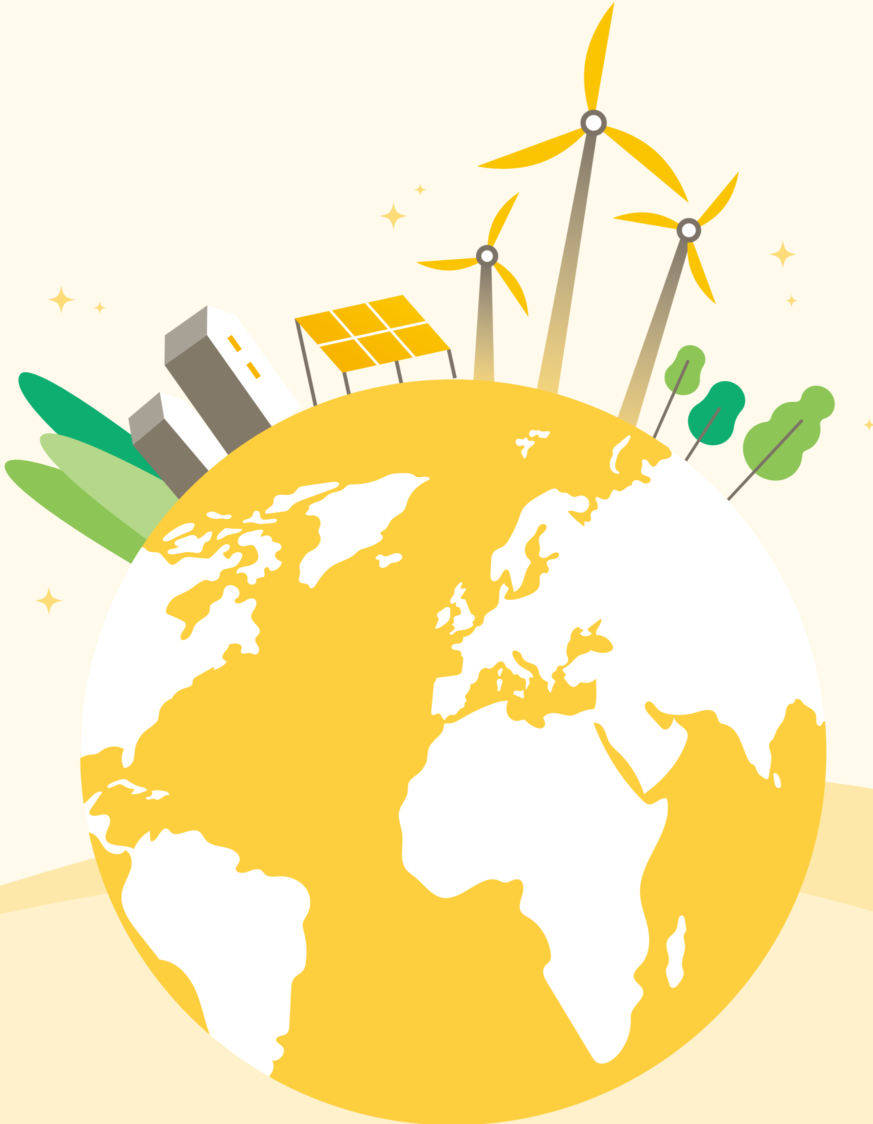
KB Kookmin Bank

2025 Report on Equator Principles Implementation



Report on Equator Principles Implementation

Advancing the E&S Risk Management Systems in Line with International Standards

KB Kookmin Bank has officially adopted the “Equator Principles,” the global standard for environmental and social risk management, to gain insight into the social responsibility of finance and create sustainable future value. Through this, we will proactively analyze the impact of large-scale development projects on the environment and local communities, and ensure the fundamental integrity of sustainable finance by implementing a rigorous review and post-project management system that meets international standards

• 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

Thorough Risk Management Based on the EP

The Equator Principles implementation process is an integrated system that spans from preliminary project review through environmental and social risk rating assessments and independent reviews, leading to rigorous commitments, continuous monitoring, and transparent disclosure. We are internalizing this as a substantive risk management capability that goes beyond mere formal procedures.

① Pre-screening

We determine whether a project is subject to environmental and social risk review under the EP and prepare a Preliminary Environmental and Social Checklist based on IFC Performance Standards.

② Environmental and Social Risk Categorization

Based on the project proposal, environmental and social due diligence report, we assess the level of potential impact by considering the project’s location, sector, and characteristics, and categorize the risk level accordingly.

③ Independent Environmental and Social Review

For projects with a risk level above a certain threshold, an independent consultant that has no interest in the project verifies compliance with the EP requirements and identifies necessary areas for improvement.

④ Covenants

We incorporate covenants into financial agreements to ensure that clients comply with the EP throughout the term of the loan.

⑤ Monitoring

We conduct ongoing monitoring, such as receiving regular compliance reports on the EP.

⑥ Reporting

We disclose the status of our implementation of the Equator Principles.

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Embedding EP Implementation to Realize Sustainable Finance

To ensure strict compliance with the Equator Principles, KB Kookmin Bank has established a robust governance system through close collaboration between its business and review departments, based on internal guidelines from a dedicated organization, to thoroughly manage environmental and social impacts throughout the entire project lifecycle.

EP Dedicated Department

- Categorize projects by environmental and social risk level
- Propose measures to ensure compliance with EP
- Disclose of EP implementation status and communicate with external organizations
- Manage EP-related guidelines

Sales Department

- Communicate with customers (providing information on key aspects of EP)
- Screen for potential environmental and social risks in advance
- Incorporate EP compliance clauses into financial contracts and monitor clients' implementation

Underwriting Department

- Perform due diligence taking into account the environmental and social risks of the project under review

Equator Principles Implementation Status

In 2025, KB Kookmin Bank applied the Equator Principles to a total of 20 cases, all of which were concentrated in the project finance (PF) asset class. There were no cases in other financial product categories, including project-related corporate loans (PRCL), project finance advisory services (FA), and project-related refinance. The environmental and social risk ratings for the projects covered were as follows: 2 projects rated A, 4 rated B, and 14 rated C. The detailed portfolio status by region, sector, and country is shown in the table below.

Total (20 Cases)		Category A	Category B	Category C
Sector	Mining			
	Infrastructure		1	
	Oil and Gas	2	1	
	Power		1	4
	Others		1	10
Region	Americas	2	1	8
	Europe, Middle East & Africa		1	
	Asia Pacific		2	6
Country Designation	Designated Countries	2	4	13
	Non-Designated Countries			1
Independent Review	Yes	2	1	
	No		3	14

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