

# EQUATOR PRINCIPLES REPORT

**BIG**  
STEP FOR  
TOMORROW

## Overview

In pursuit of its ESG management mission, Hana Bank joined the Equator Principles in Aug. 2021 with aim to establish an environmental and social risk management system and fulfill related responsibilities.

By adopting the framework, Hana Bank plans to make a responsible decision in lending and investment business, and also minimize adverse impacts of the financed projects on the environment and society.

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## What are the Equator Principles?

The Equator Principles are voluntary arrangements established by financial institutions around the world to pledge not to provide loans to large-scale development projects that may cause environmental damage or human rights violations.

## Financial Products Covered

The Equator Principles apply to the following 5 financial products.

- 01 Project Finance Advisory Services where total project capital costs are US\$10 million or more
- 02 PF with total project capital costs of USD 10 mil. or more
- 03 PF-related corporate loans of USD 50 mil. or more with a maturity of at least 2 years, where the client has effective operational control on the project
- 04 Bridge loans with a maturity of less than 2 years that is intended to be refinanced by PF-related corporate loan
- 05 Refinancing and acquisition financing that satisfy all of the following conditions
  - If the underlying project was financed under the Equator Principles framework
  - If there has been no material change in the scale or scope of the project
  - If project completion has not yet occurred at the time of signing the loan agreement

## Key Points of the Equator Principles

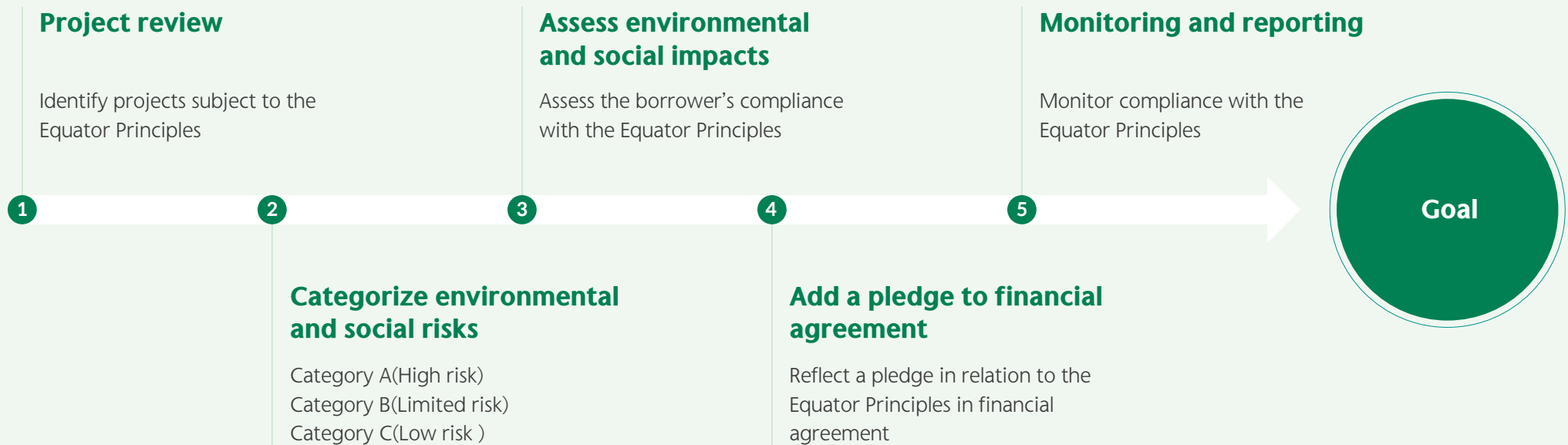
In order to prevent or minimize environmental damage and social risk resulted from the financed projects, Hana Bank complies with the following 10 principles.

Principles	Details
<b>01 Review and categorization</b>	Categorize projects based on environmental and social risk (as Category A, B or C)
<b>02 Environmental and social assessment</b>	Assess environmental and social impacts based on project category
<b>03 Applicable environmental and social standards</b>	Confirm that projects comply with environmental and social laws in the project host country, as well as with the Equator Principles
<b>04 Environmental and social management system and Equator Principles action plan</b>	Set up an environmental and social management system and come up with action plans
<b>05 Stakeholder engagement</b>	Establish a process of consultation with stakeholders and information sharing
<b>06 Grievance mechanism</b>	Establish a grievance mechanism (A system for resolving concerns about projects)
<b>07 Independent review</b>	Appoint an independent environmental and social consultant and assess project's compliance with the Equator Principles
<b>08 Covenants (Reflected in financial agreement)</b>	Add provisions concerning a pledge to adhere to the EP requirements to financial agreement
<b>09 Independent monitoring</b>	Appoint an independent environmental and social consultant and conduct regular monitoring
<b>10 Reporting and transparency</b>	Equator Principles Financial Institution(EPFI)'s report on its EP implementation (Brief description of environmental and social assessment documents)

# Application Process

Regarding PF and PF-related corporate loan subject to the Equator Principles, the process for applying the framework is as provided below.

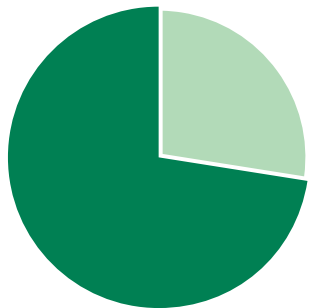
1. Identify whether projects are subject to the Equator Principles
  2. Categorize projects
  3. Determine whether projects are located in Designated or Non-designated Country
- Apply different requirements based on the three categories.



# Implementation Status

## Project Finance Transaction

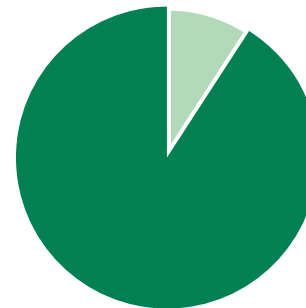
### By Industry



● Mining ● Infrastructure ● Oil and gas  
● Power ● Other

Sector	Category		
	A	B	C
Mining	-	-	-
Infrastructure	1	4	3
Oil and gas	-	-	-
Power	-	-	3
Other	-	-	-
<b>Total</b>	<b>1</b>	<b>4</b>	<b>6</b>

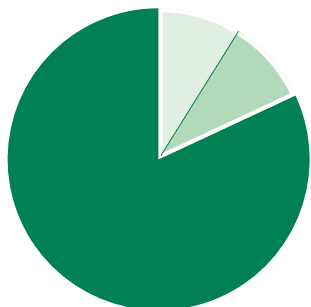
### Country Designation



● Designated Country ● Non-Designated Country

Sector	Category		
	A	B	C
Designated Country	1	4	6
Non-Designated Country	-	-	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>6</b>

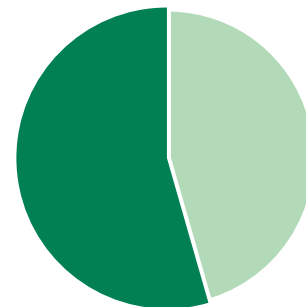
### By Region



● America ● Europe, Middle East & Africa  
● Asia Pacific

Sector	Category		
	A	B	C
America	1	-	-
Europe, Middle East & Africa	-	-	1
Asia Pacific	-	4	5
<b>Total</b>	<b>1</b>	<b>4</b>	<b>6</b>

### Independent Review



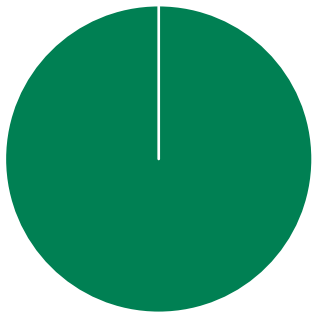
● Yes ● No

Sector	Category		
	A	B	C
Yes	1	4	1
No	-	-	5
<b>Total</b>	<b>1</b>	<b>4</b>	<b>6</b>

# Implementation Status

## Project-Related Corporate Loans

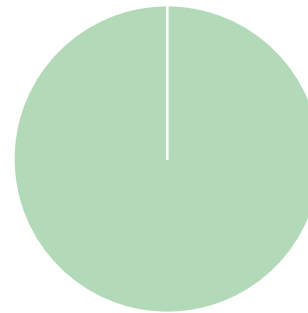
### By Industry



- Mining
- Infrastructure
- Oil and gas
- Power
- Other

Sector	Category		
	A	B	C
Mining	-	-	-
Infrastructure	-	1	-
Oil and gas	-	-	-
Power	-	-	-
Other	-	-	-
<b>Total</b>	-	1	-

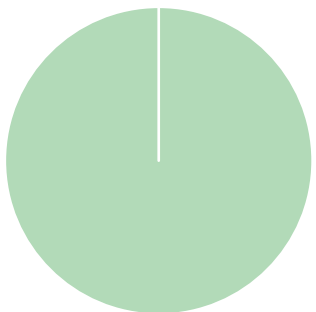
### Country Designation



- Designated Country
- Non-Designated Country

Sector	Category		
	A	B	C
Designated Country	-	-	-
Non-Designated Country	-	1	-
<b>Total</b>	-	1	-

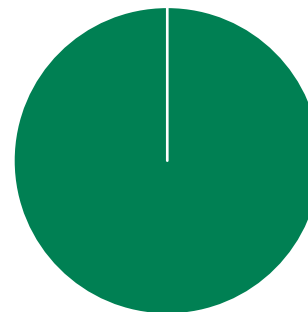
### By Region



- America
- Europe, Middle East & Africa
- Asia Pacific

Sector	Category		
	A	B	C
America	-	-	-
Europe, Middle East & Africa	-	-	-
Asia Pacific	-	1	-
<b>Total</b>	-	1	-

### Independent Review



- Yes
- No

Sector	Category		
	A	B	C
Yes	-	1	-
No	-	-	-
<b>Total</b>	-	1	-

## R&R for Equator Principle

<p><b>Dedicated Organization ESG Planning Department</b></p>	<ul style="list-style-type: none"> <li>• Assess projects’ compliance with the Equator Principles</li> <li>• Educate front office and branch staff on the Equator Principles</li> </ul>
<p><b>Front office (IB Division) and branches</b></p>	<ul style="list-style-type: none"> <li>• Direct contact with clients (explain the Equator Principles and its implementation process)</li> <li>• Communication regarding third party monitoring reports</li> <li>• Receipt and submission of project-related assessment materials</li> </ul>
<p><b>Departments in charge of review</b></p>	<p>Check the final opinion of dedicated department when reviewing PF deals subject to the Equator Principles</p>

## Education of the Equator Principles(EP)

Hana Bank set up internal policies and implementation guidelines to create EP-based procedures and criteria for environmental and social risk assessment.

Since joining the EP, the Bank has been educating its officers and employees on the framework and also developed practical implementation manuals.

The Bank also plans to provide education on case study in an effort to improve Bank staff’s capability for environmental and social risk management.



