

Hana Financial Group Sustainable Finance Framework

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CEO Statement

As a financial institution dedicated to supporting the sustainable growth of diverse stakeholders including households, businesses, local communities, and the government, while advancing the prosperity of future generations, Hana Financial Group remains firmly committed to providing sustainable financial products and services across the full spectrum of Environmental, Social, and Governance (ESG).

The global financial industry is moving beyond traditional sustainability management and entering a new era in which Green Finance and Transition Finance directly drive the decarbonization of the real economy. Amid these shifts, financial institutions are called upon to serve as catalysts for the economy wide transition to carbon neutrality, accelerating tangible progress across the broader industrial landscape. Against this backdrop, the Group aims to maximize the environmental and social value that finance can create, positioning itself at the forefront of the transition toward a sustainable future.

In 2021, we announced our ESG vision, 'Big Step for Tomorrow.' Guided by this vision, we set ESG targets to provide KRW 60 trillion in ESG finance by 2030, and to achieve ZERO operational carbon emissions and ZERO coal project financing by 2050. Since 2025, we have been implementing a phased strategy and detailed roadmap to deliver meaningful reductions in financed emissions, underpinned by the expansion of Green Finance and the advancement of Transition Finance.

To this end, we are sharpening our emissions reduction targets in alignment with the standards set by the Science Based Targets initiative (SBTi) and the Net Zero Banking Alliance (NZBA). We have also reinforced our Sustainable Finance Framework in a more systematic manner to enable an orderly transition across carbon-intensive industries.

In response to a rapidly evolving global regulatory landscape, we are proactively strengthening our data governance and management capabilities in line with international standards, including those set by the International Sustainability Standards Board (ISSB), the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). Going further, we are expanding our focus beyond climate risk to address the implications of natural capital and biodiversity loss for financial stability, and actively participating in the development of strategies aligned with the Taskforce on Nature related Financial Disclosures (TNFD) and the Partnership for Biodiversity Accounting Financials (PBAF).

We believe that finance can be a force for good, shaping the future for people, businesses, and society. Going forward, we will leverage our Sustainable Finance Framework and diverse ESG strategies to systematically deliver environmental and social value, embedding these priorities into our financial decision making in pursuit of sustainable growth for future generations.

December 2025

Ham Young-joo, Chief Executive Officer of Hana Financial Group

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Purpose of Establishing the Framework

Hana Financial Group and its affiliates shall practice sustainable finance by all policies prescribed within this ‘Hana Financial Group Sustainable Finance Framework.’

Hana Financial Group declared a Reset of the stakeholder-oriented value systems to enhancing the value of sustainable finance under the slogan ‘For One Goal – Happiness for All’ in 2019.

The group defines sustainable finance as ‘Finance that grows together and shares happiness with all by contributing to the mitigation of environmental and social impacts.’ As Korea’s leading financial group, the group endeavors to fulfill the responsibilities of a financial institution by providing sustainable finance to customers based on the guiding principles of Environmental, Social, and Governance (ESG).

Hana Financial Group's Sustainable Finance Framework was established to transparently manage the Group's ESG mid/long-term goals (ESG financing 60 trillion won by 2030, ZERO carbon emissions from business sites and ZERO coal project financing by 2050) and communicate with stakeholders. This framework also reflects the imperative to incorporate environmental and social considerations into loans and investments decisions, driven by the escalating impact of climate change and the growing demand for corporate social responsibility.

Hana Financial Group's sustainable finance framework comprises several integral components, including the Sustainable Finance Policy, Environmental · Social Risk Management Policy, Environmental · Social Risk Integration Policy, Sector Policy, Biodiversity Policy compose the Group’s Sustainable Finance Framework.

To reinforce our commitment and implement the policies within the framework, Hana Financial Group has established and currently operates the dedicated Sustainability Management Committee, embedded within its Board of Directors. Additionally, the group actively manages sustainable financial performance through its dedicated ESG organization.

Hana Financial Group Sustainable Finance Framework	
Initial Establishment	July 22 nd , 2021
1 st Amendment	July 12 th , 2023
2 nd Amendment	December 05 th , 2025

Hana Financial Group ESG Principles

Hana Financial Group defines four ESG Principles that are the foundation of sustainable finance.

Principle 1. Reinforcing management processes considering ESG factors

Hana Financial Group is dedicated to integrating ESG factors across the entire process of providing financial products and services. This commitment involves the consideration a broad range of environmental and social impacts, including the resources usage (e.g. electricity, water, paper, fuel for vehicles) in service creation and delivery, as well as the impact of large-scale development projects through project financing on local communities and the allocation of national resources to drive the successful transition towards renewable energy.

- The Group will proactively manage potential risks by strengthening the framework for recognizing and evaluating the impact of the Group's financial services on the environment and society.
- The Group will reduce greenhouse gas emissions within its facilities and increase the use of renewable energy.
- The Group will use scientific and quantitative methods to manage GHG emissions, both in its asset portfolio and internal operations.

Principle 2. Developing product/service that contribute to the environment and society

Hana Financial Group aims to forge a diverse portfolio of financial products and services, designed to facilitate society's transition towards a sustainable economic system. The Group provides products and services that benefit to the community, including Green Bonds for eco-friendly funds, Sustainability Bonds for environmental and social purposes, Microfinance for low-income and underprivileged people, SME customized loans, ESG funds and asset management for ESG best practice companies or companies investing in ESG assets, and integrating ESG performance results in corporate loans and bond issuance.

- The Group will expand the development of products and services that address ESG issues and focus on finance businesses that contribute to solving ESG challenges.

- The Group will consider the Group's definition of sustainable finance When developing new products/services and making critical financing and investment decisions.

Principle 3. Strengthening communication with stakeholders

Hana Financial Group firmly believes that maintaining continuous and effective communication with stakeholders is a fundamental principle in the successful implementation of sustainable finance. Environmental, social, and governance issues constantly change according to each industry, location, and time due to their nature. It becomes essential to establish a system that consistently identifies various needs of stakeholders in the decision-making process. The group established a 'Sustainable Management Committee' as a highest decision-making body, and the committee monitors environmental and social issues for stakeholder management.

- The Group will recognize that strengthening ESG management is a key objective for sustainable growth, and actively communicate with stakeholders, including customers, employees, partners, governments, shareholders and investors, and the local community.
- The Group will be dedicated to maximizing customer value by actively exercising our voting rights and engaging with shareholders to enhance and reinforce ESG factors within our portfolio of investment target companies, such as promoting a robust governance structure, implementing sustainable management strategies, addressing the challenges of climate change, and promoting ethical management.

Principle 4. Engaging with global ESG partnerships

Hana Financial Group will proactively engage in diverse domestic and international ESG initiatives and partnerships to optimize environmental and social impacts, while recognizing the constraints faced by individual entities in attaining meaningful results. The Group will actively support global initiatives such as the UN Principle for Responsible Banking (UN PRB) that fosters sustainable finance, the Equator Principles (EP) that oversee social and environmental risks of large-scale corporate loans including project financing, and the Task Force on Climate-related Financial Disclosures (TCFD) that facilitates transition to a low-carbon economy.

- The Group will provide active support and engagement in global partnerships to effectively fulfill the ESG responsibilities as both a member of the economic society and a financial group.
 - Joining the UN Global Compact and report on the UN Sustainable Development Goals

(SDGs)

- Participating in the UNEP FI PRB establishment project and become a signatory
 - Participating in the Korea Stewardship Code
 - Reporting on the CDP (Carbon Disclosure Project)
 - Adopting the Equator Principles
 - Supporting the TCFD
 - Receiving the SBTi validation of Scope 1,2 and Scope 3 GHG reduction targets
 - Supporting the Task Force on Nature-related Financial Disclosures (TNFD)
- Furthermore, the group will strive to establish global ESG leadership by various activities.

Hana Financial Group Sustainable Finance Policies

Hana Financial Group implements sustainable finance through the following six policies. The Group manages, supervises, and mitigates various environmental and social risks.

- I. Sustainable Finance Policy
- II. Environmental · Social Risk Management Policy
- III. Environmental · Social Risk Integration Policy
- IV. Sector Policy
- V. Biodiversity Policy
- VI. Green · Transition Finance Policy

I. Sustainable Finance Policy

Hana Financial Group has formulated Sustainable Finance Policy to assess the long-term sustainability of investment targets based on ESG criteria and utilize it as a basis for investment decision-making. As the most fundamental guide for Hana Financial Group's practice of sustainable finance, the policy applies to all financial products and services, including corporate banking, personal finance, and project finance. The development of the Sustainable Finance Policy was informed by prominent worldwide ESG frameworks such as 'The Korean Green Taxonomy(K-Taxonomy) Guideline,' which provides criteria for identifying environmentally friendly activities and sustainable social development, and the Equator Principles, which assess the environmental and social risks associated with large-scale project financing. The Policy also includes detailed application principles specified by Hana Financial Group, ensuring the practical implementation of sustainable financial practices

1. Scope of Sustainable Finance

A. Corporate Banking

- i. Hana Financial Group determines the provision of financial services to companies based on the management policies established by the Group, which meet domestic and international regulatory requirements related to global principles and initiatives on sustainable finance. During the decision-making process, individual analysis and evaluation are conducted based on the integrated risk management procedures covering financial and non-financial risks to review companies and their business opportunities that may involve high levels of environmental and social risks. If a deal or transaction is expected to involve significant environmental and social risks, Hana Financial Group may refuse or suspend the transaction.
- ii. Hana Financial Group has established the II. Environmental · Social Risk Management Policy to incorporate ESG factors into the eligibility assessment and execution process of corporate banking transactions. This policy serves as a guideline for considering environmental and social risks.
- iii. The detailed aspects of ESG factors considered by Hana Financial Group in the assessment and execution process of corporate banking can be found in 'II. Environmental · Social Risk Management Policy, 1. Key Management Areas.'
- iv. Hana Financial Group may refuse or suspend investments based on the results of the environmental and social risk management. The industries and activities that are excluded from all corporate banking transactions, regardless of sector, can be found in 'II. Environmental · Social Risk Management Policy, 2. Prohibited Industries and Activities.'

- v. Hana Financial Group maintains transparent and systematic communication with all stakeholders, including companies involved in transactions, regarding sustainability-related risks and opportunities. The detailed stakeholder communication procedures can be found in '1. Sustainable Finance Policy, 2. Stakeholder Communication in Sustainable Finance.'
- vi. Hana Financial Group has defined transition activities and established financing policies for such activities to capture emerging financing opportunities arising from climate change and to contribute to the transition to a low-carbon economy. The transition areas are set out in IV. Sector Policy, and the detailed policies are provided in VI. Green · Transition Finance Policy.
- vii. Hana Financial Group has set out the definition of green assets and established related financing implementation policies to contribute to climate change mitigation and to secure long term financial soundness. Green assets are defined based on the K Taxonomy, and the detailed policies are provided in VI. Green · Transition Finance Policy.

B. Retail Banking

- i. Hana Financial Group is in the process of preparing and reviewing various methods to gradually enhance ESG integration in the retail banking sector. Currently, there are ESG products available that consider social factors such as income, profession, credit scores, number of children, etc., as well as environmental considerations such as ownership of green vehicles. In the future, the Group aims to calculate the financed emissions of mortgage loans and provide retail banking services that consider the energy efficiency of homes. Hana Financial Group plans to incentivize clients to construct energy-efficient buildings or invest in such facilities by offering preferential interest rates for energy-efficient homes. The Group will initially offer green retail banking products in the form of green mortgage loans and green auto loans. The criteria for determining whether such products qualify as green as well as the related operating policies are set out in VI. Green · Transition Finance Policy.
- ii. The Group maintains transparent communication with all stakeholders, including personal clients, regarding sustainability-related risks and opportunities. Detailed communication procedures can be found in '1. Sustainable Finance Policy, 2. Stakeholder Communication in Sustainable Finance.'

C. Project Finance

- i. Hana Financial Group (the bank) declared that it will not provide financial support to large-scale projects that pose environmental and social risks, such as environmental damage and human rights violations, by joining the ‘Equator Principles’ in 2021.
- ii. Hana Financial Group utilizes the II. Environmental & Social Risk Management Policy (ESRM Policy), aligned with the ‘Equator Principles’ and the ‘International Finance Corporation (IFC) Performance Standard on Environmental and Social Sustainability’, as guidelines to incorporate ESG factors into the process of assessing and executing project funding. In addition, the Group applies the criteria set out in VI. Green · Transition Finance Policy as guidelines in the assessment and execution process for green and transition projects in order to seize climate-related opportunities and contribute to climate change mitigation through project finance.
- iii. The ‘II. Environmental · Social Risk Management Policy’ defines criteria for selecting projects eligible for project financing. The credit approval department and the ESG Teams regularly monitor compliance with the policy. Separately from the Environmental & Social Risk Management Policy, the criteria for green and transition projects are defined in VI. Green · Transition Finance Policy.
- iv. Hana Financial Group has established an internal manual for implementing the Equator Principles and continuously supervises the application process, which includes three classification criteria (determining eligibility, classification rating, designated/non-designated countries) and a four-step procedure (screening, impact assessment, action, monitoring). Internal experts oversee this process, and external verification by independent third parties is conducted as needed.
- v. Hana Financial Group discloses its annual compliance with the Equator Principles through the ‘Report on Equator Principles Implementation,’ which includes the number of projects reviewed, approved, or declined projects, and significant cases. The group operates a systematic application process and management system.

D. Investment Banking

- i. Hana Financial Group applies its investment banking principles to all credit loans, bond acquisitions, infrastructure projects, as well as all active and passive investments and third-party external investments. It gradually restricts new financial support and investments in coal mining, coal power generation, and coal-related industries. It also encourages the transition to a low-carbon economic system for existing projects and clients over a specified period.

- ii. Hana Financial Group utilizes the ‘Equator Principles’ and the ‘International Finance Corporation (IFC) Performance Standard on Environmental and Social Sustainability’ as guidelines to incorporate ESG factors into the process of investment assessment and execution. This is done through the utilization of the ‘II. Environmental · Social Risk Management Policy’, In this regard, to pursue climate related opportunities and contribute to climate change mitigation through investments, the Group refers to the criteria set out in VI. Green · Transition Finance Policy and applies them in the review and approval process for green and transition investments.
- iii. The detailed ESG factors that Hana Financial Group reflects in the review and approval process for investments can be found in ‘II. Environmental · Social Risk Management Policy (ESRM Policy), 1. Key Management Areas,’ and the detailed policies for green and transition investments can be found in VI. Green · Transition Finance Policy.
- iv. Hana Financial Group has the authority to reject or suspend investments based on the results of ESG risk assessments. Industries and activities subject to exclusion and restrictions for all credit and direct investments, regardless of sector, can be found in ‘II. Environmental · Social Risk Management Policy, 2. Prohibited Industries and Activities.’
- v. Hana Financial Group utilizes the ‘Equator Principles’ and the ‘IV. Sector Policy’ defined in this framework as asset classification criteria for selecting sustainable finance targets.
- vi. To expand sustainable investments, Hana Financial Group identifies and measures investment results using climate change-related indicators such as estimated temperature increase and carbon intensity, thereby improving sustainable performance.

E. Advisory Services

As a comprehensive financial institution, Hana Financial Group considers ESG factors in financial advisory services such as asset management and financial product intermediation.

2. Stakeholder Communication in Sustainable Finance

- i. Hana Financial Group has set greenhouse gas reduction targets for certain industries categorized as high-emitting sectors by the SBTi (Science Based Targets initiative) using the SDA (Sector Decarbonization Approach) methodology. For other industries, greenhouse gas reduction targets have been established based on the Temperature Rating methodology. The Group discloses the performance of GHG reduction targets through the TCFD report.
- ii. Hana Financial Group measures and manages the performance of sustainable investments in accordance with the Sustainable Finance Implementation Framework, conducting

assessments at least semi-annually. For project financing, detailed information is disclosed annually through the publication of the 'Equator Principles Implementation Report.'

- iii. The progress of key tasks to achieve ESG goals (such as achieving 60 trillion won of ESG finance by 2030 and achieving carbon neutrality and phasing out coal projects by 2050) is annually disclosed to the public through ESG reports. The 'Impact Report' is also used to communicate the performance of sustainable finance implementation.
- iv. Hana Financial Group conducts an annual ESG materiality assessment to disclose factors that may have a significant impact on the Group and its stakeholders. Based on the 'Environmental & Social Risk Management' system, Hana Financial Group proactively identifies sustainability-related risks and opportunities that customers may face, minimizing negative impacts from customer transactions. Identified risks and opportunities are communicated to customers and reflected in contracts, adhering to the principles of interaction with all customers of Hana Financial Group.

II. Environmental · Social Risk Management Policy

As a financial institution, Hana Financial Group has introduced an Environmental & Social Risk Management Policy (referred to as ‘ESRM Policy’) to fulfill its environmental and social responsibilities as well as to practice sustainable finance. This policy aims to identify, assess, and mitigate environmental and social risks in credit and investment decisions. Given, in addition, both ESRM policy and global sustainable finance principles, the group carries out E&S Risk M to assess and manage risks for corporate banking, investment and advisory services, project finance, and securities issuers.

1. Key Management Areas

Hana Financial Group considers the following ESG factors in its corporate banking and investment processes:

- ① Environmental Factors: Environmental management systems, climate change adaptation strategies, energy consumption, water usage, waste disposal, biodiversity conservation, environmental investment costs, etc.
- ② Social Factors: Prevention of discrimination and harassment, workforce diversity, child labor, forced labor, freedom of association, education and training programs, welfare programs, employee turnover, safety and health, personal data protection, etc.
- ③ Governance Factors: Board of directors' composition, board independence, board diversity, CEO performance evaluation process, materiality assessment, risk management systems, corporate ethics, taxation, information security systems, etc.

2. Prohibited Industries and Activities

Hana Financial Group applies restrictions to all lending and investments in the following prohibited industries and activities, regardless of the sector:

- ① Coal-fired power generation projects (including bond acquisitions and related investments)
- ② Activities involving child labor exploitation, forced labor, human trafficking, and other human rights violations
- ③ Industries related to conflict minerals mining and refining, with potential links to international terrorism, armed groups, and organized crime
- ④ Kimberley Process non-certified diamond mining and trading
- ⑤ Hunting and processing of IUCN endangered species
- ⑥ Financing of wetland development projects that violate the Ramsar Convention
- ⑦ Financing of development projects in UNESCO World Heritage sites

Hana Financial Group has instituted a separate IV. Sector Policy for five industries that require heightened oversight due to the potential for adverse environmental impacts, such as greenhouse gas emissions, deforestation, and water pollution, or adverse social impacts, such as worker health and safety risks and forced labor. These five industries are agriculture and fisheries, forestry, mining, oil refining and gas, and the energy industry. The Sector Policy defines the specific scope of application, key environmental and social risks, priority considerations, exclusion criteria, and the status of adoption of global initiatives for each industry.

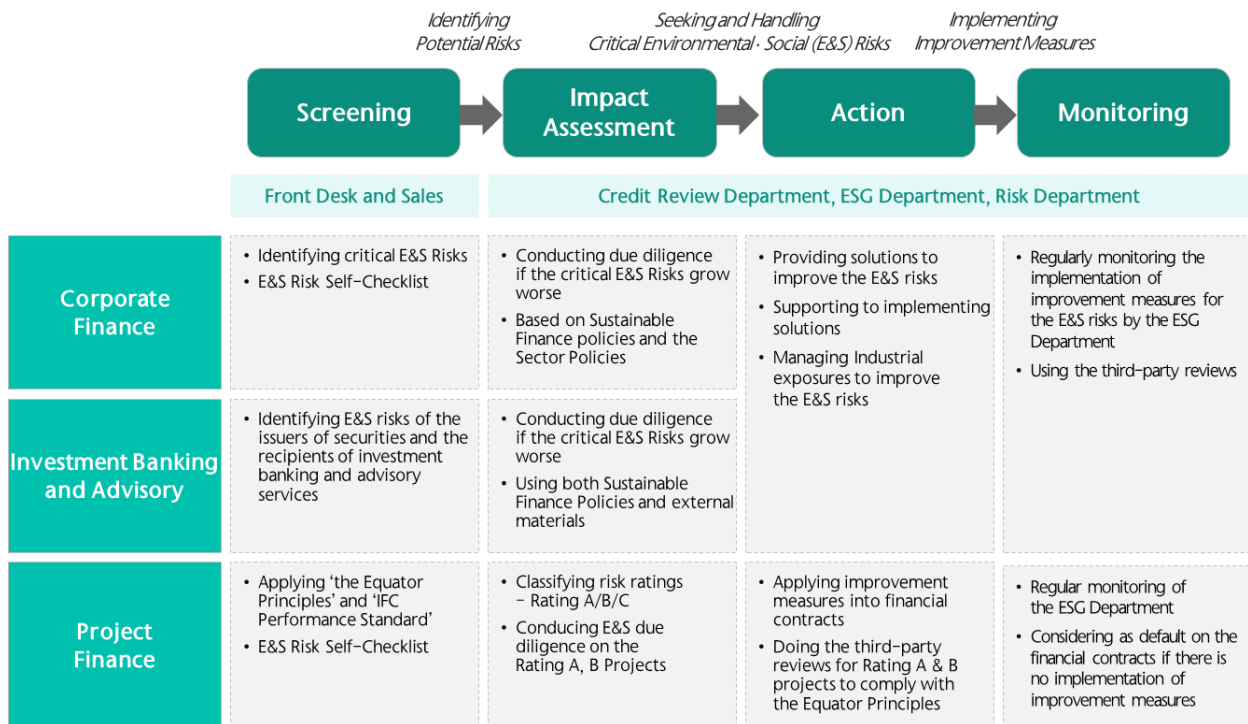
In addition, from the perspective of managing climate change related risks, industries that require internal policy oversight beyond the exclusion criteria are designated as ‘carbon-intensive industries,’ and their treatment is defined in IV. Sector Policy.

3. Environmental & Social Risk Management

Hana Financial Group identifies, assesses, and manages potential environmental and social risks, including impacts of human rights, climate change and biodiversity, for financial transactions covered by the ESRM policy based on the Group's I. Sustainable Finance Policy and IV. Sector Policy. In particular, project finance is reviewed for relevant material environmental and social risks by the principles and procedures guided in the 'Equator Principles' and based on the IFC's Performance Standards, a global standard.

The environmental & social risk review process is implemented by establishing appropriate standards and procedures according to the subject under evaluation, the nature, size and scope of the transaction, and proceeds in four stages: screening, impact assessment, commitment , and monitoring

[Hana Financial Group’s Environmental & Social Risk Review Process]



A. Corporate Banking

i. Scope

Hana Financial Group evaluates the environmental and social risk management capabilities, management activities and risk mitigation results of all corporate customers during the loans and investments review process. The group consistently encourage corporate customers to eliminate, reduce, mitigate, and compensate for negative environmental and social risks.

ii. Screening

Hana Financial Group requires the completion and submission of the '[Appendix I] Environmental & Social Risk Self-Checklist – Corporate banking' (hereinafter referred to as 'Corporate banking Self-Checklist') to assess environmental and social risks that may affect all financial transactions based on the environmental and social risk management policies, responsible organizations, activities, and performance voluntarily disclosed by clients.

If significant environmental and social risks related to clients are identified during the screening, Hana Financial Group conducts internal discussions and consultations between the Group's affiliates responsible for corporate fund loans and the corporate customers to discuss practical solutions and mitigation measures for the risks. If an agreement cannot be reached on the resolution of environmental and social risks associated with the transaction,

funding support to the client may be suspended.

iii. Impact Assessment

Hana Financial Group's ESG Teams, established within the group's holding company and affiliates, continuously oversight of significant environmental and social risks identified during the pre-assessment after the conclusion of financial agreements. In cases where unresolved risks persist, a credit review department, collaborates with the ESG Teams to conduct thorough due diligence. If necessary, independent third-party environmental and social experts may be engaged.

The due diligence process for client aligns with globally recognized principles as outlined in the Group's 'IV. Sector Policy' and 'Prohibited Industries and Activities'. Moreover, international institutions, such as the 'OECD Due Diligence Guidelines for Corporate Responsibility', inform and guide the implementation of relevant sections within these guidelines. The due diligence review assesses the suitability of financial transactions, and additional criteria may be applied. Justifications are reviewed for cases where the criteria are not met.

iv. Action

Hana Financial Group conducts a comprehensive review of environmental and social risks identified through the due diligence process for environmental and social impact assessment. Based on this review, appropriate improvement directions are identified, specific action plans are developed, and consultations are held with corporate customers. Furthermore, exposure limits for industries deemed to have high environmental and social risks are inspected and managed based on the findings of the due diligence process.

v. Monitoring

The ESG Team of the group's holding company and affiliates regularly reviews the progress and status of performance improvement. Additionally, third-party monitoring results conducted by reputable institutions with public confidence, such as multilateral and bilateral development finance institutions and the OECD Export Credit Agency, may be utilized.

B. Investment Banking and Advisory Services

i. Scope

Hana Financial Group identifies and manages environmental and social risks for all

stakeholders involved in fund investments and advisory services. The scope of environmental and social risk management includes all investors investment products, including ‘securities’ for short-term investments and ‘investment securities’ comprising non-marketable shares and shares issued by related parties.

ii. Screening

Hana Financial Group evaluates the credit risk of entities receiving investment funds and advisory services, as well as its own reputation risk, and identifies environmental and social risks. If significant risks that cannot be improved or recovered are identified during the pre-assessment, the provision of investment funds and advisory services may be suspended.

iii. Impact Assessment

Hana Financial Group’s ESG Teams, established within the group’s holding company and affiliates, continuously oversight of significant environmental and social risks identified during the pre-assessment after the conclusion of financial agreements. In cases where unresolved risks persist, a credit review department, collaborates with the ESG Teams to conduct thorough due diligence. The due diligence process for entities receiving investment funds and advisory services is based on the global principles stipulated in the Group’s I. Sustainable Finance Policy. External certifications, investigations, and evaluation results related to ESG may be considered during the due diligence process.

iv. Action

Hana Financial Group conducts a comprehensive review of environmental and social risks identified through the due diligence process for environmental and social impact assessment. The Group engages in consultations with the parties involved in the transactions on specific actions to mitigate and resolve the risk, and the parties implements the improvement.

v. Monitoring

Hana Financial Group may utilize independent third-party environmental and social experts or conduct its own monitoring activities, when the entities receiving investment funds and advisory services are national, regional, or local governments, government departments, or agencies. Additionally, third-party monitoring results conducted by reputable institutions with public confidence, such as multilateral and bilateral development finance institutions and the OECD Export Credit Agency, may be utilized.

C. Project Finance

i. Scope

Hana Financial Group adheres to the 'Equator Principles' when providing financing for large-scale projects and conducts environmental and social risk assessments for project financing that meets the following criteria:

- ① Project Finance Advisory Services where total Project capital costs are US\$10 million or more.
- ② Project Finance with total Project capital costs of US\$10 million or more.
- ③ Project-Related Corporate Loans where all of the following three criteria are met:
 - i. The majority of the loan is related to a Project over which the client has Effective Operational Control (either direct or indirect).
 - ii. The total aggregate loan amount and the EPFI's individual commitment (before syndication or sell down) are each at least US\$50 million.
 - iii. The loan tenor is at least two years.
- ④ Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described in 2 and 3 above.
- ⑤ Project-Related Refinance and Project-Related Acquisition Finance, where all of the following three criteria are met:
 - i. The underlying Project was financed in accordance with the Equator Principles framework.
 - ii. There has been no material change in the scale or scope of the Project.
 - iii. Project Completion has not yet occurred at the time of the signing of the facility or loan agreement.

ii. Screening

Hana Financial Group requires the completion and submission of the 'Appendix I: Environmental & Social Risk Self-Checklist – Corporate banking' (hereinafter referred to as 'Corporate banking Self-Checklist') to assesses the project type, purpose, and business content based on the 'Equator Principles. The results of the environmental and social risk checklists for project finance are used to classify project risk ratings.

iii. Impact Assessment

- Categorization

Environmental and social risks are systematically classified based on the severity of the risk scale and impact as follows.

For relatively high-level of Category B, it would be treated similarly to Category A, while relatively low-level of Category B may be subject to mitigated criteria compared to higher Category B.

- Category A: Projects with negative potential environmental and social risks and/or impacts that have various risks and/or impacts, irreversibility, or no precedents.
- Category B: Projects with limited negative potential environmental and social risks and/or impacts that the number of risks and/or impacts is low, generally limited to the project site, mostly recoverable, and easily manageable through mitigation measures.
- Category C: Projects with minimal or no negative environmental and social risks and/or impacts.

- **Due Diligence Methods and Criteria**

Hana Financial Group conducts due diligence of environmental and social risks considering the risk ratings and the necessity of assessment. Due diligence is mandatory for financial transactions categorized as Category A or relatively high-risk Category B. A credit review department and the ESG Teams within the Group are responsible for conducting due diligence, and independent third-party environmental and social experts may be engaged. The due diligence process evaluates whether the financial transactions meet comprehensive evaluation criteria and applies additional criteria when necessary. The **'Geographical Due Diligence Criteria'** are used as additional due diligence criteria. Justifications are reviewed for cases where the criteria are not met.

- **Geographical Due Diligence Criteria**

Due diligence criteria include the laws, regulations, and licensing requirements of the country where financial products and services are provided, or projects are implemented. When a specific country cannot be specified for the scope of environmental and social risk impact, the due diligence process follows internationally recognized environmental and social risk management principles and standards, such as IFC's Performance Standards and the World Bank's Environmental, Health, and Safety Guidelines. Additionally, specific risks that may arise in the region are assessed based on the laws of the relevant country and the IFC's Performance Standards.

[When the risk impact is limited to a specific country]

: Assessment of environmental and social risks

→ Laws, regulations, and licensing requirements of the project country

[When the risk impact is not limited to a specific country]

: Assessment of environmental and social risks related to projects

1) International Finance Corporation (IFC) Performance Standards

2) World Bank Group's Environmental, Health, and Safety Guidelines

: Evaluation of project-specific risks.

: Laws/Regulations of the country where the project is located and the IFC Performance Standards.

iv. Action

Hana Financial Group conducts a comprehensive review of environmental and social risks identified through the due diligence process for environmental and social impact assessment. The Group engages in consultations with the parties involved in the transactions on specific actions to mitigate and resolve the risk and requires the parties to implement the agreed-upon improvement as part of the financial contract. If the agreed-upon requirements are not implemented, supplements and additional periods may be specified. Failure to implement the measures may be considered as a default.

For project financing and corporate loans related to Rating A projects and relatively high-risk Rating B projects, the Group monitors whether customers comply with the Equator Principles using independent third-party environmental and social experts both after financial close and during the loan period. However, the 'Action' stage may be excluded during the environmental and social risk review process of Hana Financial Group's affiliate companies² that are not signatories to the Equator Principles.

v. Monitoring

The ESG Teams of the group's holding company and affiliates regularly reviews the progress and status of performance improvement. Additionally, third-party monitoring results conducted by reputable institutions with public confidence, such as multilateral and bilateral development finance institutions and the OECD Export Credit Agency, may be utilized.

Hana Financial Group may utilize independent third-party environmental and social experts or conduct its own monitoring activities, when the entities receiving investment funds and advisory services are national, regional, or local governments, government departments, or agencies. Additionally, third-party monitoring results conducted by reputable institutions with public confidence, such as multilateral and bilateral development finance institutions and the OECD Export Credit Agency, may be utilized. The detailed plans for additional Monitoring

² Hana Bank was joined in July 2021.

are periodically determined through discussions between the Group Holding Company, affiliates and the issuer of securities. If the agreed-upon requirements are not implemented, supplements and additional periods may be specified. Failure to implement the measures may be considered as a default.

[Appendix I] Environmental and Social Risk Self-Checklist – Corporate Banking

	Yes (+)	No (-)
1. ESG Management		
1.1 Does your company have and operate an ESG legal and regulatory compliance management system?		
1.2 Does your company publish a sustainability report or disclose non-financial performance?		
1.3 Does your company have a dedicated organization (personnel) for ESG management, with clearly defined roles and responsibilities?		
2. Environmental		
2.1 Does your company establish and implement short-term and long-term environmental management goals regarding greenhouse gas emissions, energy usage, water, and waste in its management policies and business plans?		
2.2 Does your company include plans for developing eco-friendly products or environmentally friendly process improvements in its management policies and business plans?		
2.3 Does your company possess manuals for greenhouse gas, air pollution, water quality, and waste management and engage in improvement activities?		
2.4 Does your company use renewable energy or have plans to use such energy in the production of products/services and operation of facilities?		
2.5 Does your company recycle, reuse, or have plans to do so for the waste generated during the production of products/services and operation of facilities?		
3. Social		
3.1 Does your company include social responsibility management in its management policies and business plans, covering labor rights, supply chain, consumer, information security, industrial accident prevention, and contributions to local communities, and actively promote them?		
3.2 Does your company have internal employment regulations, employment contracts, and standards for overtime work, and reflect improvements through sufficient consent procedures of internal		

stakeholders?		
3.3 Does your company conduct regular inspections for industrial accident prevention and safety management and reflect improvements through sufficient consent procedures of internal stakeholders?		
3.4 Does your company possess a fair contracting manual and comply with it?		
3.5 Does your company provide education and training on ESG management for employees?		

[Appendix II] E&S Risk Self-Assessment Checklist – Project Finance

	Yes (+)	No (-)
1. Environmental & Social Risk Management		
1.1 Does the borrower have a risk management process in place to identify, evaluate, reduce, manage, and monitor significant environmental and social risks associated with their business?		
1.2 Does the borrower hold any official certifications for environmental and social risk management systems at the operational level? (e.g., ISO 14001 for environmental management system, OHSAS 18001 for health and safety management system)		
1.3. Are the roles and responsibilities related to environmental and social risk management clearly defined for key stakeholders and personnel involved in the business?		
1.4 Does the borrower have an emergency response plan (e.g., Business Continuity Plan) in place to address unforeseen environmental and social risks based on the size of the business?		
2. Labor		
2.1 Does the business comply with international/domestic laws and regulations regarding human rights, such as those related to employment discrimination, child labor, and forced labor?		
2.2 Does the borrower have its own human rights policy established based on international human rights norms that applies to operations and all business activities?		
2.3 Does the borrower have an appropriate grievance handling process for human rights-related issues that allows for reporting and addressing any violations of its own human rights policy or international human rights norms?		
3. Efficient Utilization of Natural Capital		
3.1 Are key natural capital resources (water resources, soil, energy, etc.) that are crucially utilized in the business operations being identified?		
3.2 Has a plan been established to enhance the efficiency of key natural capital resources for the implementation of business operations?		
4. Community Health, Safety, and Security		

4.1 Are there any significant potential health, safety, and security risks that are expected to impact the local community during the project implementation? (e.g., sexual exploitation, forced labor, child labor, infectious diseases, etc.)		
4.2 Is there a designated security officer who has received the necessary security training required for project implementation?		
5. Land Compensation and Involuntary Resettlement		
5.1 Is there no possibility of land compensation and involuntary resettlement through coercive procedures during project implementation?		
5.2 Is there no potential for the project to restrict access to natural capital and limit economic activities based on the existing land use due to changes in land use?		
6. Biodiversity Conservation		
6.1 Is there no potential negative impact of the project on protected areas for biodiversity conservation, such as nationally designated areas for environmental conservation or ecological and landscape conservation areas? (e.g., introduction of invasive species, habitat contamination, etc.)		
7. Indigenous People Protection		
7.1 If the project could impact the livelihoods of indigenous people in the project area, have free, prior, informed consent (FPIC) been obtained from the indigenous communities?		
8. Cultural Heritage Protection		
8.1 Is there no potential negative impact of the project on nationally designated cultural heritage sites, archaeological sites, or internationally recognized World Heritage sites located in the area?		
8.2. If unexpected cultural heritage is discovered during the project implementation process, are appropriate procedures for cultural heritage protection established?		

III. Environmental · Social Risk Integration Policy

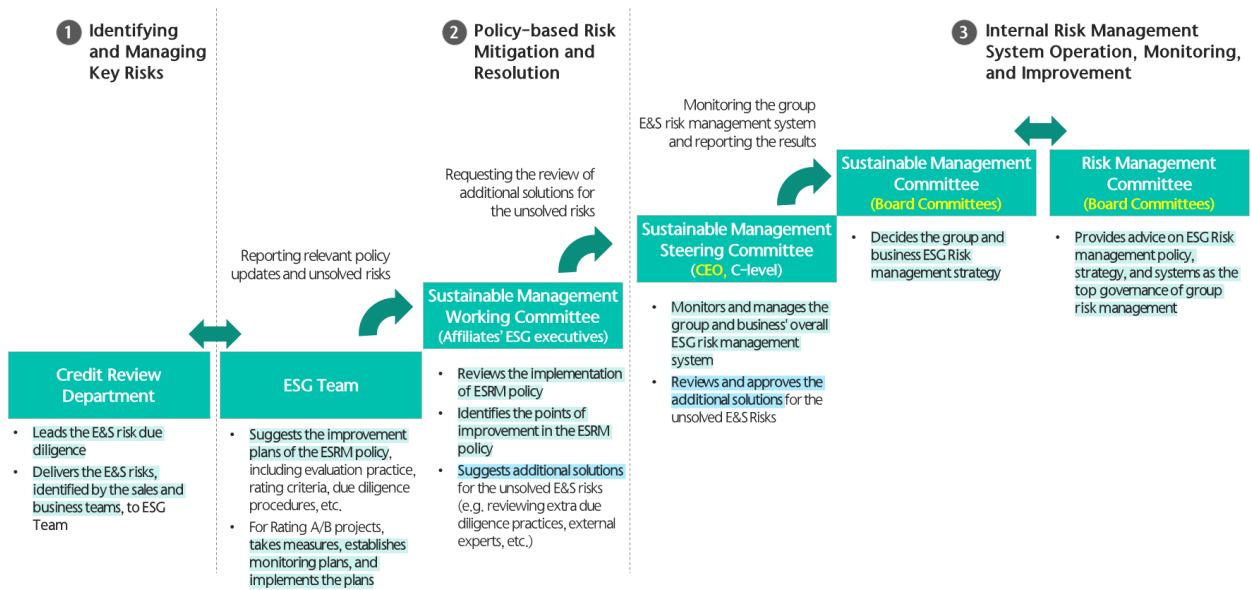
Hana Financial Group actively leverages external information and strengthens internal risk management to effectively manage environmental and social risks

In utilizing external information, the Group integrates ESG-related external certifications, investigations, and evaluation outcomes into financial products and services. Followings are examples of ESG investigations and evaluation criteria employed as part of the broader array of criteria to operate ESG products and services:

- Loan: Specific loan products or services that reflect borrowers' ESG awards/certifications/evaluation ratings (e.g., green loans).
- Investment: Referring to external sustainability indices, evaluations, ratings, or engaging in green/ESG bond acquisition.
- Products: Providing financial products such as funds, ETFs, etc., that track external sustainability indices or utilize ESG evaluations and ratings.
- Bond Issuance: Issuing certified green bonds, social bonds, sustainable bonds, etc., verified by third-party organizations.
- ESG ratings from credit rating agencies and credit information institutions.
- Government-sponsored ESG and green certification systems.
- Globally recognized assessments: Dow Jones Sustainability Index (DJSI), MSCI ESG, CDP, etc.

Environmental and social risks are integrated into the the Group's risk management system to strengthen internal risk management. Hana Financial Group's risk response comprises three stages: **1. Identifying and Managing key risks**, **2. Policy-based Risk Mitigation and Resolution**, and **3. Internal Risk Management System Operation, Monitoring, and Improvement**. For environmental and social risk management, each stage specifies the responsible entities, roles, and responsibilities for managing the related risks.

[Risk Reporting and Response System]



1. Identifying and Managing Key Risks

A credit review department and the 'ESG Teams' within the group identify environmental and social risks associated with transaction counterparties in Hana Financial Group's credit and loan portfolios. Operational departments, including sales and business divisions, are responsible for reporting major environmental and social risks identified during assessments to the ESG Teams within the group. The each ESG Team in a subsidiary collaborates with a credit approval department to conduct risk assessment or due diligence³ for environmental and social impacts on corporate banking, securities issuers, all financial products, services, and project finance provided by Hana Financial Group, based on all relevant policies within the sustainable finance framework.

2. Policy-based Risk Mitigation and Resolution

A credit review department and the ESG Teams formulate and regularly update environmental and social risk management policies, including criteria for reviewing risks and ways to conduct reviews, considering new regulations, legal improvements, changes in management scope due to portfolio expansion, and other improvement needs. A credit

³ For the roles and responsibilities of the Group Credit Review Department during the due diligence process, please refer to the 'II. Environmental and Social Risk Management Policy, 3. Environmental and Social Risk management' section, specifically the content under 'A. Corporate Banking/B. Investment and Advisory Services/C. Project Finance – iii Environmental and Social Impact Assessment'.

review department and the ESG Team also establish appropriate measures and monitor plans based on policy guidelines for the identified environmental and social risks.

Environmental and social risks are reported to the ‘Sustainable Management Working Committee’ a consultative body composed of ESG executives from Hana Financial Group and its affiliates when a credit review department and the ESG Team defines E&S risks need to be reported. The Sustainable Management Working Committee reviews the implementation of risk management policies of the Group and each affiliate, identifies areas requiring improvement in terms of policy implementation, and provides additional measures to address unresolved environmental and social risks. It is responsible for reporting to the ‘Sustainable Management Steering Committee,’ which consists of CEO and C-level executives.

3. Internal Risk Management System Operation, Monitoring, and Improvement

The Sustainable Management Steering Committee, composed of the CEO and C-level executives of Hana Financial Group and its affiliates, is delegated the authority from the ‘Sustainable Management Committee’ under the board to regularly monitor and review the overall operation of the environmental and social risk management system. The committee also reviews additional measures proposed by the Sustainable Management Working Committee to ensure appropriate consideration of unresolved environmental and social risks.

ESG risk management policies, strategies, and systems related to Hana Financial Group and its subsidiaries are regularly presented to and reviewed by the Sustainable Management Committee. As increasing influence of non-financial risks in the financial industry, matters related to significant environmental and social risks receive advisory support from the ‘Risk Management Committee,’ which has some expertise in integrated management of financial and non-financial risks.

IV. Sector Policy

The Sector Policy applies to all financial products and services provided by Hana Financial Group. Based on this Policy, the Group prohibits the provision of financial products and services that may result in significant adverse impacts or raise clear social concerns, with a view to mitigating potential environmental and social risks as well as risks arising from industry specific characteristics. Moreover, the Group addresses climate change related risks and opportunities by defining climate risk industries and climate opportunity areas and managing them through internal policies.

Hana Financial Group has formulated comprehensive policies specific to each industry, considering the **[Policy Implementation Criteria]**, that are designed to effectively address environmental and social risks associated with the agriculture and fisheries, forestry, mining, oil refining and gas, and energy sectors. In alignment with these industry-specific policies, decisions regarding the handling of financial products and services are made in accordance with II. Environmental and Social Risk Management Policy.

[Policy Implementation Criteria]

Hana Financial Group reviews the compliance of companies with international agreements, local laws, and regulations related to each industry in the countries where they operate. Additionally, based on industries, the following priority, exclusion, and external policy adoption criteria are reviewed to determine whether Hana Financial Group should engage in the provision of financial products and services.

- Priority
 - Criteria that require specific and systematic responses during the evaluation process
 - For project financing, many criteria required by priorities must be met
 - Evaluation of customer intent to proceed with a project based on criteria required by priorities for project advisory services
- Exclusion
 - Criteria for excluding specific types of companies, transactions, development of products and services
- Global Initiative Adoption
 - Global principles, initiatives, etc., recommended by Hana Financial Group as supplementary references for industry policy compliance and actively recommended to customers

Hana Financial Group transparently communicates policies and standards for each industry to external stakeholders such as suppliers and customers and pays close attention to the opinions raised about related risks. A large portion of the group's asset portfolio and the high GHG emission industry, including the steel and chemical industries, are designated as **[Carbon-intensive Industry]** and additionally managed.

[Carbon-intensive Industries]

Hana Financial Group implements policies to restrict financial support for industries involved in

the extraction, power generation, and distribution of fossil fuels, which are among the most carbon-intensive sectors and are widely recognized worldwide as requiring financing constraints.

With respect to the coal industry, the Group applies the commitments set out in the Hana Financial Group coal phase out finance declaration announced in March 2021 to all financing and investment activities, including credit loans, bond underwriting, and project finance. The Group's holding company and affiliates gradually restrict all new financial support and investments related to the coal industry, and actively urge existing projects and clients to establish and implement mid to long term coal phase out targets toward a low-carbon transition. If revenue exposure to fossil fuel and coal related industries exceeds certain thresholds, the Group may suspend, withdraw, or recover all financial support and investments. In addition, in regard to the oil and gas industry, the Group also sets restrictions on new financial support and investments for projects and companies involved in the extraction of unconventional oil and gas, including shale oil and gas, oil sands, Arctic oil and gas, and ultra deepwater oil and gas.

Beyond restricted sectors, Hana Financial Group designates carbon-intensive industries that heighten climate change related risks as 'managed industries' and reflects this designation in decision making on the provision of financial products and services. For companies and projects that fall within managed industries, the Group reviews environmental and social risks in consideration of their respective scale, and makes financing related decisions in accordance with the Korean Green Taxonomy Guidelines (K-Taxonomy).

Furthermore, the Group reviews areas within carbon-intensive industries where additional financing demand may arise in response to climate change, designates such areas as transition areas, and stipulates detailed criteria for the implementation of transition finance in VI. Green Transition Finance Policy.

1. Industries with Environmental & Social Concerns

A. Agriculture and Fisheries

i. Scope of Sector Activities

- Large-scale grain production (including cereals, palm oil, coffee, sugarcane, etc.), large-scale cultivation of vegetables/horticulture/flowers/fruits, livestock breeding, transportation, slaughter and processing, aquaculture and fisheries, cooperative associations.
 - Relevant KSIC industry codes: Agriculture (A01), Fisheries (A03)

- Financing and investments related to palm oil or soybean require transactions only with farms or companies certified by RSPO (Roundtable on Sustainable Palm Oil) or RTRS (Roundtable on Responsible Soy).

ii. Sector Specific E&S Risks

- **Environmental Risks:**

Deforestation and habitat destruction due to agricultural land conversion, soil and water contamination from the use of harmful fertilizers and pesticides, etc.

- **Social Risks:**

Violation of human rights/labor rights, child labor, forced labor, threats to food safety, income inequality due to farm monopolies, social disruptions in rural areas due to illegal land occupation, etc.

iii. Priority

- **General Environmental Management:**

- Obtaining environmental management certification such as ISO 13001 or equivalent level.
- Implementing measures to reduce environmental impacts, such as monitoring greenhouse gas emissions, efforts to reduce emissions, improving energy efficiency, and ensuring safe disposal of waste. Transparent disclosure of measures to mitigate environmental impacts.
- Obtaining environmental certifications or participating in sustainability initiatives.

- **Working Conditions and Respect for Human Rights:**

- Providing employee training programs on environmental risks and social issues.
- Specifying maximum working hours in labor policies.

- **Health and Safety:**

- Obtaining occupational health and safety management certification such as OHSAS 18001 or equivalent level.
- Establishing 'Safety Management Policies' that include risk reduction and preventive measures

iv. Exclusion

- **Biodiversity Conservation:**

- Agricultural activities within protected areas such as World Cultural Heritage sites, national protected areas, etc.
 - Agricultural activities within areas of high conservation value (archaeological sites, natural resource burial sites, etc.).
 - Trade of plants or animal species or products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- **Working Conditions and Respect for Human Rights:**
 - Prohibition of child labor and forced labor.
 - Lack of separate channels for addressing employee grievances.
 - Prohibition of employment discrimination.
 - Lack of separate human resources management policies or codes of conduct.
 - Ensuring freedom of association for workers.
 - **Health and Safety:**
 - Lack of health and safety management plans

v. Global Initiative Adoption

- International Labor Organization (ILO), 'Declaration on Fundamental Principles and Rights at Work.'
- Food and Agriculture Organization of the United Nations (FAO), 'International Code of Conduct on Pesticide Management.'
- FAO, International Fund for Agricultural Development (IFAD), United Nations Conference on Trade and Development (UNCTAD), World Bank, 'Principles for Responsible Agricultural Investment (PRAI).'
- FAO, 'Guidelines on Responsible Governance of Tenure of Land, Fisheries, and Forests.'
- FAO, 'Responsible Agricultural Supply Chain Guidelines.'
- FAO, 'Sustainability Assessment of Food and Agriculture Systems (SAFA).'
- United Nations Environment Programme Finance Initiative (UNEP-FI), 'Natural Capital Credit Risk Assessment for Agricultural Loans.'
- International Finance Corporation (IFC), best practices related to improving animal welfare in livestock operations.
- Aquaculture Stewardship Council (ASC) certification.
- Global Aquaculture Alliance (GAA), Best Aquaculture Practices (BAP) certification.
- Ministry of Environment, 'Act on the Conservation and Utilization of Biological Diversity.'

B. Forestry

i. Scope of Sector Activities

- **Forestry:**
 - Timber harvesting, forest product manufacturing, forest product distribution and processing, wildlife cultivation, etc.
 - Relevant KSIC industry code: Forestry (A02)

ii. Sector Specific E&S Risks)

- **Environmental Risks:**
 - Destruction of ecosystems due to forest logging, ecological disruption due to the introduction of invasive species resulting from changes in forest environments, forest fires, landslides, reduction in greenhouse gas absorption capacity of forests leading to climate change impacts, decrease in wildlife populations, etc.
- **Social Risks:**
 - Violation of human rights/labor rights, child labor, forced labor, negative impacts on residents or small-scale forestry workers within the local community, etc.

iii. Priority

- Having policies and procedures in place to comply with the law and prevent illegal logging.
- Participation in major sustainability certifications and initiatives in the industry (Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC), etc.).
- Downstream companies in the forestry sector considering sustainability in their environmental and social policies.
- Developing plans for transitioning to environmentally friendly bleaching technologies such as Elemental Chlorine-Free (ECF) or Totally Chlorine-Free (TCF) in accordance with International Finance Corporation (IFC) recommendations for existing factories using bleaching processes.
- Publicly disclosing monitoring and management measures for wastewater and air emissions.

iv. Exclusion

- **Biodiversity Conservation:**
 - Agricultural activities within protected areas such as World Cultural Heritage sites, national protected areas, etc.

- Agricultural activities within areas of high conservation value (archaeological sites, natural resource burial sites, etc.).
- Trade of plants or animal species or products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- **Working Conditions and Respect for Human Rights:**
 - Prohibition of child labor and forced labor.
 - Lack of separate channels for addressing employee grievances.
 - Prohibition of employment discrimination.
 - Lack of separate human resources management policies or codes of conduct.
 - Ensuring freedom of association for workers.
- **Health and Safety:**
 - Lack of health and safety management plans

C. Mining

i. Scope of Sector Activities

- Mining of minerals, planning and development of mines and related facilities, mine operation, mine closure, mine reclamation, on-site processing of extracted minerals, and all activities related to mining.
 - Relevant KSIC industry codes:
Coal, petroleum, and natural gas mining (B05), metal mining (B06), non-metallic mineral mining excluding fuel (B07), mining support services (B08).
 - However, in cases where funds are raised for the purpose of green activities and enhancing social sustainability, exceptions may be considered. In such cases, the purpose of fund acquisition must comply with the criteria of the Ministry of Environment's 'The Korean Green Taxonomy(K-Taxonomy) Guideline.'

ii. Sector Specific E&S Risks

- **Environmental Risks:**
Damage to cultural heritage sites and habitats of endangered species due to mine operation and mineral extraction, contamination spreading upstream of water sources due to mining activities, illegal dumping of mining waste in riverbanks or coastal areas causing local pollution, increased greenhouse gas emissions due to mining, secondary environmental pollution from truck transportation and related road construction

activities, etc.

- **Social Risks:**

Increase in accident rates due to inadequate health and safety management for mine workers, child labor, forced labor, displacement due to the loss of residence or assets of indigenous people, negative impacts, and grievances in local communities, etc.

iii. Priority

- Monitoring and management of major environmental and social risks
 - Health and safety, tailing disposal, biodiversity impact, human rights impact, and impacts on local community stakeholders.

iv. Exclusion

- Companies or projects with Coal mining-related revenue exceeding 50% of total revenue.
- Companies and projects related to Asbestos mining.
- Development, construction, and expansion of mining activities located within internationally protected areas, such as UNESCO-designated World Heritage sites and Ramsar sites.
- Any mining-related activities that have a significant negative impact on the universal value of World Heritage sites.

v. Global Initiative Adoption

- International Council on Mining and Metals (ICMM)
- Extractive Industries Transparency Initiative (EITI)
- Voluntary Principles on Security and Human Rights

D. Oil and Gas

i. Scope of Sector Activities

- Refining and gas: Exploration, drilling, mining, refining, processing, transportation, infrastructure development for storage and export of petroleum and gas resources, and trading activities.
 - Relevant KSIC industry code
: Crude oil and natural gas extraction (B05200); excluding natural gas not listed under 'Exclusion.'

: Coke, coal, and petroleum product manufacturing (C19), chemical and chemical product manufacturing excluding pharmaceuticals (C20).

- However, in cases where funds are raised for the purpose of green activities and enhancing social sustainability, exceptions may be considered. In such cases, the purpose of fund acquisition must comply with the criteria of the Ministry of Environment's 'The Korean Green Taxonomy(K-Taxonomy) Guideline.'

ii. Sector Specific E&S Risks

- **Environmental Risks:**

Damage to protected ecological habitats due to increased accessibility, emission of air pollutants during refining and gas production processes, methane leakage, increased water consumption for refining and cooling operations with negative impacts on water resources, wastewater management, potential contamination of groundwater and surface water, disposal of drilling waste into the ocean, oil spills, negative impacts of hazardous chemicals, etc.

- **Social Risks:**

Fire and explosion accidents, increased accident rates due to inadequate health and safety management for workers, displacement due to the loss of residence or assets of indigenous people, negative impacts and grievances in local communities, conflicts with military operation zones, labor exploitation due to mining operations in countries with high corruption exposure and human rights violations.

iii. Priority

- Monitoring and management of major environmental and social risks
 - Biodiversity impact, human rights impact, and impacts on local community stakeholders.
- Companies monitoring and publicly disclosing their greenhouse gas emissions.
- Possessing methane detection and management programs during industrial facility operations.
- Adhering to exemplary environmental and social practices that address key issues identified in the International Energy Agency's 'Golden Rules.'

iv. Exclusion

- Companies involved in new projects (including expansion of existing projects) that mine the following resources, where the proportion of the resources listed below in the entire production cycle exceeds 50%:
 - Tar sands, shale oil and gas, Arctic oil and gas, ultra-deep-water oil and gas.

v. Global Initiative Adoption

- Extractive Industries Transparency Initiative (EITI)
- Voluntary Principles on Security and Human Rights
- International Petroleum Industry Environmental Conservation Association (IPIECA)
- Oil & Gas Climate Initiative (OGCI)

E. Energy

i. Scope of Sector Activities

- Gas power plants, coal power plants, waste-to-energy power plants, biomass power plants, combined heat and power plants, nuclear power plants, etc.
 - Relevant industry according to the Korean Standard Industrial Classification (KSIC) : Power generation (D3511)
 - However, in cases where the purpose of funding is to promote green activities and enhance social sustainability, exceptions may be considered. In such cases, the funding must comply with the criteria of the Ministry of Environment's 'The Korean Green Taxonomy(K-Taxonomy) Guideline.'
 - Financing of new projects related to coal-fired power plants (D35113) is fundamentally prohibited. However, for other project financing, corporate loans, and investments, the decision to handle them will be based on the following industry policy criteria.

ii. Sector Specific E&S Risks

- **Environmental Risks:**
Emissions of hazardous chemicals, greenhouse gases, etc., using fossil fuels; erosion of tidal flats and fisheries due to landfill formation and waste disposal; disruption of seawater flow and changes in currents; destruction of marine ecosystems due to increased water temperature from thermal discharge.
- **Social Risks:**
Health and safety of power plant workers; health and safety of residents near power plant sites; conflicts in communities where power plant facilities are located, etc.

iii. Priority

- Monitoring and management of major environmental and social risks
- Corporations monitoring greenhouse gas emissions and disclosing emission levels

- Environmental impact management
 - For power generation within areas requiring biodiversity protection, appropriate third-party impact assessments should be conducted.
 - Compliance with country-specific greenhouse gas emission standards.
 - For gas-fired combined cycle power plants with a capacity of over 300 MW, compliance with maximum emission intensity (420kg CO₂eq/MWh); for thermal power plants incinerating waste, evaluation of energy efficiency based on global standards.
 - Hydropower plants with a capacity of 20 MW or higher or dam height of 10 m or higher will be considered for handling only if they meet the environmental and social risk limitations specified by the 'International Hydropower Association Sustainability Assessment Protocol.'
- Carbon capture and storage
 - Possession or development of regulatory frameworks for carbon capture and storage and compliance with local regulations related to thermal power plants within the country.
 - For transactions related to carbon capture projects or their components, confirmation of project alignment with the UNFCCC format and procedures for CO₂ capture and storage through independent third-party evaluations.

iv. Exclusion

- Companies or projects with coal power generation activities where the revenue exceeds 25% of total revenue
- Companies or projects with coal infrastructure construction activities where the revenue exceeds 25% of total revenue
- Development, construction, and expansion of energy generation activities located within internationally protected areas, such as UNESCO World Heritage Sites or Ramsar sites
- Activities that have a significantly negative impact on the universal value of World Heritage Sites

v. Global Initiative Adoption

- UN Framework Convention on Climate Change (UNFCCC) and related protocols and agreements
- Performance Standards of the International Finance Corporation (IFC)
- Environmental, Health, and Safety Guidelines for Thermal Power Plants by the World Bank
- Guidelines of the European Union Emissions Trading System (EU ETS) (EU) 2018/410
- World Resources Institute (WRI)

- Kyoto Protocol
- Climate Disclosure Program (CDP)
- World Wildlife Fund (WWF), Water Risk Filter
- World Resources Institute (WRI), Water Risk Atlas
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Science-Based Targets initiative (SBTi)

2. Carbon-intensive Industries

A. Overview

i. Purpose of Managing Carbon-intensive Industries

With a global consensus on climate action becoming ever more necessary, the Paris Agreement adopted in 2015 declared a global goal to limit the rise in average global temperature to well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels. Aiming to achieve the 1.5°C goal, the Intergovernmental Panel on Climate Change (IPCC) underscored the need for Net Zero by 2050, meaning that net greenhouse gas emissions must be reduced to '0.' In December 2020, the Republic of Korea declared a national vision of carbon neutrality by 2050. Delivering Net Zero will require active investment in climate action measures.

However, given Korea's manufacturing-centered industrial structure, it remains challenging to drive industrial development led by green industries alone. Accordingly, it is critical to focus on enabling the low-carbon transition of high-carbon industries where emissions reductions are difficult to achieve. The cost of Korea's low-carbon transition is estimated to reach about KRW 1,000 trillion by 2030 (BCG Consulting). While large-scale government-led policies are expected to mobilize finance to support these transition costs, the role of private financial institutions in providing products and services is indispensable, making it essential to develop strategies that can respond to the substantial financing needs of high-carbon industries.

Accordingly, Hana Financial Group articulates the foundation for supporting appropriate financing that reflects the characteristics of high-carbon industries through its Sector Policy. Under this Policy, the Group assesses and manages borrowers' low-carbon transition progress by sector and ultimately works toward achieving a Net Zero portfolio. The Group further supports clients in developing and implementing transition strategies to cut down on carbon emissions through the Group's financial products and services.

ii. Expected Effects

① Optimizing the Achievement of Carbon Neutrality

Sector Policy 1.0, revised in July 2023, supports decision making when dealing with financial products and services based on the Environmental & Social Risk Management Policy (ESRM Policy). Hana Financial Group designated five industries that require heightened management from an environmental and social risk perspective; agriculture

and fisheries, forestry, mining, oil refining and gas, and the energy industry.

Under Sector Policy 1.0, social risks were considered in selecting these industries. The risks referenced herein include human rights and labor rights violations, worker safety, adverse impacts of the relevant industries on local communities and Indigenous peoples, political corruption, and community conflicts. Environmental risks are also addressed comprehensively, encompassing a broad range of considerations, such as ecosystem and habitat degradation, deforestation, declines in wildlife populations, and water resources protection.

In addition, Sector Policy 2.0 places a clear focus on incorporating the low-carbon transition of high-carbon industries into decisions on the provision of financial products and services in response to climate change. Accordingly, by identifying industries for which carbon emissions reductions are most urgent when designating carbon-intensive industries, Sector Policy 2.0 presents a more practical and optimized policy approach toward achieving carbon neutrality as recommended by the IPCC.

② Elevating Transparency for Stakeholders

Sector Policy 1.0 designated ‘ESG restricted industries’ and ‘industries with ESG-concerns’ in relation to carbon-intensive industries. However, while it states that financing related decisions for the relevant industries follow the Korean Green Taxonomy Guidelines (K-Taxonomy), it does not provide detailed information on sector scope, restrictions, and related specifics. This Sector Policy 2.0 provides broader coverage, including the definition of high-carbon industries, opportunity factors arising from transition, and emissions targets.

In doing so, Hana Financial Group enhances procedural transparency for a wide range of stakeholders, including obligors, regarding the process for identifying managed industries, and clarifies the criteria under which restrictions apply in the provision of financial products and services.

B. Approach

Hana Financial Group’s Sector Policy approach is guided by the following two main principles.

[Table B-1] Hana Financial Group Sector Policy Approach

Principle	Description
Science-based approach	<ul style="list-style-type: none"> · Select sectors based on science-based climate initiatives · Set emissions reduction pathways and targets based on science-based scenarios
Sector-specific approach	<ul style="list-style-type: none"> · Conduct detailed analyses of high-carbon industries to establish feasible decarbonization pathways

i. Criteria for Selecting Carbon-intensive Industries

Hana Financial Group established three criteria for selecting carbon-intensive industries. Criterion 1 covers industries that should be managed in line with global standards in the low-carbon transition. Criterion 2 covers carbon-intensive industries previously identified under the Group's Sector Policy 1.0. Criterion 3 is based on high-carbon industry statistics that reflect the specific characteristics of Korea's industrial structure.

[Table B-2] Scope of Selection for Carbon-intensive Industries

Category	Selection Coverage
Global climate initiatives	<ul style="list-style-type: none"> · SBTi SDA · NZBA
Carbon-intensive industries under Sector Policy 1.0	<ul style="list-style-type: none"> · Fossil fuel-related industries · ESG restricted industries · Industries with ESG-concerns
High-carbon industries in Korea	<ul style="list-style-type: none"> · Industries with high greenhouse gas emissions in Korea

① Criterion 1 : Global climate initiatives- SBTi, NZBA

Hana Financial Group participates in a range of global ESG initiatives as part of its commitment to sustainable management. In particular, the Group joined the Science Based Targets initiative (SBTi) in April 2022 and the Net-Zero Banking Alliance (NZBA), a global net zero banking coalition, in May of the same year.

Both SBTi and NZBA identify sectors where emissions reductions warrant heightened

focus in order to achieve carbon neutrality by 2050. SBTi presents the Sectoral Decarbonization Approach (SDA) as one of its methodologies for setting emissions reduction targets and recommends that decarbonization targets be established by carefully reflecting sector-specific characteristics across seven sectors. NZBA likewise highlights nine carbon-intensive sectors for which it recommends that emissions reduction targets be prioritized, thereby supporting emissions reductions in high carbon industries.

The sectors for which each initiative calls for enhanced greenhouse gas emissions management are as follows.

[Table B-3] Sectors Recommended for Target Setting under Global Climate Initiatives

Initiative	Industry		
SBTi SDA	<ul style="list-style-type: none"> · Power · Iron and Steel · Cement 	<ul style="list-style-type: none"> · Aluminum · Real Estate 	<ul style="list-style-type: none"> · Transport · Pulp and Paper
NZBA Carbon-intensive sectors	<ul style="list-style-type: none"> · Coal · Oil and Gas · Agriculture 	<ul style="list-style-type: none"> · Power · Iron and Steel · Cement 	<ul style="list-style-type: none"> · Aluminum · Real Estate · Transport

② Criterion 2 : Hana Financial Group Sustainable Finance Framework (Sector Policy 1.0)

Under Sector Policy 1.0, Hana Financial Group designated certain representative carbon-intensive sectors, including those related to fossil fuels as well as steel and chemicals, as ESG restricted industries or industries with ESG concerns, and incorporated these designations into decision making on the handling of financial products and services. ESG restricted industries are sectors deemed to carry elevated industry risk driven by climate change, for which new lending and direct investments are, in principle, restricted. Industries with ESG concerns are subject to selective restrictions on new lending and direct investments based on a holistic review of environmental and social risks, the intended use of proceeds, and other relevant factors.

By incorporating the sectors that the Group has continually managed from an environmental and social risk perspective into the updated criteria for carbon-intensive industries, Hana Financial Group secured policy continuity.

[Table B-4] Carbon-intensive Industries under Hana Financial Group Sector Policy 1.0

Carbon-intensive Sector	Industry
Fossil fuel-related industries	<ul style="list-style-type: none"> · Extraction, power generation, and distribution of fossil fuels, etc.
ESG restricted industries	<ul style="list-style-type: none"> · Mining of coal and lignite (KSIC B05100) · Extraction of crude petroleum and natural gas (KSIC B05200) · Mining support service activities (KSIC B08000) · Thermal power generation (KSIC D35113)
Industries with ESG concerns	<ul style="list-style-type: none"> · Manufacture of coke and briquettes (KSIC C19100) · Petroleum refineries (KSIC C19210) · Manufacture of lubricating oils and greases (KSIC C19221) · Reprocessing of other fractionation in petroleum refinery (KSIC C19229) · Manufacture of basic iron and steel (KSIC C241) · Manufacture of basic precious and non-ferrous metals (KSIC C242) · Casting of metals (KSIC C243) · Manufacture of basic chemicals (KSIC C201) · Manufacture of plastics and synthetic rubber in primary forms (KSIC C202) · Manufacture of fertilizers, pesticides, germicides, and insecticides (KSIC C203) · Manufacture of other chemical products (KSIC C204) · Manufacture of man-made fibers (KSIC C205), etc.

③ Criterion 3: High-emitting Industries Based on Korea's Industry Statistics

While the high-carbon sectors identified under global climate initiatives are grounded in a shared cross-country consensus to achieve the goals of the Paris Agreement, they may have limitations in fully reflecting differences in industrial structures across countries. Accordingly, to take account of Korea's specific industrial characteristics, Hana Financial Group identified industries that that require priority management, based on the scale of domestic industries.

ii. Results of Selecting Carbon-intensive Industries

The newly selected carbon-intensive sectors comprise the following 11 sectors.

[Table B-1] Carbon-intensive Sectors

Carbon-intensive Sectors		
· Power	· Oil and Gas	· Chemistry
· Iron and Steel	· Cement	· Real Estate
· Aluminum	· Transport	· Pulp and Paper
· Coal	· Agriculture	

C. Financing Approach

Unlike many EU countries where services account for a substantial share of GDP, Korea is a manufacturing-centered economy, with manufacturing representing roughly twice the OECD average as a share of GDP.⁴ Given Korea's industrial structure, which is heavily concentrated in high-carbon sectors, supporting the transition of hard-to-abate sectors remains the foremost priority in achieving Net Zero. In this context, financial authorities are also moving toward developing Korea-specific Transition Finance guidelines, and financial institutions will need to prepare accordingly.

However, Transition Finance may offer limited incentives for financial institutions to participate. Unlike Green Finance, which can deliver meaningful reductions in financed emissions, Transition Finance can, in the near term, leave a financial institution's financed emissions materially exposed to the ongoing emissions of high-carbon borrowers. As a result, there may be insufficient motivation to provide financing to high-carbon sectors while undertaking more stringent procedures and reviews than those required for conventional financing. Accordingly, Hana Financial Group has established, through Section C. Financing Approach, a framework to strengthen financing incentives for low-carbon and decarbonization efforts and to develop methodologies for measuring the outcomes of its financing activities.

If transition is understood as an interim set of activities along the pathway from high-carbon operations to decarbonization, addressing concerns over transition washing, where capital is

⁴ As of 2020, manufacturing accounted for 14% of GDP across the OECD, compared with 27% in Korea (Bank of Korea, 2024).

scope of climate risk management. However, the level of climate risk management varies by sector based on an assessment of greenhouse gas emissions across each sector's value chain. Emissions levels are classified into five tiers: none, low, medium, high, and very high. Sectors assessed as none through medium are categorized as 'Industries with ESG-concerns,' while those assessed as high through very high are categorized as 'Industries under ESG watch.' Emissions levels are evaluated at the value chain level, mapped to sectors using the Korean Standard Industrial Classification (KSIC) codes.

'Industries with ESG-concerns' refer to sectors that require periodic confirmation of scale. For these sectors, the Group tracks, aggregates, and reports exposure and emissions. 'Industries under ESG watch' are high-emitting sectors that present a level of risk requiring ongoing monitoring. On top of monitoring exposure and emissions, these sectors are subject to limit management, and limit information is used as reference in credit assessments.

As a separate category, 'ESG restricted industries' refer to sectors for which new financial support is restricted in line with Hana Financial Group's climate strategy and international expectations. Pursuant to the Group's 2021 coal phase-out finance declaration, Hana Financial Group restricts financial support related to the construction of coal-fired power plants. To respond proactively to requirements under global initiatives, the Group is also reviewing restrictions on new financial support, together with detailed criteria, across the entire coal value chain, including coal mining, transportation, processing, and power generation. In addition, the Group designates mining support service activities, thermal power generation, and oil and gas extraction as ESG restricted industries, thereby contributing to the transition toward a carbon-neutral economy.

② Opportunity Perspective: Transition

Hana Financial Group identifies opportunity areas where greenhouse gas emissions reductions are achievable in order to support the low-carbon and decarbonization transition of high-carbon industries. Activities that develop, introduce, and apply emissions reduction technologies are defined as transition activities eligible for Transition Finance. Processes labeled as 'Transition' finance represent areas identified through sector analysis as having the potential to enable a green transition through the adoption of greenhouse gas emissions reduction technologies. Transition opportunity areas are defined at the level of key processes, which serves as the baseline scope for reviewing transition activities.

ii. Financing Approach by Each Carbon-intensive Sector

Hana Financial Group has mapped Korean Standard Industrial Classification (KSIC) codes to the value chains of the 11 sectors, establishing a basis for aggregating, managing, and reporting sector-level emissions for climate risk management purposes. From an opportunity perspective, the Group has also identified abatement technologies that can be deployed across key processes, enabling the provision of financing, in the form of Transition Finance, to support the capital required to implement such technologies.

The risk management classifications applied when Hana Financial Group provides financing to carbon-intensive sectors (ESG restricted industries / industries under ESG watch / industries with ESG-concerns) are set out in the table below.

[Table C-2] List of ESG Restricted Industries, Industries under ESG Watch, and Industries with ESG-concerns (Based on KSIC Codes)

Carbon-intensive Sector	KSIC Code	Industry	Management Classification
Agriculture	A0111	Growing of cereal crops and other crops for food	Concerns
	A01121	Growing of vegetable crops	Concerns
	A01122	Growing of horticultural products	Concerns
	A01123	Growing of seed crops and nursery products	Watch
	A0113	Growing of fruit, beverage and spice crop	Concerns
	A0114	Growing of other crops	Concerns
	A0115	Growing of crops under cover	Concerns
	A0141	Services incidental to growing of crops	Concerns
Aluminum	B062	Mining of non-ferrous metal ores	Watch
	C24212	Manufacture of smelting, refining and alloys of aluminum	Watch
	C24222	Manufacture of aluminum products by rolling, extrusion and drawing	Concerns
	C24321	Casting of aluminum	Concerns
Cement	B0711	Quarrying of limestone, gypsum and clays	Concerns
	B0729	Mining of other non-metal ores n.e.c.	Concerns
	C23311	Manufacture of cement	Watch

Carbon-intensive Sector	KSIC Code	Industry	Management Classification
	C2332	Manufacture of articles of concrete, ready-mixed concrete and other cement and plaster products	Concerns
Chemistry	C1922	Reprocessing of fractionation in petroleum refinery	Watch
	C20111	Manufacture of basic organic petrochemicals	Watch
	C202	Manufacture of plastics and synthetic rubber in primary forms	Watch
	C203	Manufacture of fertilizers, pesticides, germicides and insecticides	Concerns
	C2041	Manufacture of ink, paint, coating and similar products	Concerns
	C2042	Manufacture of detergents, cosmetics and polishing preparations	Concerns
	C205	Manufacture of man-made fibers	Concerns
Coal	B051	Mining of coal and lignite	Restricted
Iron and Steel	B061	Mining of iron ores	Watch
	C191	Manufacture of coke and briquettes	Watch
	C2411	Manufacture of basic iron, steel and ferro-alloys	Watch
	C2412	Manufacture of steel products by rolling, extrusion and drawing	Concerns
	C2413	Manufacture of pipes, tubes and hollow profiles, of iron or steel	Concerns
	C2419	Manufacture of other basic iron and steel	Concerns
	C2431	Casting of iron and steel	Concerns
	C259	Manufacture of other fabricated metal products; metalworking service activities	Concerns
Oil and Gas	B052	Extraction of crude petroleum and natural gas	Restricted
	B080	Mining support service activities	Restricted
	C1921	Petroleum refineries	Watch
	H495	Transport via pipelines	Concerns
	H52104	Dangerous goods warehousing	Concerns
Power	D35113	Thermal power generation	Restricted
Pulp and Paper	A0202	Logging	Watch

Carbon-intensive Sector	KSIC Code	Industry	Management Classification
	A0204	Support services to forestry	Watch
	C171	Manufacture of pulp, paper and paperboard	Watch
	C172	Manufacture of corrugated paper, paper boxes and paper containers	Concerns
	C179	Manufacture of other paper and paperboard products	Concerns
Real Estate	C23911	Manufacture of stone products for construction	Concerns
	E3823	Treatment and disposal of construction and demolition waste	Concerns
	L6812	Development and subdividing of real estate	Concerns
Transport	H4910	Transport via railways	Watch
	H4921	Urban and suburban passenger land transport	Watch
	H4930	Freight transport by road	Watch
	H49402	Local delivery and messenger services	Watch
	H501	Sea and coastal water transport	Watch
	H50209	Other inland water transport	Watch
	H51	Air transport	Watch
	H529	Support activities for transportation	Watch

D. Sector-level Financed Emissions Reduction Targets

Hana Financial Group has established sector-level targets and pathways to achieve Net Zero by 2050. Using the Group's 2024 financial assets and financed emissions as the baseline, the Group calculated 'financed emissions intensity,' defined as financed emissions per KRW 100 million of outstanding exposure, and applied sector-specific target reduction rates to derive the target intensity for each target year. The table below presents the portfolio Net Zero targets for carbon-intensive sectors.

[Table D-1] Emissions Targets by Each Carbon-intensive Sector

		Target Intensity (Ton/KRW 100 mil.)	Target Reduction Rate	Scenario	Base Year
Power	2030	87.9 – 96.3	41.9% – 47%	SBTi SDA, WEO 2024 – NZ2050	
	2040	4.1	97.5%	WEO 2024 – NZ2050	2024
	2050	0	100%	WEO 2024 – NZ2050	

Iron and Steel	2030	78.7 – 81.8	23.1% – 26%	SBTi SDA, WEO 2024 – NZ2050	2024
	2040	36.5	65.7%	WEO 2024 – NZ2050	
	2050	8.5	92%	WEO 2024 – NZ2050	
Aluminum	2030	16.9 – 22.4	10% – 32%	SBTi SDA, WEO 2024 – NZ2050	2024
	2040	11.6	53.5%	WEO 2024 – NZ2050	
	2050	0.8	96.6%	WEO 2024 – NZ2050	
Coal	2030	245.3	45.2%	WEO 2024 – NZ2050	2024
	2040	30.9	93.1%	WEO 2024 – NZ2050	
	2050	4.5	99%	WEO 2024 – NZ2050	
Oil and Gas	2030	56.2	23.7%	WEO 2024 – NZ2050	2024
	2040	19.6	73.4%	WEO 2024 – NZ2050	
	2050	4.9	93.3%	WEO 2024 – NZ2050	
Cement	2030	97.5 – 108.8	15% – 23.8%	SBTi SDA, WEO 2024 – NZ2050	2024
	2040	40.1	68.7%	WEO 2024 – NZ2050	
	2050	3.6	97.2%	WEO 2024 – NZ2050	
Transport	2030	24.1	24.5%	WEO 2024 – NZ2050	2024
	2040	9.6	69.9%	WEO 2024 – NZ2050	
	2050	2.5	92.3%	WEO 2024 – NZ2050	
Agriculture	2030	13.7	28.3%	NDC, LEDS	2024
	2040	12.7	33.5%	NDC, LEDS	
	2050	11.7	38.6%	NDC, LEDS	
Chemistry	2030	25.2	13.5%	WEO 2024 – NZ2050	2024
	2040	11.2	61.6%	WEO 2024 – NZ2050	
	2050	1.7	94%	WEO 2024 – NZ2050	
Real Estate	2030	1.3 – 1.7	33.3% – 51%	SBTi SDA, WEO 2024 – NZ2050	2024
	2040	0.4	84.8%	WEO 2024 – NZ2050	
	2050	0.04	98.4%	WEO 2024 – NZ2050	
Pulp and Paper	2030	14.4 – 20.3	14% – 39%	SBTi SDA, ETP 2017 – B2DS	2024
	2040	11.6	51%	WEO 2024 – NZ2050	
	2050	4.7	80%	WEO 2024 – NZ2050	

* Covered assets: bonds, equities, and corporate loans (including investments in commercial real estate for the Real Estate sector)

V. Biodiversity Policy

1. Introduction

Biodiversity is a concept that encompasses all-natural capital, including freshwater, soil, oceans, and resources.

Biodiversity plays a key role in enabling ecosystems to provide essential products and services for human life and over half of the global economy significantly relies on nature. The World Economic Forum (WEF) Global Risk Report annually highlights the risks associated with biodiversity loss alongside climate change.

Biodiversity loss has negative impacts not only on the economy but also on the financial sector. As economic activities rely on natural ecosystems, biodiversity loss disrupts the balance of raw material supply and undermines climate change mitigation and adaptation efforts, adversely affecting business operations and industries, which ultimately leads to financial losses for investors. Financial institutions are exposed to direct and indirect risks associated with biodiversity loss by providing funding to customers engaged in economic activities reliant on biodiversity. Moreover, providing funding to companies with a negative impact on biodiversity poses reputation risks for financial institutions.

Hana Financial Group, as a leading financial institution in Korea, aims to minimize associated risks and potential impacts, recognizing biodiversity as a crucial aspect of corporate management. The Group has implemented a sustainable finance framework and industrial policies that incorporate biodiversity factors across all financial activities, and actively practices ESG management and sustainable finance for biodiversity conservation, including signing the 'Joint Declaration on Biodiversity conservation' with more than 30 global financial institutions and international financial organizations such as the World Bank Group and the International Finance Corporation (IFC).

Moving forward, Hana Financial Group will continue to acknowledge the financial industry's role in safeguarding biodiversity and natural capital while actively responding the issues.

2. Our commitment

In the Kunming–Montreal Global Biodiversity Framework adopted by 196 countries in December 2022, four main goals for achieving a vision of 'Living in Harmony with Nature' by 2050 and 23

practical targets for 2030 were announced. This framework aims to foster collaboration among actors in the public and private sectors, including financial institutions, to transform their relationship with nature across society and the economy. As a participating institution in the Joint Declaration on Biodiversity conservation, Hana Financial Group commits to fulfilling the role in achieving related goals.

3. Risk assessment

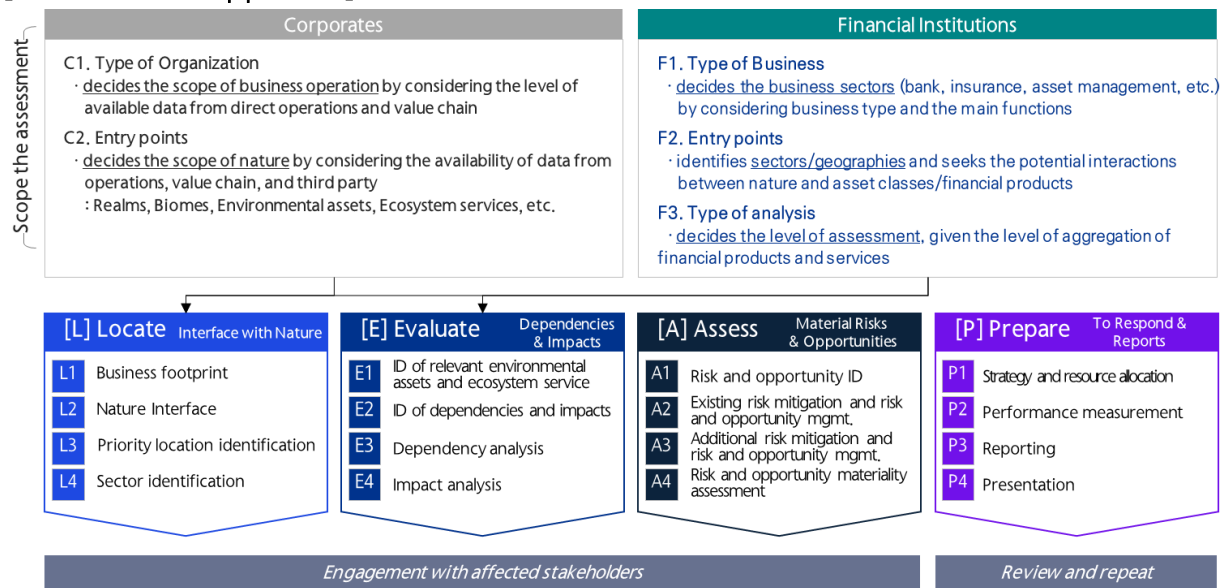
Biodiversity-related risks can arise in various ways. These risks include physical risks influenced by the location of operations, policy risks arising from strengthened biodiversity-related policies and regulations, market risks resulting from changes in consumer awareness, and financial risks related to revenue, asset impacts, and financing.

Financial institutions must identify, measure, and manage the financial risks specific to biodiversity within their respective industries. According to an OECD report⁵, financial risks include asset losses associated with environmental destruction and extreme weather events, insurance risks related to biodiversity loss and increased financing costs due to strengthened lending requirements for companies with negative impacts or high dependencies on biodiversity.

To address these risks, Hana Financial Group has established and operates an Environmental and Social Risk Management (ESRM) system to identify, assess, and manage environmental and social risks, including biodiversity issues, for all credit transactions and investment portfolios within the group. Hana Financial Group is a TNFD (Task Force on Nature-related Financial Disclosures) signatory and measures biodiversity risks based on the LEAP-FI (Table 1) methodology, which is specialized for financial institutions. The measured biodiversity-related risks and their impacts are integrated into the existing ESRM (Environmental and Social Risk Management) to comprehensively manage risks related to financial services.

⁵ Biodiversity: Finance and the Economic and Business Case for Action (2019)

[Table 1. LEAP Approach]



Source: The TNFD Nature-related Risk and Opportunity Management and Disclosure Framework Beta v0.4

Hana Financial Group intends to focus on and manage the following biodiversity-related risks in specific areas of the group's operations, borrowers, and financial products, according to TNFD's classification criteria. (Please refer to Annex 1.)

4. Relevant Initiatives/Laws

A. Major International Initiatives

- Convention on Biological Diversity (CBD): Adopted in May 1992 at the United Nations Conference on Environment and Development, the CBD aims to ensure the fair and equitable distribution of benefits derived from the conservation and sustainable use of biological diversity.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES): This agreement protects endangered wildlife threatened by illegal or excessive international trade, regulating trade to suppress disorderly collection and capture of wild animals from their habitats.
- Ramsar Convention: An international treaty aimed at the conservation and wise use of wetlands, which are of high ecological, social, economic, and cultural value, through regional, national, and international cooperation.
- United Nations Convention to Combat Desertification (UNCCD): This agreement aims to

establish long-term comprehensive strategies for preventing desertification, mitigating its effects, and promoting the recovery, conservation, and sustainable management of water resources in countries experiencing severe land degradation and desertification, including African regions.

- International Union for Conservation of Nature (IUCN): An organization focused on the evaluation of the efficient management of natural protected areas (such as national parks and wetland reserves) in each country and providing policy support for enhancing biodiversity.
- World Heritage Convention: An organization was established in 1972 with the primary goal of prioritizing the preservation of natural and cultural heritage and identifying and protecting areas eligible for inclusion in the World Heritage List. Member countries commit to preserving the World Heritage sites located within their territories and regularly reporting on their conservation status.

B. Key Korea Domestic Laws

- Act on the Conservation and Use of Biological Diversity: A comprehensive national management system enacted to conserve and manage biodiversity systematically and provide a legal foundation for the sustainable use of biological resources, in line with the international trend of enhancing national sovereignty over biological resources.
- Wildlife Protection and Management Act: A law developed to establish protective measures for wildlife habitats and formulate mid- to long-term conservation plans for endangered wildlife species facing difficulties in continuous survival.
- Wetland Conservation Act: A law to promote the efficient use of the land by efficiently preserving and managing wetlands with biodiversity and pollutant purification functions, and to contribute to the promotion of international cooperation related to the Ramsar Convention.
- Natural Environment Conservation Act: A law protecting the natural environment from artificial destruction, preserves various natural ecosystems, and prevents the extinction of valuable species caused by human activities, ensuring the conservation and sustainable use of nature.
- Special Act on the Conservation, Management, and Utilization of World Heritage: Legislation specifying necessary provisions for the conservation, management, and utilization of world heritage sites in alignment with the World Heritage Convention,

promoting national pride in cultural heritage and contributes to international cooperation in preserving the common heritage of humanity.

5. Biodiversity Risk Assessment Criteria

Hana Financial Group conducts customer evaluations and assesses loans and investment decisions based on a decision-making process focused on biodiversity response.

A. Customer Evaluation

Hana Financial Group prioritizes customers who have secured third-party certification and verification if their business activities are expected to have a significant direct or indirect impact on biodiversity. For Companies without such certification, the due diligence of their biodiversity-related risk is conducted by Hana Financial Group.

- **Certified Customers:** Customers who have obtained third-party certification related to biodiversity and meet the legal, environmental, and social criteria specified by the certification.
- **Verified Customers:** Some customers provide evidence of fulfilling quantitative/qualitative targets and commitments through third-party verification.
- **Due Diligence:** In cases where an impact on biodiversity is expected but there is no third-party certification, an inspection is conducted during the financial services review process to assess the relevant factors.

B. Suitability Assessment for Loans and Investments

Hana Financial Group clients are required to submit evidence of responses to relevant domestic and international regulations when it is determined that an area where an individual project, including project finance and investment, is located within a biodiversity conservation area and could potentially have a significant impact. Third-party assessments are conducted to evaluate the potential impacts and assess the adequacy of response measures for mitigating and restoring negative impacts.

Hana Financial Group identifies, assesses, and manages the environmental and social risks of the project for individual investments by applying the principles and procedures set out in The Equator Principles based on the International Finance Corporation's (IFC) Performance Standards⁶.

⁶ The International Finance Corporation (IFC) sets eight performance standards for development projects that consider

6. Implementation Strategies

Hana Financial Group actively implements strategies for biodiversity risk mitigation in accordance with the recommendations of the Finance for Biodiversity pledge.

- **Collaboration and participation in initiatives for biodiversity with other financial institutions:**

Hana Financial Group participates in global forums and actively engages in relevant discussions regarding measuring biodiversity risks, setting targets, and joint responses among financial institutions. Hana Financial Group, as a member of PRB (Principles for Responsible Banking) and the Equator Principles, is developing and implementing policies related to biodiversity.

- **Strengthening cooperation with customers related to biodiversity impacts and dependencies and adjusting investment strategies:**

Hana Financial Group develops and applies key industry-specific management policies to manage biodiversity (nature-based) risks in corporate lending and investment processes. The Group expects our customers and portfolio companies to comply with the following guidelines based on their company size and exposure levels. In unavoidable cases, the Group prohibits direct investment and provision of related products/services to non-compliant companies.

- **Measurement, evaluation, and mitigation of biodiversity impacts, risks, and dependencies:**

Hana Financial Group measures natural capital risks, assesses portfolio exposure, and identifies the impacts on the group. Based on understanding these biodiversity impacts, Hana Financial Group continues its efforts to reduce negative impacts and expand positive impacts related to biodiversity.

- **Setting global targets and aligning with the CBD GBF (Global Biodiversity Framework) goals post-2020:**

Hana Financial Group actively participates in activities to achieve the goals presented by the GBF based on the Joint Statement of Support for Biodiversity.

○ **Disclosure of positive and negative impacts on biodiversity:**

Hana Financial Group will regularly review its approach to nature and biodiversity to continuously improve its contributions to nature conservation and biodiversity. In addition to the Sustainable Management Report, Hana Financial Group intends to disclose its activities and performance related to nature and biodiversity through reports such as CDP (Carbon Disclosure Project) and TNFD (Task Force on Nature-related Financial Disclosures).

VI. Green · Transition Finance Policy

1. Overview

A. Definitions of Green Finance and Transition Finance

Green Finance and Transition Finance are forms of climate finance, referring, respectively, to financing that supports environmentally friendly activities and financing that supports activities enabling the low-carbon transition to achieve carbon neutrality. (*climate finance: financial support provided for the purpose of responding to climate change) Although Transition Finance is currently directed to activities within carbon-intensive industries, it may shift toward Green Finance or other low-emission activities over time, as such activities contribute to reducing greenhouse gas emissions.

B. Importance of Green Finance and Transition Finance and the Group's Strategy

Given the role of financial institutions in driving the real economy through the provision of capital, it is critical to channel financial products and services toward economic activities that reduce greenhouse gas emissions and deliver environmental benefits, rather than toward activities that generate high levels of emissions and accelerate the climate crisis. Accordingly, Hana Financial Group aims to scale up Green Finance and provide KRW 60 trillion in credit, investment support, and funding to the green and sustainable sectors by 2030. In line with this ambition, the Group plans to expand Green Finance not only through green investments, but also by developing a broader range of green products with Green Loans at the core, and has established a Green Loan policy.

However, directing finance exclusively toward environmentally friendly sectors alone is not sufficient to address the global climate crisis. Greenhouse gas emissions can continue to be generated by carbon-intensive companies and projects financed through other institutions, making it difficult to achieve economy-wide emissions reductions. In particular, with Korea's manufacturing-heavy economic structure, the low-carbon transition of carbon-intensive industries is indispensable to Korea's broader shift toward a low-carbon economy. The costs required for this transition are estimated to reach approximately KRW 1,000 trillion by 2030. Against this backdrop, Hana Financial Group is committed to actively implementing Transition Finance to meaningfully mitigate climate change and respond to emerging financing needs. To underpin these efforts, the Group has established a Transition Finance policy.

2. Criteria and Operating Policy for Green Finance

A. Criteria for Determining Green Finance

Environmentally friendly activities eligible for Green Finance are defined as ‘green activities,’ and the classification of green activities follows the K-Taxonomy. In other words, an activity is classified as a green activity only if it satisfies all of the K-Taxonomy’s activity criteria, eligibility criteria, exclusion criteria, and safeguards criteria.

Before determining whether a transaction qualifies as Green Finance, the Group reviews environmental and social risks for all corporate banking and investment transactions, project finance, and other relevant financing in accordance with II. Environmental & Social Risk Management Policy. Where a transaction is not subject to exclusion, the Group assesses whether it qualifies as Green Finance.

Retail banking products require criteria separate from those applied to corporate banking. Green retail finance will be offered through Green mortgage loans for the purchase of green homes and loan products for the purchase of green vehicles. The criteria for determining whether each product is ‘green,’ with reference to the K-Taxonomy concepts of zero-emission vehicles and zero-energy or green buildings, are defined as below.

- ① Green homes: certified as a zero-energy building and holding a green building certification at or above a specified grade
- ② Green vehicles: zero-emission vehicles (electric, hydrogen, and hybrid vehicles)

The green classification criteria for retail banking products will be progressively expanded and strengthened, including financing for the purchase of energy-efficient equipment and the installation of residential solar PV systems or electric-vehicle charging stations.

B. Hana Financial Group’s Green Finance Operating Policy

Hana Financial Group designates the department and officers responsible for Green Finance, and in the course of standard corporate banking and investment reviews, the Group classifies transactions as Green Finance in accordance with the Green Finance criteria. In order to promote the expansion of Green Finance, the Group may develop Green Finance products that offer

incentives such as preferential terms. The Group developed and deployed an internal K-Taxonomy screening system since 2023 to enhance the efficiency of green activity assessments and the reliability of their outcomes, and has also established operational guidelines for Green Loans. Going forward, the Group plans to further develop and expand Green Finance products beyond Green Loans.

Green Finance operations are carried out in the following stages: alignment assessment, review of proceeds usage after disbursement, and management of Green Finance status and performance.

① Alignment assessment is conducted during the financing review stage by determining whether the activity satisfies the four K-Taxonomy criteria described above. The initial assessment is performed by the obligor or the investee company; where necessary, it may be conducted by Hana Financial Group's Green Finance officers or an external institution.

② For Green Finance, post-disbursement review of proceeds usage is essential to prevent greenwashing. On an annual basis, the Green Finance officers verify whether the Green Finance provided has been properly used for Green Economic Activity and, where any use inconsistent with the intended purpose is identified, conduct follow-up management and monitoring, including measures such as withdrawal of benefits or recovery.

③ Each year, the person in charge of Green Finance calculates the ratio of green assets and manage and report the status and performance of Green Finance.

Green retail finance operations follow the same stages: alignment assessment, post-disbursement review of proceeds usage, and management of Green Finance status and performance. In conducting the alignment assessment, Hana Financial Group refers to the K-Taxonomy criteria.

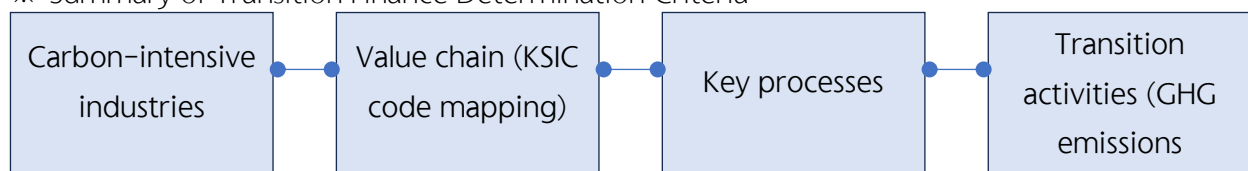
※ Please refer to [Annex] Hana Financial Group Green Loan Management Guidelines.

3. Criteria and Operating Policy for Transition Finance

A. Criteria for Determining Transition Finance

Transition activities eligible for Transition Finance are established based on an analysis of decarbonization potential within carbon-intensive industries. More specifically, the Group identifies climate-related risks by assessing greenhouse gas emissions levels across key processes within carbon-intensive industries, and analyzes process-level emissions abatement technologies to define those processes where such technologies can be applied as climate-related opportunity areas and as the unit of transition eligibility. The Group then confirms the specific transition activity being financed for each eligible unit and makes a final determination as to whether the financing qualifies as Transition Finance. For the list of eligible Transition Finance activities, please refer to IV. Sector Policy, 2. Carbon-intensive Industries.

※ Summary of Transition Finance Determination Criteria



Prior to assessing Transition Finance eligibility, the Group reviews environmental and social risks for all corporate banking and investment, project finance, and other transactions in accordance with II. Environmental & Social Risk Management Policy, and where a transaction is not subject to exclusion, it becomes subject to an assessment of whether it qualifies as Transition Finance.

The detailed criteria and operating policies for Transition Finance will be updated and reflected as necessary in line with the Transition Finance guidelines to be issued by the financial authorities in the future.

B. Operating Policy for Transition Finance

Hana Financial Group designates the relevant departments and responsible persons for Transition Finance operations and classifies transactions as Transition Finance during the review of corporate banking and investment, based on the Transition Finance determination criteria. In order to promote Transition Finance, the Group may develop Transition Finance products that offer preferential terms and other incentives. Hana Financial Group has established internal operating

guidelines for Transition Finance and plans to further develop and expand its Transition Finance product suite. The Group will also continue to review broader opportunity areas for greenhouse gas emissions reduction and progressively expand the scope of eligible Transition Finance.

Hana Financial Group adopts the principles set out in NZBA's transition finance guidance and defines the four elements of Transition Finance as follows.

- a. Ambitious transition targets and a feasible implementation plan
- b. KPIs to monitor transition progress
- c. Comprehensive and transparent disclosure
- d. A clear governance mechanism and accountability process

Taking these four elements into account, Transition Finance operations are carried out in the following stages: determination of eligibility, review of implementation performance, and management of Transition Finance status and performance.

① Determination of eligibility

- a. For financing with a clearly defined purpose of proceeds

: For financing with a clearly defined purpose of proceeds, such as transition facility loans or project finance, Hana Financial Group assesses whether the stated purpose falls within the Transition Finance determination criteria set out in Section A.

In addition, the Group establishes and evaluates KPIs reflecting the borrower's or investee's targets and strategies for carbon neutrality and a low-carbon transition, and reviews whether a clear governance framework is in place to support the transition.

The Group also confirms, based on the environmental and social risk review conducted under the II. Environmental · Social Risk Management Policy, that the transaction is not subject to exclusion.

- b. For general purpose financing

: Hana Financial Group establishes and evaluates KPIs reflecting the borrower's or investee's targets and strategies for carbon neutrality and a low-carbon transition, and reviews whether a clear governance framework is in place to support the transition.

The Group also confirms, based on the environmental and social risk review conducted under the

II. Environmental · Social Risk Management Policy, that the transaction is not subject to exclusion.

② Review of implementation performance

: On an annual basis, the persons responsible for Transition Finance verify whether the Transition Finance provided has been used in line with the initial purpose of proceeds and review the performance outcomes of the transition activities, including whether greenhouse gas emissions reductions have been achieved. They also assess whether the borrower or investee has met the transition KPIs. They further verify that transition performance is quantitatively measured and transparently reported.

③ Management of Transition Finance status and performance

: The persons responsible for Transition Finance manage and report the status and performance of Transition Finance on an annual basis.

[Annex] Hana Financial Group Green Loan Management Guidelines

Chapter 1 General Provisions

Article 1 (Purpose)

These guidelines aim to clearly establish the definition and scope of green loans, thereby fostering a sound and orderly framework for financial transactions related to green loans. The guidelines define the rights and obligations of financial consumers, including corporations and individuals that utilize green loans to support carbon neutrality, the transition to a low-carbon economy, and environmental improvement, as well as those of affiliates within Hana Financial Group, with a view to promoting the expansion of green loans and preventing greenwashing practices.

Article 2 (Definitions)

The meanings of the terms used in these guidelines are as follows.

1. 'K-Taxonomy' refers to the Korean Green Taxonomy Guidelines issued by the Ministry of Environment of the Republic of Korea.
2. 'Environmental Objectives' refer to the six environmental objectives set forth under the K-Taxonomy, namely greenhouse gas emissions reduction, climate change adaptation, sustainable water management, transition to a circular economy, pollution prevention and control, and biodiversity conservation.
3. 'Green Economic Activities' refer to specific economic activities that constitute independently identifiable business units and satisfy the alignment assessment criteria prescribed under the K-Taxonomy.
4. 'Alignment Assessment' refers to the determination of whether a specific economic activity satisfies the four criteria set forth under the K-Taxonomy, namely the activity criteria, eligibility criteria, exclusion criteria, and protection criteria.
5. 'Intended Use of Proceeds' refers to the specific green economic activity subject to alignment assessment for which proceeds provided through green loans are intended to be applied.
6. 'Green Loans Ratio' refers to the ratio of a financial institution's green loans to its total assets.

7. 'Green Loan Products' refer to products specifically developed for the provision of green loans.
8. 'Green Loans Officer' refers to personnel responsible for the handling and management of green loans.
9. 'External Review Institution' refers to an institution that has completed registration in accordance with the Regulations on the Registration and Management of External Review Institutions for Korean Green Bonds introduced by the Ministry of Environment and performs alignment assessments with respect to the K-Taxonomy.
10. 'Greenwashing' refers to conduct in which a financial institution, in the course of providing loans, represents such loans to financial consumers as green loans despite knowing that the proceeds will not be used for green economic activities, thereby enabling the financial institution to obtain an undue positive reputation or to provide unjustified benefits to financial consumers.

Article 3 (Applicable Financial Institutions)

- ① These guidelines shall apply to Hana Financial Group and its loans-providing affiliates, namely Hana Bank, Hana Securities, Hana Capital, Hana Life Insurance, Hana Insurance, and Hana Savings Bank (hereinafter referred to as the 'financial institutions').
- ② Given variations in size, scope of operations, and business characteristics among the financial institutions, these guidelines may be applied in a manner commensurate with the scale and nature of each institution's business activities.

Chapter 2 Definition of Green Loans

Article 4 (Definition of Green Loans)

Green loans refer to loans extended in accordance with these guidelines, the intended use of proceeds of which satisfies the assessment criteria under the K-Taxonomy. Green loans shall not be restricted by the nationality of the obligor, the currency in which the loan is provided, or the jurisdiction in which the relevant green economic activity is located.

Article 5 (Key Elements)

The key elements of green loan management are the use of proceeds, the assessment and selection of the intended use of proceeds, the management of proceeds, and reporting.

Article 6 (Types of Loans)

Loans eligible for classification as green loans shall include loans and guarantees among the loan exposures provided by Hana Bank; guarantees, loans, and project finance loans provided by Hana Securities; loans and guarantees among the loan exposures provided by Hana Capital; loans among the loan exposures provided by Hana Life Insurance and Hana Insurance; and loans and guarantees among the loan exposures provided by Hana Savings Bank. Notwithstanding the foregoing, where green loans are recognized as working capital loans on the balance sheet, such loans shall be limited to cases in which the intended use of proceeds corresponds to either the manufacture of innovative items related to the K-Taxonomy or the manufacture of materials, parts, and equipment of innovative items, as set forth in the Korean Green Taxonomy guidelines issued by the Ministry of Environment (currently Ministry of Climate, Energy and Environment) (Appendix 7).

Chapter 3 Alignment Assessment

Article 7 (Responsible Party for Assessment)

- ① The obligor is primarily responsible for conducting the alignment assessment. Before executing green loans, the financial institution shall review the results of the obligor's alignment assessment.
- ② If the obligor is unable to conduct the alignment assessment directly, for example, due to insufficient understanding of the K-Taxonomy, the financial institution may conduct the assessment on behalf of the obligor with respect to the intended use of proceeds.
- ③ Where the obligor itself is a financial institution, the lending financial institution shall not conduct the alignment assessment on the obligor's behalf.

Article 8 (Assessment Process)

The alignment assessment process shall be conducted in sequence to determine whether the intended use of proceeds complies with the activity, eligibility, exclusion, and protection criteria

set forth under the K-Taxonomy. The obligor may disclose its internal alignment assessment procedure externally.

Article 9 (Assessment Criteria)

The intended use of proceeds must satisfy all four criteria, namely activity, eligibility, exclusion and protection, to be considered aligned with the K-Taxonomy.

Article 10 (Supporting Evidence for Alignment Assessment)

① The financial institution shall obtain supporting evidence for the alignment assessment from the obligor in accordance with the relevant loan agreements and terms, even when the obligor conducts the alignment assessment directly.

② Supporting evidence is not restricted to any specific format and must enable verification of whether the intended use of proceeds complies with the activity, eligibility, exclusion, and protection criteria under the K-Taxonomy.

③ Supporting evidence shall include information that allows the evaluation, measurement, and reporting of the contribution of the relevant economic activity to the environmental objectives. The financial institution shall obtain the relevant documents from the obligor for each green economic activity (Appendix 1).

④ Where the obligor submits a confirmation, as set out in Appendix 2, to demonstrate compliance with the exclusion and protection criteria, the financial institution may conduct the alignment assessment on the basis of such confirmation.

Article 11 (Multiple Economic Activities)

If the intended use of proceeds for a green loan involves multiple economic activities, only the portion that qualifies as green economic activities may be classified as green loans. Classification is possible only when the green economic activities can be clearly distinguished from the overall activities. If they cannot be clearly distinguished, the loans shall not be classified as green.

Article 12 (External Review)

- ① The obligor or the financial institution may commission an external review from an independent institution to support the alignment assessment.
- ② The independent institution referred to in paragraph 1 may include an external review institution as defined in Article 2(9).
- ③ Where the obligor or the financial institution obtains an external review, the financial institution may use the results as a reference when conducting the alignment assessment.

Chapter 4 Key Elements of Green Loans

Section 1 Use of Proceeds

Article 13 (Principles for Use of Proceeds)

Green loans shall be used exclusively for green economic activities, and the obligor must be able to provide the financial institution with evidence of the relevant green economic activities in written form or by other appropriate means to enable verification and assessment.

Article 14 (Scope of Use of Proceeds)

- ① The proceeds of green loans may be used not only for newly initiated green economic activities but also for the repayment of loans previously extended for ongoing green economic activities.
- ② When the proceeds of a green loan are used to repay an existing loan, repayment is permitted even if the original loan was not a green loan, provided that the intended use of proceeds of the original loan can be demonstrated to meet the assessment criteria for green economic activities under Article 9.
- ③ The maturity extension of an existing green loan may be treated in accordance with paragraph 2.
- ④ Loans that are not green loans but are eligible for repayment with green loan proceeds are limited to those originated on or after January 1, 2025.

Article 15 (Use of Green Loan Proceeds for Repayment of Financing Procured for Existing Green Economic Activities)

Where financing was obtained for the implementation of existing green economic activities through green bonds, green loans, or similar instruments, or where the intended use of proceeds has been subsequently demonstrated to relate to green economic activities after loan origination, the green loans officer shall obtain the following information from the obligor when green loan proceeds are used for repayment:

1. The anticipated amount of green loan proceeds to be used for repayment, or the proportion of green loan proceeds relative to the originally procured financing.
2. The alignment assessment results for the green economic activities subject to repayment.
3. Where repayment using green loan proceeds is repeated two or more times for the same green economic activity, information on the expected maturity of the activity and whether additional financing will be required.

Article 16 (Partial Green Loans)

Where green loans apply only to a portion of the total loan amount, such as a senior or subordinated tranche, the financial institution must be able to separately track the green loan proceeds. For this purpose, the financial institution may establish and manage a separate account.

Article 17 (Conversion of Previously Extended Loans into Green Loans)

If the obligor can subsequently demonstrate that the intended use of proceeds of an existing conventional loan aligns with the assessment criteria for green economic activities under Article 9, the financial institution may convert the loan into a green loan.

Article 18 (Intended Use of Proceeds)

The green loans officer shall, in accordance with the relevant loan agreements and terms, obtain from the obligor a plan for the intended use of proceeds prior to the obligor's utilization of the green loan, using the format set out in Appendix 3.

Section 2 Assessment and Selection of Intended Use of Proceeds

Article 19 (Principles for Assessment and Selection of Intended Use of Proceeds)

- ① The obligor shall assess whether the intended use of proceeds of green loans aligns with the K-Taxonomy, following the alignment assessment procedures set out in Chapter 3, and the financial institution shall review the assessment results to determine whether the loan qualifies as a green loan.
- ② Where the financial institution conducts the alignment assessment on behalf of the obligor under Article 7, paragraph 2, it may provide the obligor with the final assessment results upon request.

Article 20 (Communication with the Obligor)

The financial institution shall communicate thoroughly with the obligor regarding the evaluation and selection of green economic activities, based on the obligor's supporting evidence for the alignment assessment, and shall endeavor to assist the obligor in establishing its own procedures for evaluating and selecting green economic activities.

Section 3 Management of Proceeds

Article 21 (Principles for Management of Proceeds)

The green loans officer shall verify that proceeds of green loans provided to the obligor are managed to ensure allocation solely to the pre-agreed green economic activities.

Article 22 (Verification of Proceeds Allocation)

- ① The green loans officer shall verify, within one year from the date the green loans were extended, whether the obligor has used the proceeds for the intended green economic activities.
- ② If the verification under paragraph 1 reveals that proceeds of green loans have not been properly allocated, the financial institution shall endeavor to ensure that the obligor promptly allocates the proceeds to the green economic activities.
- ③ If the verification under paragraph 1 confirms that the supporting documents submitted by the obligor for the alignment assessment are false or that green loan proceeds were used for

activities other than green economic activities, the financial institution shall cancel or recover any related benefits and convert the green loans into conventional loans.

④ Where green loans are recorded as working capital loans on the balance sheet, the financial institution may substitute the verification under paragraph 1 with an assessment of the ratio of sales from the obligor's total products and services attributable to the manufacture of innovative items under the K-Taxonomy, or to the materials, parts, and equipment of innovative items classified under the Korean Green Taxonomy Guidelines (Appendix 7).

Article 23 (Tracking of Green Loan Proceeds)

- ① The financial institution shall verify that the obligor manages green loan proceeds in a traceable manner.
- ② The financial institution may encourage the obligor to establish internal control procedures for the allocation and tracking of green loan proceeds.

Section 4 Reporting

Article 24 (Reporting)

- ① The financial institution shall guide the obligor, in accordance with the relevant loan agreements and terms, to provide information on the use of green loans and associated environmental benefits to the financial institution (Appendix 4). However, if the obligor is a small or medium-sized enterprise under the Framework Act on Small and Medium Enterprises, or if full disclosure is difficult due to security, competition, or other reasons, a summary may be provided instead.
- ② The information reported under paragraph 1 shall be based on the most recent facts available.
- ③ Reporting must be conducted at least once a year and may cover all relevant occasions, including the following. However, after the planned allocation of proceeds at the time of green loan issuance and the verification under Article 23 have been completed, reporting items 1, 2, and 4 may be omitted:
 - 1. The point at which the entire green loan has been allocated to green economic activities.
 - 2. The time agreed in advance with the financial institution for each year following the execution of green loans.

3. The conclusion of the green economic activity or the disposal of related assets.
 4. The occurrence of other significant events related to the green economic activity.
- ④ The reported information shall include the following:
1. Details and progress of the green economic activities.
 2. The amount allocated to each specific green economic activity. However, if it is difficult to provide detailed information, general descriptions may be used instead.
 3. Environmental benefits resulting from the green economic activities.
- ⑤ Notwithstanding paragraph 4, where green loans are recorded as working capital loans on the balance sheet, reporting under item 2 may be omitted.

Article 25 (Measurement of Performance of Green Economic Activities)

The obligor may use both quantitative indicators, such as greenhouse gas reduction, and qualitative indicators to assess the performance of green economic activities. The obligor shall disclose to the financial institution the methodology and assumptions used to calculate these indicators.

Article 26 (Disclosure)

When the obligor intends to disclose information on green loans, the financial institution shall verify the relevant loan handling details. The obligor shall also disclose information regarding the financial institution that provided the green loans when publicly reporting such information.

Chapter 5 Internal Control and Management of Green Loans

Article 27 (Principles of Internal Control)

The financial institution shall establish an internal control framework for the management of green loans, which shall include the following:

1. Providing guidance to customers on green loans.
2. Establishing criteria and procedures for assessing the alignment of the intended use of proceeds.

3. Requesting and retaining supporting documentation for the alignment assessment.
4. Designating a responsible person for green loans.
5. Managing green loan-related benefits, such as interest reductions or the issuance of green loan certification.
6. Defining procedures and overseeing the management of green loan certification.
7. Conducting post-issuance monitoring and verification.
8. Disclosing and reporting information related to green loans.

Article 28 (Customer Guidance)

The financial institution shall provide customers with the following information when handling green loans. For Item 4, the financial institution shall make best efforts within reasonable limits:

1. The structure of the green loan, including its key elements such as the alignment assessment of the intended use of proceeds.
2. Benefits associated with the green loan, such as interest rate incentives or certification of green loan issuance, may be cancelled or recovered by the financial institution if the supporting documentation for the alignment assessment is found to be false or if the proceeds are not used for the designated green economic activities.
3. Obligations of the customer in relation to providing information and fulfilling other requirements for handling green loans.
4. Differences in interest rates and customer obligations compared with conventional loans for the same intended use of proceeds.

Article 29 (Duties of the Person Responsible for Green Loans)

The financial institution may designate a responsible person for green loans to ensure the effective management of green loans. The duties of the responsible person for green loans include the following, and the financial institution shall provide an appropriate working environment to enable the responsible person to perform these duties effectively.

1. Conducting the alignment assessment for green loan applications as set forth in Chapter 3.

2. Establishing and managing internal processes for the alignment assessment.
3. Monitoring and managing the status of green loans by category, including environmental objectives and green economic activities.
4. Managing green loan statistics.
5. Maintaining documentation supporting green loan assessments and conducting post-issuance monitoring.
6. Reviewing green loan benefits and developing related strategies.

Article 30 (Benefits of Green Loans)

The financial institution may provide benefits to the obligor when extending green loans, such as reductions in interest rates or guarantee fees.

Article 31 (Green Loan Certificate)

① Upon the request of the obligor, the financial institution may issue a certificate confirming the issuance of a green loan, using the format in Appendix 5. The certificate shall include:

1. The green loan amount.
2. The loan term.
3. The environmental objectives of the green economic activities.
4. The green economic activities representing the intended use of the loan proceeds, as defined under the K-Taxonomy.
5. Unique identification information, such as the loan serial number.

Article 32 (Separate Management of Green Loans)

- ① The financial institution shall manage each green loan separately from conventional loans.
- ② To facilitate the separate management of green loans under paragraph 1, the financial institution may develop dedicated green loan products.

Article 33 (Green Asset Ratio)

The financial institution shall calculate the green asset ratio, defined as the ratio of outstanding green loans to total assets, as of the last day of the previous quarter.

Article 34 (Post-Issuance Monitoring)

The financial institution shall conduct post-issuance monitoring for each loan account after the loans have been extended. The post-issuance monitoring shall include the following:

1. Whether proceeds of the green loan have been appropriately allocated to green economic activities.
2. The status of any proceeds not yet allocated to green economic activities. In such cases, the financial institution shall obtain from the obligor information on the timing, conditions, and plans for future allocation.
3. Whether the intended use of proceeds continues to comply with the alignment criteria under the K-Taxonomy.

Article 35 (Training of Financial Institution Staff)

The financial institution shall endeavor to provide appropriate training to the responsible person for green loans, as well as to other staff involved in managing and handling green loan products.

Chapter 6. Utilization of External Review Institutions

Article 36 (Principles for Utilizing External Review Institutions)

A financial institution may utilize the assessments of external review institutions to evaluate the alignment of green loans with their intended use of proceeds. The following principles shall be observed:

1. The financial institution may rely on the review outcomes of an external review institution for the alignment assessment, provided that the obligor has given consent.
2. The financial institution shall maintain records of the review outcomes from external review institutions under item 1 and shall endeavor to independently assess similar cases.

3. Costs incurred from engaging the services of external review institutions shall not be passed on to the obligor, including by being added to interest payable under the green loan or by reducing green loan-related benefits.

4. When utilizing the services of external review institutions, the financial institution shall establish internal guidelines to prevent conflicts of interest and to verify the expertise and reliability of the external reviewers.

Article 37 (Use of External Review Institutions by Obligors)

A financial institution shall not require an obligor to engage an external review institution when applying for a green loan, nor recommend the use of a specific external review institution.

Supporting Evidence for Alignment Assessment (Example)

<p>Environmental Objectives</p>	<p><input type="checkbox"/> Greenhouse Gas Reduction <input type="checkbox"/> Climate Change Adaptation</p> <p><input type="checkbox"/> Sustainable Water preservation <input type="checkbox"/> Transition to Circular Economy</p> <p><input type="checkbox"/> Pollution Prevention and Control <input type="checkbox"/> Biodiversity Preservation</p>
<p>Green Economic Activity</p>	<p>※ Please describe the economic activity under the K-Taxonomy that is aligned with the intended use of the loan proceeds.</p>
<p>Activity Criteria</p>	<p>(Description of the activity criteria)</p> <p>※ Describe the activity criteria applicable to the above green economic activity, in accordance with the K Taxonomy.</p> <p>(Basis for determining compliance with the activity criteria)</p> <p>※ Provide detailed grounds for determining that the above activity criteria are met.</p>
<p>Eligibility Criteria</p>	<p>(Description of the eligibility criteria)</p> <p>※ Describe the eligibility criteria applicable to the above green economic activity, in accordance with the K Taxonomy.</p> <p>(Basis for determining compliance with the eligibility criteria)</p> <p>※ Provide detailed grounds for determining that the above eligibility criteria are met.</p>
<p>Others</p>	<p>If there are any supporting documents, please list the document titles.</p>

(Reference) Key Review Items and Required Evidence by Economic Activity (Example)

※ For the purpose of the alignment assessment, financial institutions may review and verify the supporting materials specified in the table below in addition to the obligor’s business plan (including process flow diagrams) and an equipment list (if individual facilities or equipment are installed).

Sector	Economic Activity	Key Review and Verification Items	Reference Materials
Section 1. Green Area : Common			
A. Industry	(1) Manufacture of innovative items	• Evidence materials demonstrating compliance with the item descriptions under the Common standards for innovative growth, etc.	Common standards for innovative growth manual
	(2) Manufacture of materials, parts and equipment of innovative items	• Evidence materials demonstrating compliance with the item descriptions under the Common standards for innovative growth, etc.	Common standards for innovative growth manual
B. R&D	(1) Research, development and demonstration	• Technical description materials, etc.	R&D planning report, intellectual property rights, etc.
Section 1. Green Area: 1. Greenhouse Gas Reduction			
A. Industry	(1) Manufacture to utilize core technologies for greenhouse gas reduction	• Technical description materials (including contribution effects to greenhouse gas reduction, etc.), etc.	Green Certification Participation in government funded projects Agreement with the National Carbon Neutrality Support Center
	(2) Manufacture of materials, parts and equipment to utilize core technologies for greenhouse gas reduction	• Technical description materials (including contribution effects to greenhouse gas reduction, etc.), etc.	Green Certification Participation in government funded projects Agreement with the National Carbon Neutrality Support Center
	(3) Manufacture of steel with relatively low emission units	• Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business); materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume,	

		electricity consumption, etc.); technical description materials, etc.	
	(4)	Manufacture of steel with relatively low emission units	<ul style="list-style-type: none"> Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business); materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.); technical description materials, etc. <p>GR certification Environmental product declaration certification</p>
	(5)	Manufacture of organic compounds with relatively low emission units	<ul style="list-style-type: none"> Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business); materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.); technical description materials, etc. <p>Participation in in house programs of government funded research institutes (i.e. the KRICT Didimdol program)</p>
	(6)	Establishment and operation of facilities to reduce greenhouse gases	<ul style="list-style-type: none"> Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.), materials that allow verification of the useful life of the relevant facilities (based on the useful life standards for fixed assets by asset type published by the Korea Real Estate Board), greenhouse gas emissions for the past three years from existing processes, technical description materials, etc. <p>Green building certification (KIER)</p>
B. Power Generation / Energy	(1)	Production of renewable energy: Solar photovoltaics, concentrated solar power (CSP), wind power, hydropower, ocean energy, geothermal energy, and hydrothermal energy	<p>Facility certificate, factory registration certificate (or factory establishment approval), various permits and approvals including development activity permits, evidence supporting the amount of renewable energy supplied, technical description materials, Renewable Energy Certificate (REC), etc.</p> <p>Power Generation Business License (or District Energy Business License, or Construction Plan Approval)</p>
	(2)	Production of renewable energy: Biomass	<ul style="list-style-type: none"> Verification of whether the solid fuel was manufactured in compliance with the economic activity criteria for (8) biomass manufacturing; <p>Power Generation Business License, accredited test report</p>

		materials that allow verification of biomass content in accordance with ASTM D6866, etc. (accredited test report, certificate, etc.); process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business); materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.); verification of whether biomass is used for full combustion (excluding use for ignition); technical description materials; Renewable Energy Certificate (REC), etc.	
	(3) Production of renewable energy: Biogas	<ul style="list-style-type: none"> • Verification of whether the biogas was produced in compliance with the economic activity criteria for (9) biogas manufacturing; verification of whether the biogas is used for full combustion; technical description materials; Renewable Energy Certificate (REC), etc. 	Power Generation Business License (or District Energy Business License, or Construction Plan Approval) Operational test report
B. Power Generation / Energy	(4) Production of renewable energy: Bio heavy oil	<ul style="list-style-type: none"> • Verification of whether the bio bunker fuel was produced in compliance with the economic activity criteria for (10) bio bunker fuel manufacturing; process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business); materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.); verification of whether the bio bunker fuel is used for full combustion (excluding use for ignition); technical description materials; Renewable Energy Certificate (REC), etc. 	Power Generation Business License, accredited test report
	(5) Production of energy based on hydrogen / ammonia	<ul style="list-style-type: none"> • Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), verification of whether hydrogen or ammonia is used for full combustion (currently applicable only to fuel cells), Renewable Energy Certificate (REC), etc. 	Power Generation Business License, process flow diagram (confirming the organizational boundary), operational test report
	(6) Production of energy based on blended gases	<ul style="list-style-type: none"> • Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, 	Power Generation Business License (or District Energy Business License, or Construction Plan Approval) Operational test report

		electricity consumption, etc.), verification that the gas is a blended gas that includes at least one of biogas, hydrogen or ammonia, technical description materials, etc.	
(7)	Production of energy based on waste heat / cold energy / decompression (waste pressure)	<ul style="list-style-type: none"> • Process flow diagram (must verify that waste heat, cold energy or depressurization is used), technical description materials, etc. 	Power Generation Business License (or District Energy Business License, or Construction Plan Approval)
(8)	Manufacture of biomass	<ul style="list-style-type: none"> • Materials that allow verification of whether the manufactured biomass meets the relevant standards, including wood product specifications and quality standards (accredited test report, certificate, etc.), technical description materials, etc. ※ Under Article 20 of the Act on the Sustainable Use of Timber, designated wood product specification and quality inspection bodies (seven institutions as of May 2024) verify compliance with the quality standards. 	Accredited test report
(9)	Manufacture of biogas	<ul style="list-style-type: none"> • Materials that allow verification that the feedstock input for biogas production qualifies as organic waste resources under the Biogas Act, technical description materials, etc. 	Accredited test report
(10)	Manufacture of bio ethanol, bio diesel and bio heavy oil	<ul style="list-style-type: none"> • Materials that allow verification of feedstock content (test report, etc.), technical description materials, etc. 	Accredited test report
(11)	Production of hydrogen	<ul style="list-style-type: none"> • Technical description materials (feedstock and method for hydrogen production, production technology, etc.), etc. 	
(12)	Production of ammonia	<ul style="list-style-type: none"> • Technical description materials (feedstock for ammonia production and production technology such as the electrolysis method, etc.), etc. 	
(13)	Electric energy storage / conversion	<ul style="list-style-type: none"> • Technical description materials, etc. (for ESS, it is necessary to verify compliance with the standards specified under the eligibility criteria, item (a), through test reports, etc.) 	
(14)	Storage of thermal energy	<ul style="list-style-type: none"> • Technical description materials, etc. 	

	(15)	Storage of hydrogen / ammonia energy	<ul style="list-style-type: none"> • Technical description materials (storage form and transportation standards by gas type, types of storage containers, etc.), etc. 	
	(16)	Establishment and operation of power transmission and distribution infrastructure related to renewable energy	<ul style="list-style-type: none"> • Verification that the renewable energy meets the criteria set out in '1-B-(1) to (4),' verification that at least two thirds of the power generation mix of new generation facilities using the relevant infrastructure (such as transmission and distribution lines) over the next five years is renewable energy (completion certificate for pre-use inspection under Article 63 (Pre-use inspection) of the Electric Utility Act; securing inertia resources such as ESS to help alleviate grid burden, etc., may be required), technical description materials, evidence of separate metering to distinguish power sources (renewable energy) for the transmission and distribution lines, etc. 	Certificate of completion of pre-use inspection
B. Power Generati on / Energy	(17)	Establishment, renovation and operation of infrastructure for transporting biogas / hydrogen / ammonia	<ul style="list-style-type: none"> • Technical description materials (storage form and transportation standards by gas type, corrosion prevention measures, etc.), etc. (for tank lorries and vessels under activity criterion (2), it is necessary to verify that they use a pollution-free power source) 	
	(18)	Establishment, renovation and operation of infrastructure to supply waste heat and cold energy	<ul style="list-style-type: none"> • Specifications of heat supply facilities (heat source, heat transport, capacity, maximum operating pressure, etc.), process flow diagram (must verify that unutilized waste heat, cold energy or depressurization is used), technical description materials, etc. 	Heat supply facility inspection certificate
	(19)	Development of ICT-based energy management solutions and establishment and operation of systems	<ul style="list-style-type: none"> • Verification of systems or solutions related to distributed energy resources such as renewable energy, or systems or solutions to improve energy efficiency and management, etc., technical description materials, etc. (for eligibility criterion (d), ICT solutions related to transport modes powered by fossil fuels are excluded) 	
C. Transpor t	(1)	Manufacture of pollution-free vehicles / rolling stocks / construction machinery / agricultural machinery / vessels/aircraft / bicycles	<ul style="list-style-type: none"> • Verification that the relevant vehicles, etc. use a pollution-free power source (to be verified by vehicle model; hybrids must be excluded), process flow diagram, technical description materials, compliance with end of life vehicle recycling rate requirements under the Extended Producer Responsibility scheme, etc. 	MOF Eco-friendly Ship and Equipment Certification Green Certification

	(2)	Introduction of pollution-free vehicles / rolling stocks / construction machinery / agricultural machinery / vessels/aircraft / bicycles	<ul style="list-style-type: none"> • Verification that the relevant vehicles, etc. use a pollution-free power source (to be verified by vehicle model; hybrids must be excluded), technical description materials, compliance with end of life vehicle recycling rate requirements under the Extended Producer Responsibility scheme, etc. 	
	(3)	Establishment and operation of pollution-free Transport infrastructure	<ul style="list-style-type: none"> • Technical description materials, etc. 	MOLIT Excellent Green Logistics Practice Company MOLIT Smart Logistics Center Certification
D. City / Building	(1)	Development and operation of specialized zero-energy cities	<ul style="list-style-type: none"> • Key technical elements for improving the energy self-sufficiency rate and energy savings of the relevant area or district (active, passive, hybrid, etc.), compliance with the mandatory ratio for the use of recycled aggregate, compliance with pollutant emission standards for building materials, technical description materials, etc. 	Zero Energy Building (ZEB) Certification (Pre Certification or Final Certification) or G-SEED Certification (Pre Certification or Main Certification) Green Certification
	(2)	New construction / remodeling and acquisition of zero-energy buildings or green buildings	<ul style="list-style-type: none"> • Evidence materials on the certification grade for Zero Energy Building (ZEB) Certification or G SEED (Green Standard for Energy and Environmental Design) Certification (including pre certification, where applicable), verification of compliance with pollutant emission standards for building materials, evidence of obtaining certifications such as FSC, PEFC or SFI, technical 	Zero Energy Building (ZEB) Certification (Pre Certification or Final Certification) or G-SEED Certification (Pre Certification or Main Certification)
	(3)	Establishment and operation of facilities / infrastructure to reduce building-related greenhouse gases	<ul style="list-style-type: none"> • Key technical elements for greenhouse gas reduction or energy savings of the relevant building (active, passive, hybrid, etc.), certificate of installation for the building or factory energy management system (for BEMS or FEMS, where applicable), technical description materials, etc. 	High Efficiency Energy Equipment Certification MOLIT Intelligent Building System Certification Green Certification
	(4)	Establishment and operation of low-carbon internet data center	<ul style="list-style-type: none"> • KDCC Green Data Center Certification, Power Usage Effectiveness (PUE), technical description materials, etc. 	KDCC Green Data Center Certification (design certification, pre certification, or final certification)
E. Agriculture	(1)	Low-carbon agriculture	<ul style="list-style-type: none"> • Low Carbon Agricultural and Livestock Products Certification, technical description materials (low carbon agricultural technologies, production status, etc.), etc. 	Low Carbon Agricultural and Livestock Products Certification

	(2)	Manufacture of low-carbon feed and alternative processed foods	<ul style="list-style-type: none"> • Feed composition (low methane feed that meets the ingredients and standards specified in the feed manufacturing standards; nitrogen reducing feed that meets the ingredient registration standards for protein (lysine) content in feed pursuant to Annex Table 13-4 of the feed manufacturing standards), composition of alternative processed foods, technical description materials (methane reduction effects achieved through methane inhibitors, nitrogen reducing feed with reduced crude protein content, etc.), etc. 	Green Certification
F. Carbon Dioxide Capture	(1)	Capture of carbon dioxide being emitted	<ul style="list-style-type: none"> • Technical description materials, etc. 	Participation in government funded projects Companies participating in government funded research institutes such as KIER
	(2)	Establishment and operation of network infrastructure for transporting carbon dioxide	<ul style="list-style-type: none"> • Technical description materials, etc. 	Participation in government funded projects Companies participating in government-funded research institutes such as KIER
	(3)	Sequestration and permanent isolation of the captured carbon dioxide	<ul style="list-style-type: none"> • Technical description materials, etc. 	Participation in government funded projects Companies participating in government-funded research institutes such as KIER
	(4)	Manufacture biochar and soil spraying	<ul style="list-style-type: none"> • Biochar feedstock (rice husk, wood, bamboo, livestock manure, etc.), technical description materials (pyrolysis conditions for biochar production, such as torrefaction, low temperature pyrolysis, etc.) 	Participation in government funded projects Companies participating in government-funded research institutes such as KIER
Section 1. Green Area: 2. Climate Change Adaptation				
A. Climate Change	(1)	Manufacture of materials, parts and equipment to utilize core technologies	<ul style="list-style-type: none"> • Technical description materials, etc. 	Green Certification

Adaptation		for climate change adaptation		
	(2)	Establishment and operation of facility and system for disaster prevention and climate forecast	<ul style="list-style-type: none"> Technical description materials (whether the infrastructure qualifies as adaptation infrastructure related to disaster prevention, damage mitigation, climate forecasting, etc.), etc. 	Green Certification
	(3)	Surveys and research related to climate change adaptation	<ul style="list-style-type: none"> Evidence materials demonstrating that the activity constitutes a survey or research related to climate change adaptation among the implementation tasks of the Third National Climate Change Adaptation Plan, detailed explanatory materials on the relevant survey or research activities, etc. 	Green Certification
	(4)	Educational, cultural and artistic activities related to climate change adaptation	<ul style="list-style-type: none"> Certificate of designation as an excellent environmental education program, detailed explanatory materials on education and cultural or artistic activities, etc. 	Certificate of Designation as an Excellent Environmental Education Program
	(5)	Support for fair transformation of workforce	<ul style="list-style-type: none"> Impacts of climate change on the relevant industry, etc. 	
Section 1. Green Area: 3. Sustainable Water Preservation				
A. Water	(1)	Sewage / wastewater management	<ul style="list-style-type: none"> Notification (permit) for installation of the relevant facility, process flow diagram, equipment list, status of influent and effluent water quality and applicable effluent water quality standards under relevant laws, permissible emission standards for water pollutants under relevant laws, technical description materials, etc. 	Green Certification Relevant government permits for waste treatment businesses, etc. (excluding intermediate treatment and transportation or collection, etc.)
	(2)	Low Impact Development (LID)	<ul style="list-style-type: none"> Applicable facility type standards for non-point source pollution reduction facilities, performance inspection report for non-point source pollution reduction facilities, process flow diagram, equipment list, technical description materials (including compliance with construction and monitoring plans or standards for each Low Impact Development (LID) technical element), etc. 	MOE Performance Inspection for Non-point Source Pollution Reduction Facilities Green Certification
	(3)	Water supply	<ul style="list-style-type: none"> Technical description materials, materials related to the location and capacity of the relevant facility or equipment, etc. 	Green Certification

	(4)	Utilization of alternative water resources	• Technical description materials, etc.	
	(5)	Water demand management	• Relevant certificates such as Korean Industrial Standards (KS Mark) and Eco Label, technical description materials, etc.	KS Mark or Eco Label Certification
	(6)	Water reuse	• Verification of compliance with facility and management standards (approval for installation of wastewater or sewage treated water reuse facilities; installation standards and use specific water quality standards for wastewater or sewage treated water reuse facilities and thermal effluent reuse facilities; notification of installation of rainwater utilization facilities; facility and management standards for rainwater utilization facilities; certificate of installation of greywater systems; facility and management standards for greywater systems; greywater quality test report, etc.), technical description materials, etc.	
	(7)	Groundwater purification	• Information on the remediation target area (cadastral map, topographic map, aerial photographs, etc.), groundwater usage status and water quality test data, status of groundwater pollution causing facilities and monitoring well installations and related water quality data, technical description materials (groundwater remediation methods, etc.), etc.	Green Certification
Section 1. Green Area: 4. Transition to Circular Economy				
A. Resource Circulation	(1)	Reducing waste generation	• Technical description materials, etc.	Green Certification
	(2)	Collecting / retrieving / sorting / separating waste	• Technical description materials, etc.	Green Certification Government permits for intermediate treatment and transportation or collection, etc.
	(3)	Recycling (reuse / remanufacture / recovery) and upcycling of waste	• Technical description materials, etc.	MOTIE Remanufactured Product Quality Certification (REMAN Mark) MOTIE Excellent Recycled Product (GR) Quality Certification Green Certification
	(4)	Pyrolysis of waste	• Technical description materials, etc.	Green Certification

			Government permits for incineration facilities, etc.
	(5)	Recovery of waste energy	<ul style="list-style-type: none"> Accredited test report, technical description materials, etc.
B. Utilization of Methane	(1)	Capture and treatment / utilization of methane from anaerobic digestion	<ul style="list-style-type: none"> Technical description materials, etc.
	(2)	Capture and treatment / utilization of landfill gas	<ul style="list-style-type: none"> Technical description materials, etc.
Section 1. Green Area: 5. Pollution Prevention and Control			
A. Prevention and Treatment of Air Pollution	(1)	Prevention and treatment of air pollution	<ul style="list-style-type: none"> Evidence materials related to exhaust gas treatment (test reports, etc.), technical description materials, etc.
	(2)	Prevention and reduction of malodor	<ul style="list-style-type: none"> Evidence materials related to complex odors or designated odor substances (measurement data, test reports, etc.), technical description materials, etc.
B. Prevention and Treatment of Marine Pollution	(1)	Prevention and treatment of marine pollution	<ul style="list-style-type: none"> Evidence materials related to marine pollutants, etc. (measurement data, test reports, etc.), technical description materials, etc.
Section 1. Green Area: 6. Biodiversity Preservation			
A. Biodiversity	(1)	Protection and restoration of terrestrial and marine ecosystems	<ul style="list-style-type: none"> Evidence materials demonstrating whether the activity is located in areas specified under the common exclusion criteria related to biodiversity conservation (project location map, inclusion of legally protected areas, etc.), technical description materials, registration documents for agents undertaking natural environment conservation projects, etc.
	(2)	Restoration of forest ecosystems	<ul style="list-style-type: none"> Technical description materials (verification of compliance with the Basic Principles of Natural Environment Conservation under Article 3 of the Natural Environment Conservation Act and the Basic Plan for Natural Environment Conservation

			under Article 8 thereof), registration documents for agents undertaking natural environment conservation projects, etc.	
	(3)	Creation of an urban carbon sink	• Technical description materials, etc.	
	(4)	Protection and conservation of species	• Evidence materials demonstrating whether the species concerned falls under the relevant categories (endangered wildlife species listed in Annex 1 of the Enforcement Rules of the Wildlife Protection and Management Act, species designated under the Notice on the Designation of Invasive Alien Species (Ministry of Environment Notice), etc.), technical description materials, etc.	
Section 2. Transitional Area: 1. Greenhouse Gas Reduction				
A. Industry	(1)	Greenhouse Gas Reduction in small and medium-sized enterprises (SMEs)	• Technical description materials, etc.	External Project Registration Certificate under the Emissions Trading Scheme (or Voluntary Emission Reduction Project Registration Certificate) UNFCCC CDM Registration Confirmation High Efficiency Energy Equipment Certification Recommendation Letter for the Energy Use Rationalization Fund
B. Power Generation / Energy	(1)	Production of energy based on liquefied natural gas (LNG) and blended gases	• Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.), technical description materials, etc.	
	(2)	Production of energy based on nuclear power (new construction)	• Enactment of the Act on Securing High Level Radioactive Waste Disposal Facilities, business plan (verification of application of ATF and the latest technical standards, availability of the radioactive waste management fund and nuclear power plant decommissioning costs, etc.), process flow diagram	Construction Permit pursuant to Article 10 of the Nuclear Safety Act

		(including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.), technical description materials, etc.	Participation in government funded projects Participation of relevant institutions such as KAERI, KINS, or KORAD
	(3) Production of energy based on nuclear power (continued operation)	<ul style="list-style-type: none"> Enactment of the Act on Securing High Level Radioactive Waste Disposal Facilities, business plan (verification of the application of ATF and the latest technical standards, confirmation of the availability of the radioactive waste management fund and nuclear power plant decommissioning costs, etc.), process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.), technical description materials, etc. 	Continued Operation Permit pursuant to Article 36 of the Enforcement Decree of the Nuclear Safety Act Participation in government funded projects Participation of relevant institutions such as KAERI, KINS, or KORAD
	(4) Production of LNG-based hydrogen (blue hydrogen)	<ul style="list-style-type: none"> Process flow diagram (including materials that enable confirmation of the organizational boundary of the relevant business), materials required to calculate greenhouse gas emission intensity (related product output, fuel and raw material input volume, emitted substance volume, electricity consumption, etc.), technical description materials, etc. 	Green Certification
C. Transport	(1) Construction of eco-friendly ship	<ul style="list-style-type: none"> Technical description materials, evidence of Eco-friendly Ship Certification, etc. 	Eco-friendly Certification or (Pre Certification or Final Certification) Ship (Pre Final Certification)
	(2) Introduction of eco-friendly ship	<ul style="list-style-type: none"> Technical description materials, evidence of Eco-friendly Ship Certification, etc. 	Eco-friendly Certification or (Pre Certification or Final Certification) Ship (Pre Final Certification)

Exclusion and Protection Criteria Compliance Confirmation

Exclusion and Protection Criteria Confirmation Form

Issuing Entity			
Project Name			
Review Item		Review Result	
		Yes	No
Greenhouse Gas Reduction	A. Will the Company, where feasible, predict the potential greenhouse gas emissions that may arise from carrying out the relevant economic activity, and measure and manage actual data on greenhouse gas emissions or reductions generated in the course of performing such activity?		
	B. Even if the primary purpose of the relevant economic activity is environmental improvement, will the Company endeavor to use renewable energy sources as inputs in performing the activity in order to contribute to carbon neutrality?		
Climate Change Adaptation	A. Will the Company, as a general principle, endeavor to implement appropriate preventive, mitigation, and response measures to avoid significant damage arising from physical risks associated with climate change and extreme weather events (such as heavy rainfall, droughts, rising temperatures, sea level rise, cold waves, etc.)?		
	B. Where necessary, will the Company prepare and submit its response and action plans related to climate risk, as implemented in accordance with applicable laws and regulations?		
Sustainable Water Preservation	A. Will the Company endeavor to ensure that water resources and marine resources do not suffer significant harm as a result of the relevant economic activity, in line with the basic principles defined under the Framework Act on Water Management, including the public nature of water, sound water circulation, and conservation of water ecosystems?		

	<p>B. Will the Company endeavor to maintain good water quality and adequate water quantity of surface water, groundwater, spring water, etc., and to ensure the continued health of aquatic ecosystems?</p> <ul style="list-style-type: none"> - In this regard, has the Company confirmed that, in principle, it is prohibited from engaging in activities restricted within water source protection areas as defined under the Sewerage Act, the Act on the Improvement of Water Quality of the Han River System and Support for Residents, and the Act on Water Management and Resident Support in the Geum River Basin, Nakdong River Basin, Yeongsan and Seomjin River Basins, as well as activities prohibited within groundwater conservation zones under the Groundwater Act and spring water conservation zones under the Drinking Water Management Act; provided, however, that where permission or notification for otherwise prohibited activities is required, or where approval for factory installation is sought within such areas, will the Company comply with all applicable laws and regulations? 		
<p>Transition to a Circular Economy</p>	<p>A. Will the Company endeavor to use resources efficiently, reduce the consumption of natural resources and energy, prevent the generation of waste, and promote the circular use of generated waste?</p> <ul style="list-style-type: none"> - In the case of energy production facilities, will the Company, where feasible, design facilities by considering whether durable equipment and components that are easy to recycle during modification or dismantling can be utilized? - In the case of manufacturing economic activities, will the Company, where feasible, adopt reusable technologies and designs for products and components, and manage waste by prioritizing recycling over disposal during the manufacturing process? 		
	<p>B. Will the Company comply with applicable laws and regulations related to resource circulation that are mandatorily applied to the relevant business activities?</p>		
<p>Pollution Prevention and Control</p>	<ul style="list-style-type: none"> ● Will the Company comply with the following requirements in order to prevent significant harm related to the prevention of risks to public health and the environment from chemical substances, the prevention of risks to public health or the environment from air pollution, the appropriate and sustainable management and 		

	<p>conservation of the atmospheric environment, the management of sources of marine pollutants, and the prevention of marine pollution through the regulation of marine pollutant discharges?</p> <ul style="list-style-type: none"> - Compliance with environmental standards and permissible emission limits for persistent organic pollutants when installing and operating emission facilities pursuant to the Act on the Control of Persistent Organic Pollutants - Prohibition on the use of chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), which are substances that cause climate and ecosystem change under the Enforcement Rules of the Clean Air Conservation Act, and prohibition on the use of mercury and mercury compounds designated as specific hazardous air pollutants under the Clean Air Conservation Act - Compliance with restrictions and prohibitions on the manufacture, transportation, and use of restricted or prohibited substances for specific uses pursuant to the Act on the Registration and Evaluation of Chemical Substances and relevant notices of the Ministry of Environment - Prohibition on the use of ozone depleting substances - Compliance with the obligations of business operators to restrict the use of hazardous substances, as well as the restricted substances and content standards set forth in Article 9 of the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles - Prohibition on the discharge of pollutants into the marine environment from ships, marine facilities, etc. pursuant to the Marine Environment Management Act 		
<p>Biodiversity Conservation</p>	<p>i. As a general principle, since the Company must not cause significant harm to biodiversity and ecosystems in carrying out the relevant economic activity, will the Company review whether the area in which the economic activity is to be conducted falls under any of the following areas?</p> <ul style="list-style-type: none"> - Areas designated pursuant to Article 16 of the Act on the Conservation and Use of Biological Diversity - Areas designated pursuant to Article 25 (1) of the Act on the Conservation and Management of Marine Ecosystems 		

	<ul style="list-style-type: none"> - Areas designated pursuant to Article 10 (1) of the Act on the Sustainable Management and Restoration of Tidal Flats and Adjacent Areas - Fishery resource protection zones designated pursuant to Article 40 of the National Land Planning and Utilization Act 		
	<ul style="list-style-type: none"> ii. Will the Company (or the Applicant) reflect the results of consultations or conditional consultation outcomes arising from environmental impact assessments or similar procedures in the project plan, and faithfully implement the related action plans? 		
Exclusion Criteria (Common)	Will the Company strictly comply with all applicable and relevant laws and regulations in the course of implementing this project?		
Protection Criteria	Will the Company refrain from engaging in any acts that violate applicable laws and regulations during the planning, construction, and operation of the relevant economic activity, including but not limited to violations related to human rights (such as child labor), labor (such as forced labor), safety (such as serious accidents), anti-corruption (such as bribery), and the destruction of cultural heritage?		
Protection Criteria (Common)	Will the Company strictly comply with all applicable and relevant laws and regulations in the course of implementing this project?		
<p>We hereby pledge to comply with the foregoing matters.</p> <p style="text-align: right;">Date:</p> <p style="text-align: right;">Name (Company Name):</p> <p style="text-align: right;">Representative: (Signature or Seal)</p> <p style="text-align: right;">Address:</p> <p style="text-align: right;">Date of Birth (Corporate Registration Number) :</p> <p style="text-align: right;">Preparer: (Signature or Seal)</p>			

Appendix 3

Green Loan Use of Proceeds

Environmental Objectives	<input type="checkbox"/> Greenhouse Gas Reduction <input type="checkbox"/> Climate Change Adaptation <input type="checkbox"/> Sustainable Water preservation <input type="checkbox"/> Transition to Circular Economy <input type="checkbox"/> Pollution Prevention and Control <input type="checkbox"/> Biodiversity Preservation					
Green Economic Activity	※ Please describe the economic activity under the K-Taxonomy that is aligned with the intended use of the loan proceeds.					
Planned Use of Proceeds	Date1	YYYY-MM-DD	Amount1	₩	Intended Use of Proceeds 1	To be described in sufficient detail
	Date2	YYYY-MM-DD	Amount2	₩	Intended Use of Proceeds 2	
	Date3	YYYY-MM-DD	Amount3	₩	Intended Use of Proceeds 3	
	
Planned Repayment Schedule	Date1	YYYY-MM-DD	Repayment Amount 1	₩		
	Date2	YYYY-MM-DD	Repayment Amount 2	₩		
	...					

Appendix 4

Green Loan Use of Proceeds Statement

Company Name (Business Registration No.)	
Green Loan Origination Date	YYYY-MM-DD
Loan Amount	₩
Interest Rate	
Intended Use of Proceeds	(Environmental Objective) Environmental objective as classified under the K-Taxonomy (Green Economic Activity) Green economic activity as defined under the K-Taxonomy (Description) Detailed description of the intended use of proceeds
Total Project Cost	Total investment amount incurred to achieve the green economic activity, including the green loan amount
Green Loan Ratio	Loan amount / Total project cost
Amount Used	
Utilization Ratio	Amount used / Loan amount
Progress against Plan	00 %
Reason for Shortfall	To be completed only if the planned progress has not been achieved
Unutilized Amount	₩ (to be completed only if applicable)
Use of Unutilized	(e.g., held in cash equivalents)

Proceeds						
Expected Date of Full Allocation	YYYY-MM-DD					
New Financing / Refinancing (Based on initial origination)	New financing amount		₩		New Financing Ratio	New financing amount / Loan amount
	Refinancing amount		₩		Refinancing Ratio	Refinancing amount / Loan amount
Detailed Use of Proceeds	Date 1	YYYY-MM-DD	Amount 1	₩	Intended Use of Proceeds 1	To be described in sufficient detail
	Date 2	YYYY-MM-DD	Amount 2	₩	Intended Use of Proceeds 2	
	Date 3	YYYY-MM-DD	Amount 3	₩	Intended Use of Proceeds 3	
	
Environmental Impact	<p>Improvement Outcomes</p> <ul style="list-style-type: none"> - To be prepared with a focus on environmental improvement objectives and indicators (see example below) 					

(Example of Environmental Impact)

Category	GHG Emissions (tCO ₂ eq)
Baseline (A)	
Post-Project (B)	
GHG Reduction Effect (A – B)	

A (or B) = Emissions from fossil fuel use + Emissions from electricity use

= Annual activity data * Net calorific value * Emission factor * Unit conversion + Annual activity data

* Electricity emission factor

Appendix 5

Green Loan Certificate

Company Name (Business Registration No.)	
Lending Financial Institution	
Certificate Identification Number	※ A unique green loan identification number managed by each financial institution, structured as Financial Institution - Year - Loan Reference Number
Loan Amount	₩
Loan Tenor	
Intended Use of Proceeds	(Environmental Objective) Environmental objective as classified under the K-Taxonomy (Green Economic Activity) Green economic activity as defined under the K-Taxonomy (Description) Detailed description of the intended use of proceeds
Repayment Status	

Date of Issuance
Issuing Institution