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Environmental and Social Risk Policy Framework

KB Financial Group

ESG Strategy Department/Risk Management Department

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1. Background

- The present world is facing various environmental and social issues such as climate change, loss of biodiversity and violation of human rights. Unlike in the past when issues were inflicted and discussed limitedly in certain countries or geographies, the issues nowadays have implications at the global level, mutually across countries, societies and companies, requiring international consultations and cooperation.
- In particular, since almost 200 countries adopted the Paris Agreement in 2015 as a commitment to join the global forces to address the climate crisis, major countries around the world including Republic of Korea are scaling up their policies to reduce carbon emissions for the purpose of mitigating the climate change, and such policies are increasingly becoming binding laws.
- In 2017, the Financial Stability Board (FSB) created the Taskforce on Climate-related Financial Disclosures (TCFD) so that financial institutions could prepare for the potential financial risks; as such, responding to climate change has become an integral and essential strategic element for financial institutions.
- Diverse social issues, together with the climate crisis, are also complicating the matters. Workers' rights, health care and safety, deforestation and the subsequent infringement on the natives' habitat rights and biological diversity, etc are some of the most concerning issues. COVID-19 that broke out in 2020 raised the awareness of the whole humanity of the present environmental and social issues, and has served as an opportunity for the stakeholders to urge more prompt actions against such environmental and social matters.
- Against such backdrop, KB Financial Group (KBFG) established the ESG Committee under the Board of the Group, which oversees all the entities within the Group, and dedicated ESG teams at the respective subsidiaries to lay the foundation for business management focusing on environmental, social and corporate governance (ESG). KBFG has been taking the lead in the financial industry after declaring anti-coal financing policy in September 2020 and announcing the KB Net Zero S.T.A.R. in June 2021.
- Furthermore, in order to faithfully deliver the role of a rational and exemplary financial institution and contribute to making a sustainable society, KBFG developed Environmental and Social Risk Policy Framework. The Environmental and Social Risk Policy Framework will be used to pre-emptively manage not only the traditional risks but also the direct, indirect and potential risks posed by the environment and the society, and provide appropriate financial support to industries that need to be fostered such as environmentally friendly industries.

2. Objective and Principles

2.1 Objective

- By establishing the Environmental and Social Risk Policy Framework, KBFG is equipped with the process to identify, measure, monitor and manage environmental and social risks upon making financing decisions, and promotes the Group's sustainable growth by pre-emptively addressing the diverse environmental and social risk factors.
- Recognizing the growing importance of financial institutions' role in the society regarding such universal agenda as climate change and bio-diversity, KBFG supports the transition to a sustainable society leveraging on the Environmental and Social Risk Policy Framework.

2.2. Principles

- The Environmental and Social Risk Policy Framework complies with the following principles:

- ① KBFG acknowledges the importance of managing environmental and social risks to ensure sustainable growth of the Group.
- ② KBFG operates a framework to identify, measure and manage the risks pertaining to the environment and the society, to be reflected in the decision-making process in the course of the Group's business operation.
- ③ KBFG will not provide financial support to the business areas that have serious adverse implications on the environment and the society.
- ④ Industries that accelerate global warming through high carbon emissions and inflict negative impact on the nature and the living environment is designated as Areas for Attention on Climate Change and be separately managed.
- ⑤ KBFG designates Areas for Support including those green industries that contribute to low-carbon economy, preservation of environment and biodiversity, as a means to support the effort to shift to a sustainable society.
- ⑥ KBFG assesses environmental and social impact of large-scale development projects and exerts efforts to mitigate the risks if the negative effect is deemed sizable.
- ⑦ KBFG continues to advance the climate risk management system in order to manage the risks and the opportunities related to climate change.
- ⑧ KBFG transparently discloses the key policies relevant to environmental and social risk management and thereby strengthen the communication with internal and external stakeholders.
- ⑨ KBFG continues our efforts to join hands with the global community to manage environmental and social risks and to incorporate global best practice standards in

advance.

- ⑩ KBFG strives to reinforce the Group's environmental and social risk management capacity through continuous employee training etc.

3. Environmental and Social Risk Management Framework (ESRM Framework)

3.1 Overview

- KBFG's ESRM Framework consists of management of Areas, including categorization and management of Areas for Exclusion, Attention and Support, review of environmental and social risks for large-scale projects, and establishment of a climate risk management system (going forward).
- Areas for Exclusion and Attention is selected and managed in consideration of the adverse impact of a business or industry on the environment and the society, and Areas for Support is selected and managed considering the global action against climate change, discovery of new sustainable growth engines and so forth.
- When providing financial support for large-scale projects that have material impact on the environment and the society, the environmental and social risk review is conducted with reference to such standards as the Equator Principles which provides the internationally accepted principles for evaluating project financing.
- KBFG further develops credit screening and evaluation system and reinforce carbon emissions management system for the purpose of establishing the climate change risk management system.

3.2 Management of Areas

3.2.1 Areas for Exclusion

- KBFG will not provide any financial support to the below areas that cause material negative impact environmentally and socially:
 - ① Production or trade of products/activities that are construed to be illegal according to the respective countries' laws and regulations;
 - ② Productions that exploited child labor;
 - ③ Transactions related to illegal gambling and pornography industries;
 - ④ Production and trading of, and transactions utilizing radioactive substances whose

appropriate protection, management and oversight is deemed unfeasible;

- ⑤ Support for new coal mining projects or expansion of existing coal mining businesses; and
- ⑥ Support for building of new coal power plants or expansion of existing coal power plants

3.2.2 Areas for Attention on Climate Change

- KBFG categorizes businesses or industries that could inflict negative impact on climate change as Areas for Attention and manage them accordingly. Each subsidiary may designate its own Areas for Attention considering such as the selection criteria of the Group, nature of the business of the respective subsidiary and its major product lines. Measures to manage the Areas for Attention is established by defining a key monitoring checklist based on reasonable objectivity.

[Selection Criteria]

- KBFG designates those businesses or industries that accelerate global warming due to high emissions of greenhouse gases and have negative implication to the nature and the living environment as the Areas for Attention. The Areas for Attention can be adjusted in accordance with the direction of global and domestic regulations related to environmental and social risks. The Rationale for Designating of Areas for Attention Regarding Climate Change is referred to for the details of Areas for Attention.

[Target of Areas for Attention]

- Coal mining (existing exposures are subject to attention; attention is required to continuously reduce the exposure)
- Coal-fired power generation (existing exposures are subject to attention; attention is required to continuously reduce the exposure)
- Forestry (logging at plantations; lumbering; primary and secondary processing of forest products; pulp and paper industry)
- Other high-emissions industries¹

[Management of Areas for Attention]

- KBFG develops the management measures to address the Areas for Attention including the key environment monitoring checklist. Greenhouse gas emissions, fluctuation of exposure,

¹ The list of other high-emissions industries subject to attention can be expanded or reduced flexibly considering the direction of global and domestic regulations etc.

industry status and so forth will be monitored in line with applicable laws and regulations including global and domestic policies, legislation and guidelines. The scope of monitoring can be expanded going forward in order to strengthen the management.

- Each subsidiary, in consultation with the Group, designates its own Areas for Attention and develop its management measures reflecting the scope of Areas for Attention of the Group and the characteristics of each subsidiary. The progress and the result of monitoring conducted according to the management measures defined for the Areas of Attention will be reported to the Group.
- KBFG increases the suite of financial products, investments and loans required to support the companies subject to attention to implement their low-carbon strategies and achieve carbon neutrality, so as to encourage their transition to a carbon-neutral economy. To this end, preferential benefits can be provided for various financial transactions if a company in the Areas for Attention suffices the “Good ESG Company (tentative title)” criteria or the criteria as prescribed by the respective subsidiaries (e.g. companies setting and seeking to achieve their greenhouse gas reduction goal).

3.2.3 Areas for Support for Green Industries

- KBFG designates and manages those Areas for Support for Green Industries in order to support the global response to climate change and the discovery of new eco-friendly growth engines.
- Each subsidiary can designate its own Areas for Support considering the criteria for selection of Areas for Support proposed by the Group, characteristics of each subsidiary and the major product lines of the respective subsidiary.

[Selection Criteria]

- KBFG designates the Areas for Support in consideration of the implications of carbon neutrality and Green New Deal, etc on overcoming the climate crisis, and taking account of the possible support for industries related to new eco-friendly growth engines.

[Target of Areas for Support]

- The activities designated by the K-Taxonomy and Application Guideline² which is being

² Ministry of Environment is developing the K-Taxonomy in consultation with Ministry of Trade, Industry and Energy and Financial Services Commission, and is planning to officially launch it within 2021. K-Taxonomy will be primarily applied to Green Bonds, but the scope will be expanded to diverse green finance products, including Green Loans and Green Funds, services and overall corporate disclosure.

discussed under the leadership of Ministry of Environment (see Appendix 1)

- Activities pertaining to the items designated by the New Deal Fund Investment Guideline³ that are also included in the scope of K-Taxonomy and its Application Guideline (target scope of Green New Deal is to be included in the K-Taxonomy and Application Guideline; see Appendix 2)

[Management of Areas for Support]

- KBFG designates the Group-level Areas for Support.
- Each subsidiary can designate its own Areas for Support reflecting the scope of Areas for Support defined by KBFG and the characteristics of each subsidiary, and develop and execute preferential treatment measures for direct and indirect financial support for the selected Areas for Support in connection with the respective subsidiary's existing financial policies.

3.3 Environmental and Social Risk Review for Large-scale Projects

- When dealing with large-scale project financing that has material impact on the environment and the society, KBFG systematically identifies, assesses and manages relevant risks and effects through the environmental and social risk review.

[Target]

- The scope of the environmental and social risk review is determined in line with the Equator Principle including large-scale project financing worth USD 10 million or above.
- KB Kookmin Bank as the entity that adopted the Equator Principles conducts the environmental and social risk review according to its internal process that conforms to the Equator Principles.
- Subsidiaries that did not adopt the Equator Principles: review environmental and social risks for the project financing that fall into the Area for Attention, considering the respective subsidiaries' business area, role within the business and the level of infrastructure available for managing environmental risks

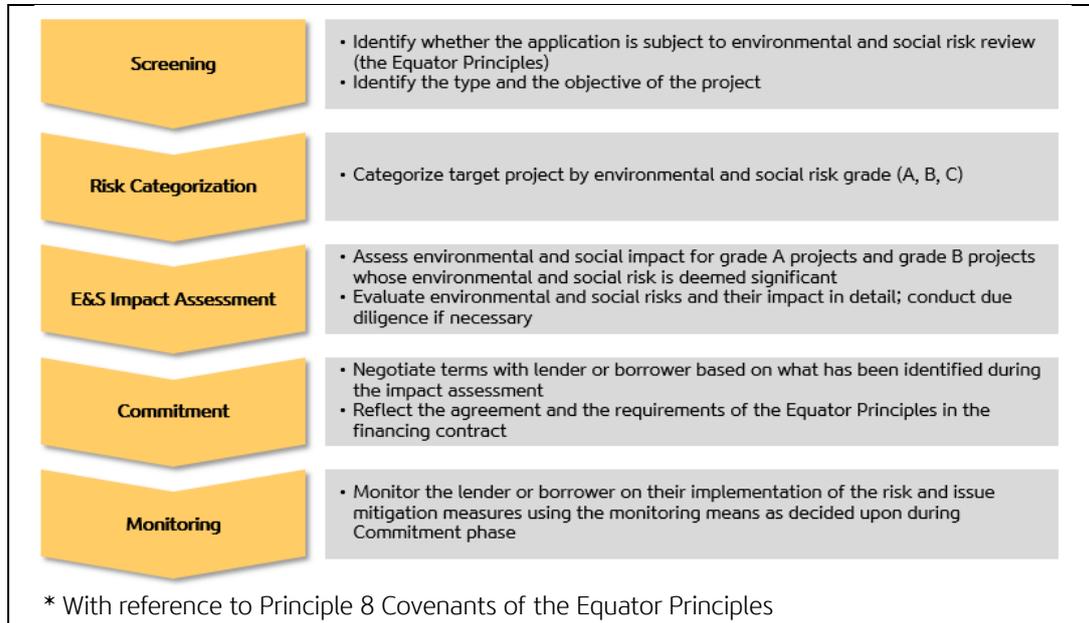
³ A universal guideline to promote the efficiency of financial support provided for the New Deal areas, which includes total 200 items (115 Digital New Deal items and 85 Green New Deal items) from 40 sectors. Ministry of Environment, Financial Services Commission and Ministry of Economy and Finance are jointly selecting the items from the aforementioned 200 to be included in the K-Taxonomy, which will be explained in the K-Taxonomy Application Guideline.

[Environmental and Social Risk Review Process for Large-scale Projects]

- The environmental and social risk review for project financing is conducted by conforming with the Equator Principles following the 5 processes of screening, risk categorization, E&S impact assessment, commitment and monitoring:
 - ① Screening: to check whether the target project for investment is in line with the environmental and social risk management policy pursued by the Group. Process designed to understand whether the project is in the scope of the Equator Principles, the type and the purpose of the project, etc. The potential borrower needs to submit [Appendix 3] Preliminary Checklist for Environmental and Social Risks.
 - ② Risk Categorization: to categorize the project by risk grade according to the level of environmental and social risk and impact. Risks will be categorized into the following grades in compliance with the preliminary environmental and social risk grading process of the Equator Principles.
 - A) Category A: the project entails materially negative environmental and social risk, of which scope is broad and the recovery is either difficult or unprecedented;
 - B) Category B: the project entails limited negative environmental and social risk, of which the scope is limited to the business site and the mitigation or recovery is easy; and
 - C) Category C: the project entails zero or minimal negative environmental and social risk
 - ③ E&S Impact Assessment: to evaluate the risk and the impact in detail for all grade A projects and those grade B projects whose environmental and social risk and effect are deemed sizable. If necessary, due diligence or other actions can be taken.
 - ④ Commitment: to reflect requirements such as development and maintenance of environmental and social risk management system, stakeholder engagement, establishment of complaint handling mechanism and so forth in the terms and conditions of the financing agreement so that the customer can minimize the identified risks and take necessary measures for the remaining impact. Supplementary measures is requested in the case the customer does not abide by the agreed terms and conditions; in the event the supplementation is not made within the agreed grace period, if necessary, rights pertaining to relief measures including declaration of default may be exercised. In the event a subsidiary that did not adopt the Equator Principles is conducting the environmental and social risk review, the commitment phase may be optionally applied, as it is a process required by the Equator Principles.
 - ⑤ Monitoring: to monitor and disclose the outcome of the implementation of the mitigation measures designed to minimize the environmental and social impact and the present environmental and social issues periodically (at least once a year); the method of monitoring

is determined through consultation between the borrower and the lender.

[KBFG Environmental and Social Risk Review Process for Large-scale Projects]



- In case a subsidiary that has not adopted the Equator Principles is simply assuming the role of a limited partner (LP) and thus cannot perform the environmental and social risk review, it must exert efforts to reduce the environmental and social risk by such as requesting the general partner (GP) to discuss with the borrower and conduct the environmental and social risk review.

3.4 Establishment of Climate Risk Management System

- KBFG establishes a mid- to long-term roadmap to advance our climate risk management related credit screening and evaluation, and addresses the matter in an organized manner; and such efforts maintain relevance with the supervisory regulations and policy roadmap pertaining to climate risk.
- With regard to our own reduction of carbon emissions and financed emissions, KBFG reinforces management of the respective subsidiaries' exposure to each industry in the Area for Attention as a means to contribute to meeting the Group's carbon neutrality targets.

4. Disclosure

- KBFG discloses the main contents and the achievements related to ESRM including such risks as climate change and biodiversity to the public, and thereby endeavors to communicate with the stakeholders and enhance transparency.

5. Participation in International Collaboration and Global Standard

Setting Agencies

- KBFG acknowledges the importance of the global participation in environmental and social risk management, and exerts our utmost efforts to strengthen the relevant capacities by taking part in global initiatives.
- KBFG participates in setting the global best practices for environmental and social risk management and strives to take the lead in incorporating such international standards.

6. Employee Training and Capacity Building

- KBFG develops training programs for the ESRM Framework to take root and for employee capacity building, and provide necessary data, so that strategies can be implemented at the Group level to manage environmental and social risks. Also, supporting organizations will be formed within the Group or additional measures will be taken for the purpose of providing training on environmental and social risk management and capacity building for KBFG or the subsidiaries.

[Scope of K-Taxonomy]

| Sector | Activity | Sector | Activity |
|------------------------------|--|--|---|
| Energy | Production of renewable energy (1): solar photovoltaic, solar thermal, wind, marine energy | Transportation | Low-carbon rail transportation |
| | Production of renewable energy (2): hydroelectric energy | | Low-carbon land transportation |
| | Production of renewable energy (3): geothermal energy | | Low-carbon water transportation |
| | Production of renewable energy (4): bio energy | | Low-carbon transportation infrastructure development |
| | Production of non-fossil fuel based energy | | Low-carbon personal mobility and shared transport infrastructure |
| | Storage & conversion of electric energy | | Support for purchasing and leasing nonpolluting vehicles |
| | Storage of heat energy | | Recycling of waste resources |
| | Storage of hydrogen energy | Resource recycling | Pyrolysis of waste resources |
| | Building & operation of electric and hydrogen vehicle recharging infrastructure | | Production of petroleum products using waste plastic pyrolysis fuel |
| | Building & operation of renewable energy transmission and distribution infrastructure | | Capture & disposal/use of anaerobic digestion |
| | Building & operation of low-carbon gas network infrastructure | | Capture & disposal/use of landfill gas |
| | Building & operation of waste heat supply infrastructure | | CO2 |
| | Development of ICT-based renewable energy management system | Building of CO2 transportation network infrastructure | |
| | Manufacturing | Production of materials, parts & equipment related to core technologies of carbon neutrality | |
| Production of green hydrogen | | Utilization of captured CO2 | |
| Production of nonpolluting | | Biodiversity | Protection of biodiversity |

| | | | |
|-----------------------|--|------------------------------|--|
| | vehicles and eco-friendly ships | preservation and agriculture | |
| | Production of steel with relatively low emissions per unit | | Low-carbon eco-friendly agriculture |
| | Production of cement with relatively low emissions per unit | Adaptation to climate change | Development of climate disaster prevention and response system |
| | Production of organic chemicals with relatively low emissions per unit | | Low Impact Development (LID) |
| City · Building | Development of zero-energy specialized cities | | Installation of equipment and facilities to supply water, use rainwater and to utilize the wastewater reclamation and reusing system |
| | Construction of new zero-energy buildings or green buildings | | Seawater desalination facilities |
| | Re-modelling to zero-energy buildings or green buildings | | Sewage and wastewater management |
| | Facilities to reduce building related greenhouse gas | | Surveys and researches related to adaptation to climate change |
| | Construction of low-carbon internet data centers | | Support for just labor transition |
| Transportation | Operation of low-carbon public transportation | | Education, culture and act activities related to climate change |

[Items Subject to Green New Deal Investment]

| Theme | Sector | Item | Item Code |
|---|------------------------------------|---|-----------|
| High-tech manufacturing automation (A) | New manufacturing process (A01) | 3D machine vision | A01001 |
| | | 3D printing | A01002 |
| | | Smart factory solution | A01004 |
| | | Intelligent machine | A01009 |
| | | 4D printing | A01014 |
| | | Intelligent 4D scanning | A01015 |
| | Robotics (A02) | Future manufacturing robot | A02003 |
| | | Swarm robotics | A02005 |
| | Next generation power system (A04) | High-tech railway | A04001 |
| | | Electric/hybrid vehicle | A04002 |
| | | Stirling engine | A04003 |
| | | Smart car | A04004 |
| | | Electric/hybrid vehicle infrastructure/service | A04005 |
| | | High-efficiency/eco-friendly ship | A04006 |
| | | Smart mobility | A04008 |
| | | Fuel cell electric vehicle | A04009 |
| Fuel cell electric vehicle infrastructure/service | | A04010 | |
| Chemicals · Advanced materials (B) | Bio materials (B07) | Bio-based materials | B07001 |
| Energy (C) | New renewable energy (C10) | Solar cell | C10001 |
| | | Solar energy generation (including building integrated type) | C10002 |
| | | Biomass energy (including marine, agriculture and forest) | C10003 |
| | | Geothermal power generation | C10004 |
| | | Marine energy (generation technology and marine resource development) | C10005 |
| | | Wind power generation | C10006 |
| | | New renewable energy hybrid system | C10008 |

| Theme | Sector | Item | Item Code |
|--|--------------------------------|---|--|
| | | Large wind power generation system | C10009 |
| | | Ocean-water heat | C10011 |
| | | Hydrogen energy (including production, transportation and storage facilities) | C10012 |
| | Eco-friendly development (C11) | Fuel cell | C11002 |
| | | Supercritical CO2 power generation system | C11003 |
| | | Energy harvesting | C11004 |
| | | Gas turbine power generation plant | C11005 |
| | Energy (C) | Energy storage (C12) | (Constant-pressure) Compressed Air Energy Storage (CAES) |
| Energy Storage System (ESS) | | | C12002 |
| Energy storage cloud | | | C12003 |
| Energy-gas conversion | | | C12004 |
| Lithium ion battery | | | C12005 |
| Proton battery | | | C12006 |
| Super capacitor | | | C12007 |
| Cold and heat energy storage | | | C12008 |
| Bio battery | | | C12009 |
| Battery energy management system | | | C12010 |
| Redox flow battery | | | C12011 |
| Enhancement of Energy efficiency (C13) | | Household energy management | C13001 |
| | | Zero-energy building/eco-friendly energy town | C13003 |
| | | Waste heat recovery | C13007 |
| | | Independent seawater desalination | C13009 |
| | | Intelligent HVAC system | C13010 |
| | | Distributed energy system | C13015 |
| | | Smart grid | C13016 |
| | | Virtual power plant | C13019 |
| Environment · Sustainability (D) | Smart farm (D14) | Microbes for agriculture | D14004 |
| | | Bio fertilizer | D14006 |
| | | Insect farming | D14008 |
| | | Smart seed development and breeding | D14009 |

| Theme | Sector | Item | Item Code |
|----------------------------------|-----------------------------------|--|-----------|
| | Improvement of environment (D15) | Forward osmosis | D15001 |
| | | Water treatment of bio film | D15002 |
| | | Eco-friendly HVAC system | D15005 |
| | | Oil spill control | D15007 |
| | | Air pollution management | D15008 |
| | | CO2 capture, storage, source management | D15010 |
| | | Soil purification | D15011 |
| | | Dismantling nuclear power plant | D15012 |
| | | Integrated environment management service | D15013 |
| | | Efficient resource management service | D15014 |
| | | Eco-friendly packaging | D15015 |
| | | Uni-materialization products | D15016 |
| Environment · Sustainability (D) | Protection of environment (D16) | Upcycling of waste electrical and electronic equipment | D16001 |
| | | Upcycling of waste plastic | D16002 |
| | | Disposal of radioactive waste | D16003 |
| | | Waste-to-energy | D16004 |
| | | Membrane filtration wastewater treatment (Reuse of treated sewage/waste water, restoration of aquatic ecosystem) | D16005 |
| | | Noise control | D16006 |
| | | Indoor air quality control | D16007 |
| | | Urban mine | D16008 |
| | | Remanufacturing | D16009 |
| | | Recycling of new renewable power generation system | D16010 |
| Health · Diagnosis (E) | Eco-friendly consumer goods (E18) | DNA personalized skincare | E18001 |
| | Next generation treatment (E19) | Incrementally modified drug | E19013 |
| | | First-in-class | E19014 |
| Information technology (F) | Immersive contents (F28) | Smart Home | F28005 |
| Electricity/Electronics | Next generation | Power semiconductor device | G32003 |

| Theme | Sector | Item | Item Code |
|--------------------------|------------------------|------------------------|-----------|
| (G) | semiconductor (G32) | | |
| | Active lighting (G35) | OLED (LED) lighting | G35001 |
| | | Smart lighting | G35002 |
| Sensor · Measurement (H) | Object detection (H38) | Non-contact monitoring | H38006 |

[Preliminary Checklist for Environmental and Social Risks]

| 1. Environmental and Social Management System | | |
|--|---|-------------------------------|
| 1.1 | In the event the project is subject to the Environment Impact Assessment (EIA) as prescribed by the laws and regulations of the country of location, was EIA conducted accordingly? | Yes/No/Not applicable |
| 1.2 | Did the borrower identify the major environmental and social impact of the project, and establish appropriate mitigation/control measures considering the project scale? | No/Average/Yes/Not applicable |
| 1.3 | Has the borrower developed an environmental and social risk management system for the project? (eg.: ESMS) | Yes/No/Not applicable |
| 1.4 | Has the borrower developed an environmental and social risk management system at the corporate/organization level and clearly assigned the roles and responsibilities? (eg.: ISO 14001, OHSAS 18001) | Yes/No/Not applicable |
| 1.5 | Were the stakeholders identified and is there a stakeholder management plan in place? | Yes/No/Not applicable |
| 1.6 | Is there a complaint handling mechanism in place to receive and resolve complaints or concerns regarding environmental and social impact of the project? | Yes/No/Not applicable |
| 1.7 | Is there an appropriate environmental and social contingency plan considering the scale of the project? | Yes/No/Not applicable |
| 1.8 | Did the borrower establish an appropriate environmental and social monitoring plan considering the scale of the project so that the contents of the aforementioned plan can be implemented during the course of construction and operation? | No/Average/Yes/Not applicable |

| 2. Labor | | |
|--|--|-----------------------|
| 2.1 | Is the project in compliance with the employment and labor laws of the country of location? | Yes/No/Not applicable |
| 2.2 | Does the project engage in activities to develop, manage and improve the labor-management relationship according to the laws and regulations of the country of location and the general international standards, and offer indiscriminate and fair working conditions? | Yes/No/Not applicable |
| 2.3 | Does the project guarantee workers' working conditions considering the requirements of the laws and regulations of the country of location related to safety and health, and the general international standards? | Yes/No/Not applicable |
| 2.4 | Does the project have a mechanism to protect the project from issues such as forced labor and child labor (including throughout the supply chain and at the suppliers)? | Yes/No/Not applicable |
| 3. Resource Efficiency and Pollution Prevention | | |
| 3.1 | Is there a resource (energy, water and others) streamlining program in place for the project? | Yes/No/Not applicable |
| 3.2 | Is the sum of direct greenhouse gas emissions (Scope 1 Emissions) and indirect emissions (Scope 2 Emissions) from the project expected to be below 100,000 CO ₂ equivalent per annum? | Yes/No/Not applicable |
| 3.3 | Is the project designed in such a way that all emissions of pollutants related to the project are compliant with the environmental standards of the country of location? | Yes/No/Not applicable |
| 3.4 | Are there documents to prove that there was no environmental pollution or leakage incident/accident in the site or the neighboring area of the project in the past 5 years? | Yes/No/Not applicable |
| 3.5 | Is there a waste (particularly, specified waste) reduction plan in place for the project? | Yes/No/Not applicable |
| 3.6 | In the event the project requires transportation, storage, use and production of hazardous or toxic chemicals, is there an appropriate control plan in place? | Yes/No/Not applicable |

| 4. Community Health, Safety and Security | | |
|---|---|-------------------------------|
| 4.1 | Did the project identify its impact on the safety and the health (including infectious diseases) of the local community and develop an appropriate mitigation and control plan considering the scale of the project according to the laws and regulations of the country of location? | Yes/No/Not applicable |
| 4.2 | In the event the project requires transportation, storage, use and production of hazardous or toxic chemicals, did the project identify the potential impact on the local community, conduct an alternative assessment and develop a contingency plan? | Yes/No/Not applicable |
| 4.3 | Did the project provide appropriate training to the security team so as to minimize negative impact on the local community and develop a security management plan? | Yes/No/Not applicable |
| 5. Land Compensation and Involuntary Migration | | |
| 5.1 | Is any physical (including land compensation) or economic loss expected from the project? | Yes/No/Not applicable |
| 5.2 | In the event economic loss is inflicted by the project, is there a plan to restore the right to life, and is the right to resettlement/life restored, at minimum, according to the laws and regulations of the country of location? | Yes/No/Not applicable |
| 5.3 | In the event physical loss is inflicted by the project, is there a plan for resettlement, and is the value of the provided real estate at least at or above the previous market value according to the laws and regulations of the country of location, at minimum? | Yes/No/Not applicable |
| 6. Biodiversity | | |
| 6.1 | Is the project expected to not have sizable impact on biodiversity and the ecosystem? | Yes/No/Not applicable |
| 6.2 | Is the project expected to have sizable impact on any critical habitat or any protected species preservation area as defined by the country of location and the international standards? | No/Average/Yes/Not applicable |
| 6.3 | In the event any impact described in paragraph 6.1 and 6.2 is anticipated, is there a control plan in place to minimize such impact? | Yes/No/Not applicable |

| 7. Indigenous Peoples | | |
|------------------------------|--|-----------------------|
| 7.1 | Is it expected that no indigenous peoples will be residing in the area of the project? | Yes/No/Not applicable |
| 7.2 | If there are indigenous peoples residing in the area, is there a plan in place to manage the natives? | Yes/No/Not applicable |
| 7.3 | Has the Free, Prior, Informed Consent (FPIC) been obtained from the natives? | Yes/No/Not applicable |
| 8. Cultural Heritage | | |
| 8.1 | Is it expected that there is no cultural heritage as defined by the regulations of the country of location and other related internationally accepted standards to be affected by the project? | Yes/No/Not applicable |
| 8.2 | Is there a Chance Find Procedure in place for the event a cultural asset is found? | Yes/No/Not applicable |
| 8.3 | Is there a Critical Cultural Heritage Protection Procedure in place for the event a critical cultural heritage is found? | Yes/No/Not applicable |

* Preliminary Checklist for Environmental and Social Risks may be extended or shortened according to the target project or industry and the level of the risk.