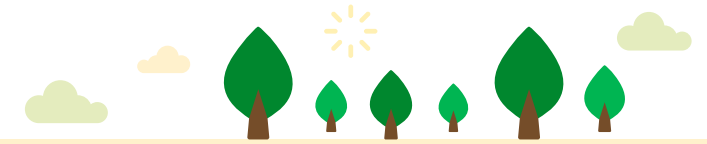


2024 Report on Equator Principles Implementation



Report on Equator Principles Implementation



Pursuit of Value for a Sustainable Future

Reflecting on the role of finance in building a sustainable future and to bring ESG management to the next level, KB Kookmin Bank adopted a global environmentally and socially responsible management framework, namely the Equator Principles (EP). As we pursue sustainable finance, we will preemptively verify environmental and social risks pertaining to large-scale development projects, and follow global standards for assessments and management.





Environmental and Social Risk Categories

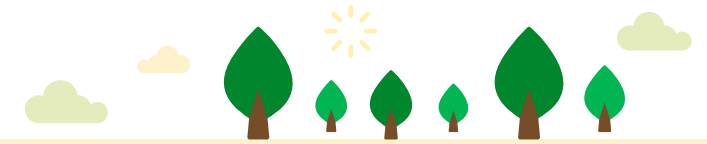
Category	Description
A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
B	Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
C	Projects with minimal or no adverse environmental and social risks and/or impacts

Responsible Management in Compliance with EP

When providing financial support for large-scale development projects, we conduct our evaluations by applying the EP as part of our credit and risk management policy. The environmental and the social impact of a project is managed in a disciplined manner by categorizing its risk level considering the nature and the size of the project, requesting the client to sign EP-related covenants, and monitoring its compliance.

 ① Pre-screening We decide whether the proposed project is subject to environmental and social risk validation as per the Equator Principles, and fill out the Preliminary Environmental and Social Checklist based on IFC Performance Standards.
 ② Environmental and Social Risk Categorization We evaluate the potential impact of the project using the project plan, environmental impact assessment and the due diligence report, and considering the location, sector and the characteristics of the project, and categorize the risk level accordingly.
 ③ Independent Environmental and Social Review For projects whose risk is higher than a certain level, an independent consultant that has no interest in the project verifies whether the project satisfies the requirements of EP and identifies what needs to be improved.
 ④ Covenants We incorporate covenants in the financing contract to ensure client's compliance with EP throughout the term of the loan.
 ⑤ Monitoring Projects are continuously monitored through the periodical submission of EP compliance reports.
 ⑥ Reporting and Transparency The progress of EP implementation is disclosed as per the guideline of the Equator Principles Association.

Report on Equator Principles Implementation



Joining Hands for Environment and Society

At KB Kookmin Bank, our dedicated EP department, sales and underwriting departments cooperate organically to comply with EP.

Dedicated EP Department



- ✓ Categorize projects by environmental and social risk level
- ✓ Propose measures to ensure compliance with EP
- ✓ Disclose EP experience and communicate with external parties
- ✓ Manage EP-related policies

Sales Department

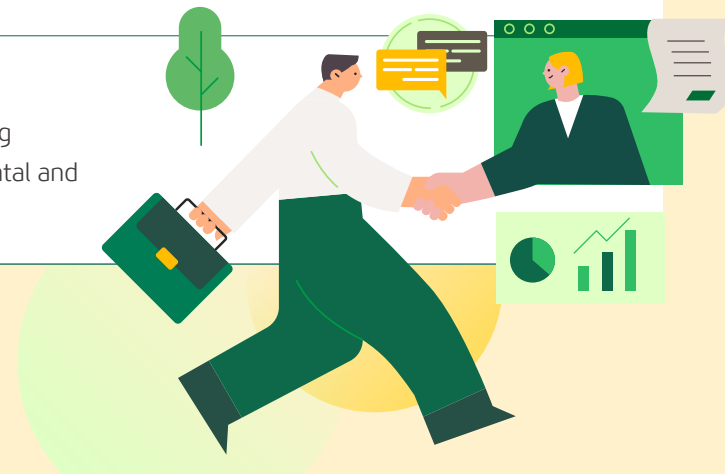


- ✓ Communicate with customers (guidance on description and compliance of EP)
- ✓ Review environmental and social risks in advance
- ✓ Incorporate a section on EP compliance in the financing contract and monitor clients' compliance

Underwriting Department



- ✓ Underwrite applications considering the proposed projects' environmental and social risks



IFC Performance Standards



Assessment and Management of Environmental and Social Risks and Impacts



Labor and Working Conditions



Resource Efficiency and Pollution Prevention



Community Health, Safety, and Security



Land Acquisition and Involuntary Resettlement



Biodiversity Conservation and Sustainable Management of Living Natural Resources



Indigenous Peoples



Cultural Heritage

World Bank Group Environmental, Health and Safety Guidelines



Environmental



Occupational Health and Safety

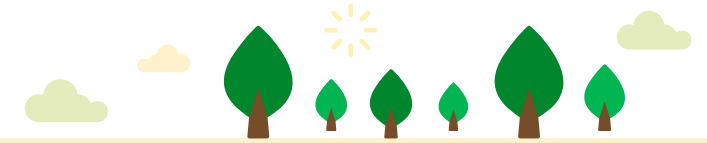


Community Health and Safety



Construction and Decommissioning

Report on Equator Principles Implementation



Cultivating EP Capability

KB Kookmin Bank is continuously exerting efforts to strengthen our staff’s competence to comply with EP. We invited an external expert in 2024 for training on identifying projects that are subject to EP, criteria for environmental and social risk evaluation and case studies on EP application. Furthermore, while participating in webinars hosted by the Equator Principles Association and in events to network with local financial institutions to understand the recent trends, we also took part in seminars that invited professional underwriting institutions to engage in in-depth discussions on how EP can be applied in real life. KB Kookmin Bank will continue to develop a virtuous capacity-building cycle that enables structured and thorough assessment of the environment and the society.

Experience of EP Implementation

22
project finance (PF)

1
project-related corporate loan (PRCL)



In 2024, total of 23 projects were subject to EP application, out of which 22 were project finance (PF) and 1 project-related corporate loan (PRCL), and there were no project finance advisory service (FA), project-related refinance or project-related acquisition finance cases. As for the 23 EP projects, 2 were defined as risk category A, 8 category B and 13 category C. The details of the projects (region, sector, country designation, etc) by category are as described in the table. →

Total (23 Cases)	Category A	Category B	Category C
Sector			
Mining			
Infrastructure			2
Oil and Gas			1
Power	2	5	2
Others		3	8
Region			
Americas	2	3	6
Europe, Middle East & Africa			1
Asia Pacific		5	6
Country Designation			
Designated Countries	2	8	13
Non-Designated Countries			
Independent Review			
Yes	2		
No		8	13

