

Woori Financial Group

ESG Financing Principles

Under the Group ESG vision “Good Finance for the Next,” Woori Financial Group aims to fulfill its corporate social responsibility, facilitate the transition to a sustainable economy in the capital markets, and support the creation of social and environmental value. The role of financial companies as capital allocators in financial markets is crucial for sustainable development that meets the economic, social and environmental needs of the present generation while maintaining the resources needed by future generations.

Woori Financial Group has established ESG Financing Principles to integrate ESG finance into its business activities and reflect it in its financial activities in order to fulfill its social responsibility. We have established the ESG Financing Principles to integrate ESG finance into our management activities and reflect it in our financial activities. Through these principles, we aim to carry out sustainability in our financial activities by providing financing for sustainable economic activities and relevant investment information to investors to support proactive responses to sustainability-related opportunities and risks

1. ESG Financing Principles

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.

Article 1 (Purpose)

We aim to contribute to society’s sustainable growth through financial operation and strive to prevent the spread of risks associated with environmental and social problems to the financial sector.

1. We aim to contribute to the country’s conversion to a low-carbon society and eco-friendly management activities.

A. We shall strive to expand financial support to industrial sectors that contribute to invigorating the circular economy, such as the development of technologies that enable the efficient use of energy and reduce carbon emissions, the use of renewable energy, recycling and reusing resources.

B. We shall refrain from providing financial support to industrial sectors that affect climate change due to carbon emissions.

2. We shall strive to promote the principles of financial inclusion and businesses' fulfillment of their social responsibilities.

A. We shall strive to extend the principle of financial inclusion by developing goods and services for the socially underprivileged and strengthening financial support for innovative businesses.

B. We shall review the risks associated with businesses that arouse criticism due to human rights infringements, safety accidents or acts of corruption, and reflect the results.

Article 2 (Definition of Terms)

"ESG financing" refers to financial products, services and supports that are designed to reduce environmental and social risks and contribute to society's sustainable development.

Article 3 (Scope of Application)

"ESG financing" refers to loans, deposits, bonds, investments & project financing, and asset operation.

Article 4 (Operating Principles)

We shall strive to manage the status and results of ESG financing more systematically by specifying the principles of operation of ESG financing.

1. loans: Evaluation of customers' environmental/social risks at the time of loan review and credit rating

A. We shall strive not to provide funding that is contrary to public interest or used for criminal or illegal activities in loan operation and investments

B. We shall reflect customers' ESG management performance in loan review and credit rating, and expand financial support to customers with excellent ESG performance.

C. We shall actively communicate with customers about their ESG risks and opportunities to help them improve their ESG performance.

2. Deposits: Products and services associated with environmental and social contributions

A. We shall strive to continuously develop and provide eco-friendly and inclusive financial products and services to customers.

B. We shall strive to communicate transparently with customers and other stakeholders about the performance generated through such products and services.

3. Bonds: Issuance of green bonds/social bonds/sustainable bonds as defined by the International Capital Markets Association, and of green bonds as defined by the ME' s Guidelines on Green Bonds

A. We shall establish a management process for the use of funds, project evaluation and selection procedures, fund control, and follow-up reports when issuing bonds.

B. We shall publish periodic follow-up reports including the status of the use of the funds and the environmental and social effects of the bonds.

4. Investment and Project Financing: Investment or project financing subject to an environmental and social risk review in accordance with the "Equator Principles"

A. We shall establish and apply the procedure for reviewing environmental/social risks, to which the Equator Principles are applied mutatis mutandis in our investments and project financing.

B. We shall fully disclose the status of investments and project financing whose environmental/social risks have been reviewed and the results thereof.

5. Asset Operation: Fixing of investment-related intentions based on evaluations of environmental/social risks associated with operating/entrusted assets

A. We shall strengthen our trustees' responsibilities and obligations for operating and entrusted assets and strive to reflect ESG factors based on the

company's responsible investment principles in investment analysis and decision-making processes

B. We shall conduct active engagement and exercise voting rights to improve ESG performance of investee companies

Article 5 (Decision-making Bodies)

We shall establish a decision-making system to ensure that ESG finance is operated in accordance with these Principles.

1. The ESG Management Committee within the Board of Directors of the holding company reviews and approves the strategies, policies, and implementation status of ESG Finance.

2. The Group's Council, to be composed of the CEOs of the holding company and its subsidiaries, shall manage the subsidiaries' ESG financing-related promotional activities according to these Principles.

Article 6 (Stakeholder Communication)

We shall actively communicate with stakeholders on risks and opportunities related to sustainability, and transparently disclose the status and results of ESG finance in accordance to these Principles.

1. We shall support customers respond to changes in the business environment impacted by ESG in the financial market, and reflect ESG factors in KYC(Know Your Customer) and Customer Due Diligence processes

2. We shall provide information on ESG risks and opportunities to customers by expanding risk assessment based on an environmental and social risk management framework to corporate and personal loans and Project Financing.

A. We shall strive to analyze the risks and opportunity factors for industries with significant ESG-related issues and for customers where ESG risks are identified. Following this analysis, we shall provide counseling and relevant materials to help mitigate these risks, ensuring that customers recognize ESG as an important management factor.

2. ESG Financing Considerations

We follow the ESG Financing Principles to evaluate ESG factors for the Group's financial activities and incorporate them into our decision-making.

The ESG Financing Principles are the basic guidelines applied to Woori Financial Group's financial activities, including deposits, loans, investment and project financing, bonds, securitization, and asset operation. The ESG Financing Principles is established based on various global standards and guidelines such as the Korean Green Taxonomy (K-Taxonomy) Guidelines, Equator Principles, Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles, Social Loan Principles, and the International Finance Corporation (IFC).

[ESG Factors]

Classification	Description
Environment	• Greenhouse gas reduction, climate change adaptation, sustainable water conservation, resource circulation, biodiversity, carbon neutrality, pollutant removal, etc.
Social	• Ethics, health and safety, labor rights, cultural heritage, community health and safety, indigenous rights, etc.
Governance	• Board composition and operation, shareholder rights, audit systems, internal controls and compliance, etc.

(1) Deposits and loans

We incorporate ESG factors into our loan assessment in accordance with the ESG Financing Principles. ESG-related evaluation factors include ethics, safety, environment, and labor conditions, and risks for each factor are reviewed from a sustainable perspective and included in the Group's risk management model.

We have established the 'Environmental & Social Risk Management Framework(ESRM)' to assess ESG factors in the loan review and approval

process and utilize it as a guideline. We decide whether to provide financial services to companies based on the principles and standards which are set forth in the 'Exclusion Area', 'High-caution Area', 'Environmental & Social Risk Screening', and 'Supporting Green Economic Activities' sections of the Environmental & Social Risk Management Framework.

In the Consumer Finance Division, we provide consumer finance services that take ESG factors into account such as launching eco-friendly financial products, providing financial support to the financially underserved groups, and improving services

(2) Investment and Project Financing

We incorporate ESG factors into the evaluation of investment activities, including project financing, in accordance with the ESG Financing Principles. We conduct a preliminary review of investment targets to ensure that they meet environmental and social risk management standards, and conduct ESG risk assessments based on the Equator Principles as a necessity for targets which are estimated to have significant environmental and social risks and impacts. We review investment performance in terms of sustainability contributions to climate change, biodiversity, human rights, and anti-corruption for industries and economic activities targeted for financial transactions and investment support, and periodically monitor environmental and social issues for projects that have endured independent audits due to high environmental and social risks.

Woori Bank, from Woori Financial Group joined the Equator Principles in 2021 and is committed to minimize environmental and social risks from large-scale project financing. For projects subject to the Equator Principles, we apply a review framework based on our environmental and social risk management policies and monitor compliance.

(3) Bonds and Securitization

We have established a bond management system to issue green, social, and sustainable bonds. Eligible candidate assets are selected according to the

eligibility categories based on the Green Bond Principles, Social Bond Principles, Sustainable Bond Guidelines, and the Korean Green Taxonomy (K-Taxonomy) guidelines, which are applied to the issuance of bonds and asset-backed securities collateralized by sustainable assets.

The eligibility criteria for assets include green building certification (LEED, BREEAM, G-SEED), social enterprise criteria under the Basic Act on Small and Medium Enterprises in Korea. The proceeds will be used to finance eligible assets. We apply an exclusion strategy for bond underwriting, based on its environmental and social risk management framework and sector specific guidelines, regarding coal and petroleum industries which are considered to have significant negative environmental and social impacts.

(4) Asset Management

We apply responsible investment principles to directly operate assets and assets under management based on ESG Financing Principles. Woori Financial Group's asset managers apply the Stewardship Code to fulfill their trustees' responsibilities and obligations reflecting on ESG, and actively engage in engagement activities and exercise voting rights to improve the ESG performance of investee companies. ESG review factors include business competitiveness (sustainability, etc.), quality of management (board independence, transparent governance, etc.), uncertainty (financial risk, etc.), environmental management (supply chain management, etc.), climate change response (climate risk management system, etc.), biodiversity (whether a biodiversity response strategy has been established, etc.), and social issues (workplace safety, human rights protection policies, and due diligence, etc.), and are utilized as non-financial indicators when making investment decisions.

We also consider ESG factors in our financial advisory services, such as asset operation and investment advisory.

We evaluate the potential risks and returns of an investment as well as factors related to sustainability, and provide relevant information to our clients to help them make sustainable investment decisions.

The foregoing Principles were adopted pursuant to review and approved by the ESG Management Committee of Woori Financial Group's Board of Directors, and may be amended as and when required by the committee.

April 26, 2024

Woori Financial Group