process of non-Equator Principles affiliates.

⑤ Monitoring

Periodically (at least once a year), the implementation of mitigation measures designed to minimize environmental and social impacts and ongoing environmental and social issues are monitored and disclosed, and the monitoring method is subject to consultation with the borrower and lender.

3. Organizational Structure

Woori Financial Group has the following organizational structure and assigns responsibilities and roles for the implementation of the Sustainable Finance Framework.

Convergence of ESG Governance and Risk Management for Climate Response

Organization	ESG Management	Risk Management
Committees within the BoD	Board ESG Management Committee	Board Risk Management Committee
Holding Company's Business Execution Manager	Managing Director of Future Business Unit	CRO
Working-Level Council	Working-Level Council for Group ESG Management	Working-Level Council for Group Risk Management
Holding Department	ESG Management Department	Risk Management Department

Change 'Group ESG Management Council' to 'Group Management Council', 'Strategic Division Executives' to 'ESG Officers', and 'Holding Department' to 'Department in Charge' in the above table.

4. Global Partnerships

Woori Financial Group aims to provide the best products/services to its customers by providing innovative financial services that enable economic development while pursuing sustainable finance. In pursuit of this goal, Woori Financial Group has adopted or publicly endorsed the external principles and standards listed below that inform its approach to sustainable finance and risk management.

- UNGC, UN Global Compact
- UNEP FI, UN Environment Programme Finance Initiative
- PRB, Principles for Responsible Banking
- TCFD, Task Force on Climate-Related Financial Disclosures
- CDP, Carbon Disclosure Project
- Equator Principles
- PCAF, Partnership for Carbon Accounting Financials
- SBTi, Science Based Targets initiative
- Business Ambition for 1.5°C
- TNFD, Taskforce on Nature-related Financial Disclosures
- PBAF, Partnership for Biodiversity Accounting Financials
- NZBA, Net-Zero Banking Alliance

5. Industry-specific guidelines

1) Agriculture

Introduction

The agriculture industries are responsible for producing a range of commodities such as palm oil and soy that play a critical role in feeding the world's population and driving economic development. The production and processing of these commodities is also a major source of income and supports the livelihoods of millions of people across the world, particularly in developing economies. However, these activities are also associated with a range of adverse environmental and social impacts, including loss of biodiversity, damage to precious ecosystems, labour exploitation and displacement of local communities.

Commitment

Woori Financial Group seek to support clients that promote sustainable land management practices whilst respecting the rights of workers and local communities.

Implementation

Woori Financial Group encourages all relevant clients involved in the upstream production lines of palm oil and soy to fulfill environmental and social standards for the palm oil and soy industries. To this end, we require them to join agriculture-related initiatives such as the Roundtable on Sustainable Palm Oil (RSPO) and the Roundtable on Responsible Soy (RTRS) and factor their membership into our investment decision-making process. For applicable customers, Woori Financial may withdraw from providing financial products or services to customers who cannot confirm their action plans for initiatives and sustainable activities within 3-5 years.

Woori Financial Group provides financial products or services to agricultural projects with plans to

Biodiversity

- Are not located on: UNESCO World Heritage Sites, Wetlands on the Ramsar list, Alliance for Zero Extinction sites, IUCN Category I-IV areas, Peat lands;
- Do not involve the trade of any plant or animal species or products governed by the Convention on International Trade in Endangered Species of Wild Fauna or Flora (CITES) not authorized by a CITES permit;

- Implement a polyculture system (farming multiple species with different feeding habits together) to protect biodiversity.

Working Conditions & Human Rights

- Do not use child or forced labor;
- Have a grievance mechanism in place through which workers concerns can be raised and addressed;
- Respect the right of workers to organize in a trade union or ensure workers' interest and voice are heard within the company;
- Do not discriminate against employees and applicant for employment;
- Provide employee education programs on environmental risks and social issues.

Land tenure and local community rights

- Have a Guideline in place to obtain the Free, Prior and Informed Consent (FPIC) of the local communities and have a grievance mechanism in place through which local communities' concerns can be raised and addressed;
- Do not engage in Land grabbing practices.

Food safety and traceability

- Have a Guideline on food safety and traceability covering their suppliers and their own operations;
- Have a food safety management system in accordance with standards and certifications approved by the Global Food Safety Initiative (GFSI).

Woori Finance Group will also carry out an analysis of the proposed agriculture project. The following evaluation criteria will be considered as key areas of due diligence. Woori Finance Group therefore determine whether Agriculture projects:

General Environmental Management

- Have obtained or plan to obtain ISO 14001 or equivalent certification*;
- Put in place measures to monitor and reduce Greenhouse Gas (GHG) emissions including CO_2 (carbon dioxide) and CH_4 (methane), NO_2(Nitrogen dioxide), energy consumption, waste generation and disposal and to ensure soil integrity;

- Take steps to minimize water use (e.g., for irrigation) and monitor the impact on water availability for other users, especially in areas of high-water stress;
- Take steps to prevent soil salinization;
- Manage wastewater to minimize water pollution;
- Integrate high carbon stock (HCS) analysis in the development of new agricultural projects, working with relevant experts in the field.

Health and safety

- Have obtained or plan to obtain OHSAS 18001 or equivalent certification*;
- Have a health & safety management plan which includes measures to avoid and reduce hazards.

Global Food Security

- Minimize food wastage during harvesting, storage and transport. Food safety and traceability;
- Avoid and minimize potential adverse impacts on local subsistence agriculture when developing new agricultural projects (adverse impacts that may result from introducing new crops or replacing existing local crops for biofuel production or other types of subsistence agricultural activities);
- Have obtained or plan to obtain ISO 22000 certification (which is based on HACCP Principles), or equivalent food safety management certification.

Pesticides

- Do not use substances banned under the Stockholm Convention on Persistent Organic Pollutants (POPs), substances listed in Annex III of the Rotterdam Convention, or pesticides classified as WHO Class 1A or 1B, except in exceptional circumstances;
- Establish policies to minimize the use of pesticides and fertilizers, including Paraquat;
- Do not plan to use or remove pesticides included in the SIN list from your operations;
- Implement or plan to implement an integrated pest management plan.

Livestock or Poultry

- Woori Financial Group will only provide financial products or services to livestock or poultry projects that comply with, or plan to comply with, the International Finance Corporation's (IFC) Good Practice Note on Improving Animal Welfare in Livestock Operations.

2) Forestry

Introduction

The world has around 4 billion hectares of forest. Almost 30% is used primarily for the production of wood, paper and non-wood products (mainly food), with the formal timber sector estimated to contribute US$600 billion to the world economy. A further 25% is primary (or high conservation value) forest, commonly called rainforest in tropical regions and containing a disproportionately large share of the world's rare species of animals and plants. Forests also provide a home and livelihood for millions of indigenous and other people. Deforestation, often through illegal logging, has had significant negative impacts on the environment, on people and – as rainforests are a particularly important store of carbon - on climate change. Deforestation may also result from changing land use, for instance the conversion of forests to agricultural lands for crop cultivation.

Commitment

As the forestry sector has credible certification schemes with a material market share, Woori Financial Group use certification to check that customers meet our standards and wish to ensure that our customers operate in accordance with good international practice.

Implementation

Woori Financial Group will abstain from financing activities involving deforestation of primary forests and tropical rainforests, and of removal of high conservation value (HCV2) forests. Moreover, other activities related to forest exploitation and logging will only be financed if the following conditions are fulfilled:

Activities	Location	Requirements
Production	All logging sites in High Risk Countries	FSC or PEFC certification
	All logging sites in Low Risk Countries	a) FSC or PEFC certification or b) No track record or credible allegations of unacceptable impacts
Supply chain	All facilities sourcing wood or pulp from or originating from High Risk Countries	FSC or PEFC certification
	All facilities sourcing wood or pulp from or originating from Low Risk Countries	a) FSC or PEFC certification or b) No track record or credible allegations of unacceptable impacts

- If the pulp producer purchases wood from an external source, it must request that the supplier be FSC or PEFC certified, or design and implement an action plan to become certified within five years.
- For forest and reforestation managers, you must be FSC or PEFC certified or design and implement an action plan to become certified within five years.

Requirements for Upstream Pulp Companies

- Do not use child or forced labor;
- Don't use illegally harvested wood;
- Do not convert a UNESCO World Heritage Site to an industrial timber plantation;
- Do not convert Ramsar-listed wetlands to industrial timber plantations;
- Have no conversion of High Conservation Value Forest (HCVF) to new plantations. If a company's plantation is located on land previously occupied by HCVF, the conversion must have occurred before 2001, and the company must demonstrate to the extent possible that it is not directly or indirectly responsible for the conversion;
- Clear and strict peatland management procedures should be in place for new plantations located in peatlands;
- Have an anti-incineration policy as recommended by ASEAN policy or other regional best practices;
- Provide a regular monitoring plan for the health and safety status of your workforce.

Requirements for Pulp Production Companies

- If a bleaching process is required, develop a new pulp mill using Elementary Chlorine Free (ECF) or Totally Chlorine Free (TCF) technology.
- For existing factories, transition the process to ECF or TCF technology.
- Presents a management plan for monitoring and controlling various water pollution levels and air emission indicators (such as flow rate, pH, TSS, COD, BODS, AOX, total N and total PS) as set out in IFC's EHS Guidelines for Pulp and Paper Mills.
- Provide a regular monitoring plan for the health and safety status of your workforce

3) Biodiversity

Introduction

Woori Financial Group acknowledges the importance of biodiversity as it contributes to economic prosperity and human development. Nature is an important supplier of resources to many different economic sectors and offers essential services such as, for example, purification of water, flood protection, pollination and carbon sequestration. For Woori conservation and the sustainable use of biodiversity are preconditions for sustainable development. But biodiversity is under pressure. The current biodiversity loss is caused by:

- habitat fragmentation, degradation and destruction;
- unsustainable production and consumption, resulting in an overshoot of the Earth's biological capacity to restore from overexploitation of forests, oceans, rivers and soils, and causing pollution and climate change;
- the introduction of invasive species.

Commitment

Woori Financial Group engages to reduce its direct and indirect impact on biodiversity and to increase its contribution to the sustainable use and management of biodiversity.

Implementation

Woori Financial Group conducts enhanced due diligence on biodiversity management for transactions with a high risk of direct impact on habitats or areas of high conservation value for biodiversity protection and conservation. For such clients, Woori Financial may withdraw from providing financial products or services if an action plan for initiatives and sustainable activities cannot be identified within 3-5 years.

A) Managing Risks

At Woori Finance Group, we view the protection of biodiversity as an integral part of our ESG commitments. Where applicable, biodiversity-related issues are considered in Woori Finance Group's risk management processes and we cover these topics in our sector-specific policies and guidelines to govern the responsible provision of financial services to clients. For example, as a rule, Woori Finance Group will not finance or provide advice on activities undertaken by in-scope businesses within areas of High Conservation Value (HCV) that are subject to statutory local, national or international Protected Area designation, or areas that are undesignated but recognized by the international scientific community as having HCVs. We will only provide financial products or services to companies (producers, meat conditioners, and traders) that have a strategy to achieve zero land degradation in their production and supply chains by 2025 at the latest. Specifically, we will not finance clients who produce or purchase beef or soy from land that has been cleared or converted since 2008 in Amazon. We will also require full traceability of beef and soy (direct and indirect) channels by 2025 for all clients. We will not participate in the trade of plant or animal products or species managed by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and will only provide financial products and services to projects that are not CITES-approved.

B) Facilitating Opportunities

Woori Finance Group engage with stakeholders on defining ways for the financial industry to contribute to conserving and restoring biodiversity and the world's natural habitats like mangrove forest. We have been active in the conservation finance space for several years, developing and supporting the creation of new, long-term and diversified sources of revenue, including mobilizing private capital to address biodiversity loss and support terrestrial and marine habitat conservation.

C) Reducing Our Footprint

We recognize the importance of and are committed to minimizing our adverse impacts on biodiversity and natural capital:

- We seek to implement opportunities for optimal materials selection and consumption, as well as waste minimization and recycling throughout the lifecycle of our real estate projects, with reference to credible green building standards.
- Through the activities of our global sustainability networks, we inform our employees and other stakeholders of how they can reduce their materials consumption at work and at home.
- Our operational environmental objectives for the year 2050 are intended to help reduce the impact on climate change, and therefore also contribute to the protection of biodiversity.
- We maintain our commitment to operational carbon neutrality, including through supporting reforestation projects.

4) Climate Change

Introduction

Woori Finance Group's support for TCFD is a general reflection of its broader ambition – translated in the Woori ESG Strategy – of contributing towards a low-carbon society. In September 2021, Woori strengthened its climate commitment by joining the Science Based Targets initiative (SBTi). The energy sector is crucial to the transition towards a low-carbon economy, but it will face substantial challenges in this regard, such as securing the energy supply as demand grows and further increasing the share of renewable energy.

Commitment

Woori Financial Group has stated its ambition to realize carbon neutral finance by 2050. To achieve this, we make the following commitments:

1. Achieving net-zero operations

Woori Finance Group is working to achieve net zero operations and reducing supply chain emissions, investing in the continued decarbonization of our operations, and in the development of a net zero pathway for the emissions from our supply chain.

2. Reducing our financed emissions

Woori Finance Group is committed to aligning its financing with the goals and timelines of the Paris Agreement.

3. Financing the transition

Woori Finance Group is providing the green and sustainable finance required to transform the economies we serve.

Implementation

Reducing Our Financed Emissions

Woori Financial Group has declared carbon neutrality by 2050 through 'Plan Zero 100'. To this end, we have established targets for internal GHG emissions (Scope 1&2) and plan to implement GHG emission reductions by reducing energy usage every year by applying the 1.5℃ scenario with 2022 as the base year in accordance with SBTi recommendations. Ultimately, by 2030, we aim to reduce GHG emissions by 42% compared to the baseline year, reflecting the reduction rate of the 1.5℃ scenario, and achieve net-zero internal emissions (Scope 1&2) by 2044.

Reducing Financial Emissions

We believe we can make the biggest difference by helping our clients transition to a low-carbon economy, rather than simply phasing out support for them. This is particularly true for clients in carbon-intensive sectors. Exiting these companies can lead to less transparent use of funds, which in turn can lead to less support for the transition.

Many sectors with high carbon intensity, such as power and energy, cement, aluminum, and transportation and materials, need financing for the transition. Restricting the flow of capital to these sectors could be detrimental to the pace of the transition and have a real impact on global warming.

Our priority is therefore to support the transition while maintaining a constructive and collaborative relationship with our clients and customers regarding the responsible disposal of carbon-intensive assets. In some sectors, progress can be made in the short term, while in others, the technology required to make the transition is not yet fully developed and is likely to occur at a later date. In line with our purpose, climate strategy and approach to risk management, we will reduce our financial support over time if companies are unable or unwilling to reduce or eliminate their emissions, in order to achieve our goal of carbon neutral finance by 2050.

Asset Selection

In regards to asset selection, we have adopted a rigorous process for considering companies in the sectors most exposed to climate risk. As part of this approach:

- We do not invest in companies that have been identified to generate certain amount of their returns from the extraction of energy coal or tar sands
- We negatively alter diversified oil and gas companies' valuations to reflect amendments to the projected energy demand during the low carbon transition. This amendment is informed by the International Energy Agency's (IEA) Sustainable Development Scenario and the Beyond Two Degrees Scenario and makes the sector, and specifically oil intensive businesses, less attractive in our investment model.
- In addition to the above, prior to purchase, we conduct an in-house assessment of oil and gas

and electrical utility companies' alignment with the Paris Agreement and associated measures. Investee companies that are not in line with the Agreement require approval from the Head of Investment Officer prior to purchase. Once purchased such businesses are prioritized for active stewardship.

- We conduct analysis on the resilience of other exposed companies' (such as those within the financial sector) to climate related events and take appropriate action.

5) Circular Economy

Introduction

The circular economy concept is gaining attention as the consumption and use of resources increases to serve a fast-growing population with rising standards of living. Circularity refers to the circular flow and efficient use and reuse of resources, materials and products. This new economic model represents sustainable green growth, moving from a consumption and disposal-based linear model to a system that extends the life of products and materials and minimizes waste. The circular model has many environmental, climate, social and economic benefits. It is also attracting increasing attention from the business community and public and private investors. The circular economy goes beyond resource efficiency and recycling. It provides the framework to develop new business models aimed at increasing the value, use and life of materials, products and assets and designing out waste from production and consumption.

Commitment

Woori Finance Group is supporting the transition to a circular economy, aim to increase lending to innovative circular economy projects aimed at systematically designing out waste, extending the life of assets and closing material loops.

Implementation

Woori Finance Group has a range of financing products and instruments to support the circular economy. Financing can be tailored to the specific needs of the borrower, depending on a project's size, maturity, type of client, position in the value chain, etc.

Considering the characteristics and the risks of many projects, We are adapting its standard products and launching circular economy thematic operations. We will keep adapting and developing new lending products to meet the needs and opportunities of the market.

Circular economy projects or project components should have a clearly communicated intention, goal or design brief to contribute to circular economy goals and objectives, and be positive for society and the environment, similar to impact investing. The due diligence must consider the long-term thinking and broader conception of value common in many circular economy projects, where upfront investments generate returns (or reduce risks further in the future than conventional projects) and have multiple values (ecological, social and financial).

6) Oil & Gas

Introduction

In July 2021, WOORI FINANCE GROUP set out an ambition to align its financed emissions – the greenhouse gas emissions of its portfolio of customers – to net zero by 2050 or sooner, to meet the 1.5°C global warming target. In order to achieve this, the Group will use science-based pathways, aligned with the goals and timelines of the Paris Agreement ("WOORI FINANCE GROUP's Plan Zero 100 Target").

WOORI FINANCE GROUP will set interim targets and report progress in fulfilling the Phase-Out Commitment; assess clients' transition plans in relation to WOORI FINANCE GROUP's Plan Zero 100 Target.

Commitment

Woori Financial Group intends to review the Guidelines at least annually to ensure that they remain consistent with its phase-out commitments. The annual review will include consideration of changes in relevant external factors (e.g., changes in scientific assessments of climate change impacts, transition pathways and future risks, or changes in government or regulatory treatment).

Woori Financial Group will report on its progress in reducing funding annually in line with its phase-out commitments. These commitments will be reviewed in conjunction with the assessment of customer transition plans. These guidelines will be implemented as part of Woori Financial Group's risk framework, which includes formal governance committees at the global, regional, and country levels.

Implementation

Woori Financial Group will phase out financing (corporate loans or reserve-based loans) granted to companies that support oil production or specialize in the exploration and production of oil and gas. This Unconventional Oil & Gas Phase-Out Policy ("Policy") will be implemented by 2030 to phase out unconventional oil and gas financing in Korea/Organization for Economic Cooperation and Development ("OECD") markets. In other markets, it will be implemented by 2050. For remaining conventional oil and gas financing after 2030, it will be phased out by 2050. For new projects, Woori Financial Group will only provide financial products or services to or invest in companies in the oil and gas sector in the following cases.

- Unconventional oil and gas[1] Companies with a related business model that derive less than 10% of their revenues from corporate activities from unconventional oil and gas.
- Companies with unconventional oil and gas-related business models where less than 10% of their exploration and production activities are related to Arctic oil and gas.
- Companies with unconventional oil and gas-related business models where less than 10% of their exploration and production activities involve ultra-deep water (UDW) oil and gas.

In addition, Woori Financial Group does not provide financial products or services to, or invest in, the following people

- Trading companies where unconventional oil and gas resources are a significant part of the activity portfolio
- Energy companies that directly own or operate pipelines or liquefied natural gas (LNG) export terminals fueled by large volumes of unconventional oil and gas.

Finally, Woori Financial Group does not provide financial products or services or invest in energy sector companies that have oil and gas reserves in the Amazon region or are actively developing infrastructure related to petroleum activities in the region.

In order to assess whether or not a company is sufficiently engaged in the energy transition to remain an eligible investment we review the following industries :

Tar Sands, Shale Oil & Gas, Arctic Oil & Gas, Liquified Natural Gas(LNG), Ultra-deep-water (UDW) Oil & Gas

The Unconventional Oil & Gas guidelines apply to credit line/lending activities, debt instrument underwriting, infrastructure finance/project finance, and all active and passive investments.

Bonds issued by Governments or Government-related institutions, Asset Backed Securities, Money Market Instruments, Private Assets, Direct Property, Index Derivatives and funds that are not managed by Woori Finance Group are currently out of scope.

Once sufficiently robust and granular approaches capable of widespread implementation are

---

[1] Unconventional resources such as oil sands / tar sands, extra heavy oil, tight oil, shale oil, shale gas, tight gas, coalbed methane, and gas hydrate.

established, these asset classes will be considered for inclusion within the Unconventional Oil & Gas

For funds whose objective is to replicate the performance of an index (i.e., passive funds), it will not be possible to implement the Unconventional Oil & Gas Policy in full, as its requirements are not reflected in the benchmark that the funds are seeking to perform in line with.

However, where these passive funds own shares in companies in the thermal coal industry, we will seek to use our influence and encourage management to transition away from Unconventional Oil & Gas in line with IPCC recommendations.

7) Mine

Woori Finance Group seeks to promote responsible mining practices that protect the environment, ensure health and safety for workers and local communities, and engage the public through consultation and disclosure.

For the purposes of this policy, Mining Companies are companies, counterparties, assets, projects or clients, or prospects or beneficial owners that are involved in the mining of raw metal ores or raw metals (e.g., bauxite, copper, iron), non-metal products (e.g., coal, uranium, limestone) or precious materials (e.g., diamonds, gold, platinum).

Performance of Client

Assessments of a Mining Company's reputation and management practices should be based on its ability to demonstrate that it has adequately addressed the following issues:

- Water management
- Air emissions
- Habitat and biodiversity fragmentation and degradation
- Waste management
- Site decommissioning and remediation
- Worker and community health and safety
- Public involvement, consultation and disclosure

Where contractors are used for operations that have a significant impact on the above issues, the Mining Company should be able to demonstrate that it has processes in place to ensure that its first-tier contractors comply with the Mining Company's standards.

In its assessment of clients, Woori Finance Group values the application of or participation in the following best practice standards as positive factors: the International Finance Corporation's ("IFC") Environmental, Health, and Safety Guidelines for Mining and for Construction Materials Extraction, the Extractive Industries Transparency Initiative ("EITI"), the International Council of Mining and Metals, the Voluntary Principles on Security and Human Rights (for security services), and the International Cyanide Management Code (for gold mining).

Mandatory referrals: Any transaction involving the following sensitive activities must be referred to Sustainability Risk and may subsequently require escalation to the Reputational Risk Review Process:

- Coal mining: In the event of transactions involving thermal and/or metallurgical coal mining activities, including associated infrastructure development, particular scrutiny will be placed on strategy and actions to manage climate change risks, water contamination, habitat depletion, and worker health and safety. (See also next section "Prohibited activities".)
- Uranium (or other radioactive materials) mining: In the event of transactions involving uranium (or other radioactive materials) mining operations, particular scrutiny will be placed on strategy and action to manage water contamination, waste, and worker and community health and safety, especially in regard to radiation. Additionally, the designated use of the mined uranium (or other radioactive material) will be taken into consideration in the review.
- Indigenous peoples: When there is credible evidence that the proceeds of a project-related transaction are used for activities which may negatively impact an area used or traditionally claimed by an indigenous community, Woori Finance Group expects its clients, with respect to this transaction, through active engagement with the respective authorities, regulatory bodies and affected communities, to demonstrate alignment with specific key objectives and requirements of the International Finance Corporation (IFC) Performance Standard 7 – Indigenous Peoples, which incorporate the principles of the United Nations Declaration on the Rights of Indigenous Peoples and the concept of Free, Prior and Informed Consent (FPIC).
- The Equator Principles: Certain transactions involving Mining Companies and tied to specific projects including project finance, project finance advisory services, project-related corporate loans, bridge loans, project-related refinance and project-related acquisition finance are subject to enhanced due diligence under the Equator Principles, a management framework for determining, assessing and managing environmental and social risk in project-related transactions. Such transactions must be submitted to Sustainability Risk for review prior to final approval

Prohibited activities involving Mining Companies

Areas of High Conservation Value

Woori Finance Group will not finance or provide advice on activities undertaken by Mining Companies in areas of High Conservation Value (HCV) that are subject to statutory local, national or international 'Protected Area' designation, or in areas that are undesignated but recognized by the international scientific community as having HCVs.

Examples of HCV areas include fragile or threatened habitats, including all Primary Forest; areas with concentrations of threatened or endangered species, and/or sites of special cultural or religious significance. HCVs with international designation include, for example, sites in the UNESCO World Heritage List or the Ramsar List of Wetlands of International Importance.

Tailings disposal

Woori Finance Group will not finance or provide advice for Mining Companies on their specific operations that utilize tailings disposal in the sea or in rivers, with exceptions only considered in the absence of practicable environmentally and socially sound alternatives.

Mountaintop mining (MTM)

Woori Finance Group will not directly finance or provide advice on operations to extract coal or other resources where MTM practices are used. For general corporate purpose finance or advice involving clients that conduct MTM as a minor part of a broader set of operations, Woori Finance Group evaluates the volume and trends in the client's MTM production and the nature of the transaction in determining conformance with this policy.

Thermal coal mining

Woori Finance Group will not provide any form of lending or capital markets underwriting to any company that presently does or, as a consequence of a potential mandate under review, would derive more than 25% of its revenue from thermal coal extraction. Transactions with such companies are only permitted where the client has a credible transition strategy to diversify away from thermal coal and where, in addition, the transaction proceeds make a material contribution to this transition.

Woori Finance Group will not provide any form of financing that is specifically related to the development of a new greenfield thermal coal mine, or where the majority of the use of proceeds is intended for a new greenfield thermal coal mine.

Diamond mining and trading

Woori Finance Group will not finance or provide advice for the mining or trading of rough diamonds not certified under the Kimberley Process Certification Scheme.

Major resettlements

Woori Finance Group will not finance or provide advice on operations undertaken by Mining Companies that require resettlement of 5,000 or more people, unless conducted in conformity with international best practices such as the IFC Environmental & Social Performance Standards, supported by FPIC (as applicable) and a comprehensive resettlement action plan.

Human rights

Woori Finance Group will not finance or advise Mining Companies against which there is credible evidence of involvement in grave human rights abuses such as, e.g., forced labor, employment of children or the use of violence against local communities and indigenous groups.