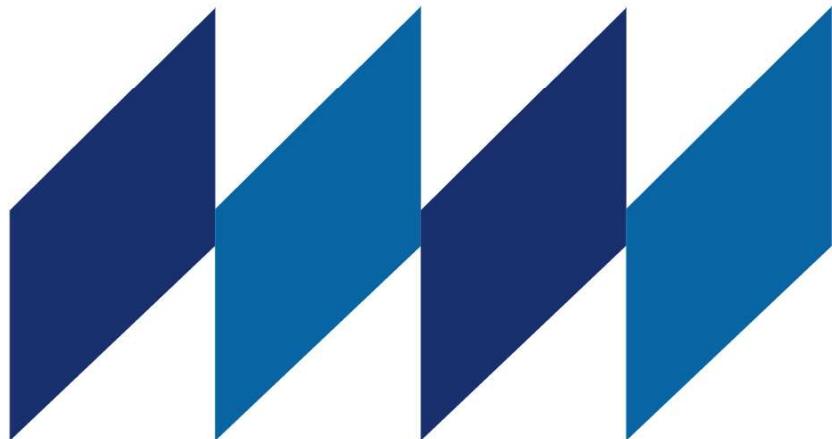


# JB Financial Group Sustainable Finance Framework



## Chapter 1 General Provisions

**Article 1 (Purpose)** ① The purpose of this JB Financial Group Sustainable Finance Framework (hereinafter, “the Framework”) is to set up sustainable finance principles and minimum standards in line with JB Financial Group’s ESG strategic direction, and to apply Implementation Guidelines for Group affiliates in order to realize the ESG mission of JB Financial Group (hereinafter, “the Group”) — “JB Financial, Your Reliable Partner for a Better Future.” Furthermore, it aims to consider environmental and social impacts as key factors in credit and investment decision-making, promote green finance and transition finance, and contribute to the nation’s achievement of carbon neutrality (Net Zero), the transition to a low-carbon society, and sustainable development, by complying (mutatis mutandis) with internationally recognized standards.

② For specific implementation, the Framework shall apply the following sub-regulations, each of which complies with the principles of the Framework, and stipulate detailed procedures and management methods.

1. Environmental & Social Risk Management Framework: The Group’s common standards for identifying, assessing, and managing environmental and social risks in the Group’s credit and investment activities
2. Climate Finance Management Guidelines: Management standards for green finance and transition finance standards and procedures.
3. Impact Finance Management Guidelines: Standards for defining, assessing, and operating the environmental and social value created through the Group’s financial activities

**Article 2 (Definitions)** The terms used in this Framework shall be defined as follows:

1. “Sustainable finance” refers to financial activities that contribute to achieving sustainability goals by comprehensively considering environmental (E), social (S), and governance (G) factors.
2. “Climate finance” refers to finance that contributes to mitigating and adapting to climate change, and it shall be classified into ‘green finance’ based on the Korea Green Taxonomy (“K-Taxonomy”) and ‘transition finance’ that supports the low-carbon transition of high-emission industries.
3. “Green finance” refers to financial activities in which the purpose of the funds conforms to the K-Taxonomy, and the funds are raised and invested to support environmentally sustainable economic activities. There are no restrictions on the nationality of the borrower or investee, the currency used for green and transition finance, or the country where the green economic activities are performed.
4. “Transition finance” refers to a means of financing the transitional activities required for the low-carbon transition of high-carbon industries. It promotes corporate greenhouse gas reduction during the sundown period, thereby improving environmental performance and contributing to the Group’s Net Zero and portfolio transformation.
5. “Impact finance” refers to financial activities that simultaneously achieve measurable social and environmental impacts along with the financial returns, and is managed in accordance with the Group’s “Impact Finance Management Guidelines.”

**Article 3 (Basic Principles)** The Group shall adhere to the following principles in order to manage sustainable finance in compliance with international agreements and global frameworks:

1. **Compliance with international standards:** The Group shall comply with international standards and global initiatives, such as the Paris Agreement<sup>1)</sup>, the Kunming-Montreal Global Biodiversity Framework (GBF)<sup>2)</sup>, the UN Sustainable Development Goals (SDGs), and the UN ILO Core Conventions — and reflect them in the Group’s financial activities. Furthermore, the Group shall apply, mutatis mutandis, global standards, such as the IFC’s Performance Standards on Environmental and Social Sustainability<sup>3)</sup> and the Equator Principles (EP)<sup>4)</sup> — in order to identify, assess, and manage environmental and social risks associated with financial transactions.
2. **Contribution to a low-carbon society:** The Group shall actively support the transition to a low-carbon society, contribute to eco-friendly management activities, and expand financial support for low-carbon industries. The Group shall declare a long-term goal of achieving net zero emissions, and contribute to responding to the climate crisis by phasing out investment in fossil fuels and expanding investments in renewable energy.

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1) Paris Agreement: An international agreement to address climate change adopted at the 21st Conference of the Parties (COP21), to the United Nations Framework Convention on Climate Change, with the goal of limiting the increase in the global average temperature to well below 2 degrees Celsius compared to pre-industrial levels, and striving to limit the increase to 1.5 degrees Celsius.

2) Kunming-Montreal Global Biodiversity Framework (GBF): An international agreement adopted at the 15th Conference of the Parties (COP15) to the UN Convention on Biological Diversity. It is a global biodiversity implementation roadmap that presents four long-term goals and 23 specific targets to achieve a world in harmony with nature by 2050.

3) IFC Performance Standards on Environmental and Social Sustainability: Environmental and social performance standards that must be complied with by companies planning projects with capital investment from the International Finance Corporation (IFC) or partner financial institutions, or contractors actually carrying out projects.

4) Equator Principles (EP): A voluntary agreement signed by and among global financial institutions to refrain from providing financial support to large-scale development projects, such as project financing exceeding a certain amount, if they involve issues such as environmental destruction or human rights violations.

3. Creation of environmental and social value: The Group shall enhance environmental and social value by expanding financial inclusion and supporting implementation of corporate social responsibility (CSR).
4. Establishment of an environmental and social risk management system: The Group shall establish and operate a system to recognize, measure, and manage environmental and social risks, and reflect them in decision-making throughout its business operations.
5. Elimination of negative impacts: The Group shall apply a policy of excluding financial support for sectors with significant negative environmental and social impacts.
6. Mitigation of the impacts of large-scale projects: When providing financial services with significant environmental and social impacts, such as large-scale project financing, the Group shall assess environmental and social risks and strive to mitigate them.
7. Disclosure of policy and communication: The Group shall strengthen communication with internal and external stakeholders by disclosing key policies related to environmental and social risk management.
8. Response to stakeholders' demands: The Group shall proactively respond to the environmental and social demands of its customers and investees.
9. Capacity building: The Group shall strive to raise awareness of environmental and social risks and enhance management capabilities through the engagement of all employees.
10. Prevention of greenwashing and ensuring the effectiveness of transition finance: The Group shall conduct thorough analyses and ongoing monitoring of companies targeted for green and transition finance support in order to prevent greenwashing. The Group shall closely examine the feasibility of transition pathways to ensure that transition Finance contributes to the actual decarbonization process, thereby preventing carbon lock-in.

**Article 4 (Scope of Application)** ① The Framework is planned to be expanded and applied across the Group’s business activities (such as project financing, corporate lending, general investment, asset management, inclusive finance, support for the financially underserved, etc.), and it shall be applied to financial activities that meet the criteria established by the Group and to industries with potential risks that fall under the “area of exclusion from financial support” and “area of concern.” Furthermore, it shall be applied to the information and data that can be legally obtained in accordance with the laws, regulations, and policies, standards and guidelines of the financial authorities of the countries in which the Group operates.

② The scope of application by the business sector shall be as follows:

1. Consumer finance: Launch of eco-friendly products, expansion of inclusive finance, support for the financially underserved, etc.
2. Corporate finance, investment, PF: Assessment of environmental and social risks, Equator Principles-based assessment, exclusion of high-risk industries
3. Bonds, securitization: Selection of eligible assets, use of funds, reporting, etc., when issuing green, social, and sustainability bonds
4. Asset management: Incorporation of ESG factors, responsible investment, compliance with the Stewardship Code, etc.

## **Chapter 2 Organization and Roles**

**Article 5 (Organizational Structure)** ① The Group shall establish an ESG Committee consisting of members of the Board of Directors and other top decision-making bodies, and an ESG Council comprised of executives from the holding company and affiliates.

② The ESG departments of the holding company and affiliates shall hold primary responsibilities for practical environmental and social risk management, but may collaborate with relevant departments, such as the risk management departments of each company, when necessary.

### **Article 6 (Main Functions and Responsibilities)**

1. General department: The ESG department of the holding company shall oversee all sustainable finance-related work as a general department, and it may establish a dedicated organization in charge of impact finance within the department or designate dedicated staff to manage it. The general department shall support the coordination of roles among sustainable finance-related departments within the Group, management of performance, and operation of the ESG committee. Furthermore, it may consult with the risk management department of the holding company and report sustainable finance-related matters to the risk management committee, if necessary.
2. Department in charge: As the department in charge, the ESG department of affiliates shall strive to build relevant competencies and provide training programs to its employees in order to effectively manage green finance and transition finance. Furthermore, it shall review the adequacy of environmental and social risk management policies and procedures at least once a year, monitor any changes, and report the changes to the general department. In addition, in consultation with relevant departments, it may establish and operate procedures and detailed work standards for environmental and social risk management.

3. Management: The management of the holding company and its affiliates shall implement effective internal governance to ensure the stable handling of green finance and transition finance, and designate a relevant person in charge to ensure the appropriate operation and management of funds.
4. ESG Committee: The ESG Committee of the holding company shall deliberate on and approve the Group's sustainable finance-related strategies, policies, and goals.

## **Chapter 3 Sustainable Finance Management System**

### **Article 7 (Establishment of a Sustainable Finance Management System)**

To manage sustainable finance, the Group shall establish and operate management systems for each sector, including an environmental and social risk management system, a climate finance management system, and an impact finance management system.

### **Article 8 (Environmental and Social Risk Management System)**

- ① Environmental and social risks refer to the risks that environmental and social factors of the targets for financial services pose to financial institutions, and that can be transferred to financial and reputational risks.
1. Credit risk: Environmental and social risks may cause corporate bankruptcy and a decline in collateral value.
  2. Liquidity risk: Environmental and social risks may increase liquidity demands and refinancing risks.
  3. Operational risk: Environmental and social risks may lead to supply-chain disruptions and facility shutdowns.

4. Reputational risk: Environmental and social risks may increase stakeholder concerns, thereby reducing the availability of external funding.
  - ② To minimize negative environmental and social impacts, the scope of exclusion from financial support and the scope of environmental and social concern shall be designated and managed.
  - ③ Environmental and social risk management shall apply to general corporate lending and project financing under development, and risk assessment and evaluation methods shall be established and managed.
  - ④ Management systems shall be established for each category including corporate finance, project financing (PF), investment, and advisory. The standards for establishment shall be based on the Group's "Environmental & Social Risk Management Framework."

**Article 9 (Climate Finance Management System)** Climate finance (green finance and transition finance) shall be assessed for suitability through a process that determines whether the financial activities meet the four criteria of the K-Taxonomy: activity criteria, inclusion criteria, exclusion criteria, and safeguard criteria. As criteria for assessment, transition finance may add the borrower's or investee's transition strategy, greenhouse gas reduction targets, and performance.

1. Fund management: The Group shall monitor whether the borrower and investee are managing the funds raised through green or transition finance so that they are allocated to pre-agreed economic activities. If any misuse is uncovered, the related benefits may be canceled or revoked and the funds may be converted to general finance.

2. Financial benefits and counter-measures: When handling green or transition financing, the Group may provide financial benefits, such as interest rate reductions, to borrowers and investees — provided, however, that if monitoring results reveal inappropriate use of funds, the Group may consider withdrawing benefits or terminating the contract.

**Article 10 (Impact Finance Management System)** Impact finance refers to financial activities that simultaneously achieve measurable environmental and social impacts alongside financial returns. The purpose of this management system is to systematically measure and manage the environmental and social value created through ESG financial products, such as eco-friendly and inclusive finance, based on the following criteria:

1. Money measurement concept: Money measurement of social value complies with the Impact-Weighted Accounts Framework (IWAF)<sup>5)</sup>, conservatism<sup>6)</sup>, market reference standard<sup>7)</sup>, additionality principle<sup>8)</sup>, and principle of allocation<sup>9)</sup>.
2. Money measurement methodology: When monetizing the social value of ESG financial products, a market (price)-based or cost-based approach shall be used, in principle.

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5) Impact-Weighted Accounts Framework (IWAF): an accounting method that measures and reports the environmental and social benefits and costs arising from a company's activities from the perspective of stakeholders

6) Conservatism: A perspective that provides reliable information without overestimating performance in accordance with the principles of conservatism in financial accounting

7) Market reference standard: A standard for monetizing social outcomes for which no market price exists, using prices from an alternative market (reference market) that performs a similar function, following HM Treasury (His Majesty's Treasury) guidelines

8) Additionality principle: This refers to the additional effects that occur due to a company's intervention, excluding the effects that would have occurred naturally even without the company's activities. It is used in climate policy research, social value measurement, and development finance.

9) Principle of allocation: A criterion for fairly distributing performance based on the contribution of each stakeholder, utilizing the Social Value International (SVI) principle

3. Utilization of information on social value: To facilitate the smooth implementation of impact finance, information on social value may be utilized to the extent that it does not violate the relevant laws and regulations and internal regulations of the holding company.
4. Impact finance target: This shall include all ESG financial products handled by the holding company and affiliates, but limited to those selected through assessment by the Sustainable Finance Council or an equivalent internal consultative body.
5. Utilization: Impact finance measurement results may be used as a quantitative basis for equity investments, loan support, fee reductions, preferential interest rates, and the provision of non-financial services.

## **Chapter 4 Performance Management and Reporting**

**Article 11 (Performance Indicators and Measurement)** To systematically manage sustainable finance performance, the general department shall collect quantitative and qualitative performance indicators based on the Group's use of funds and monitor performance based on these indicators. Impact finance shall measure social value created in monetary units.

**Article 12 (Internal Report and External Disclosure)** The general department shall establish a system to monitor the scale of green and transition finance, post-inspection of misuse of funds other than their intended purpose, and performance based on handling — and report on the monitoring results to management at least once a year. Furthermore, the general department shall disclose key policies related to environmental and social risk management in order to strengthen communication with internal and external stakeholders, and undergo external verification if necessary.

## Chapter 5 Revision and Approval Procedures

**Article 13 (Revision and Approval)** ① The establishment and revision of the Framework shall be finalized after undergoing review and approval by the ESG Committee of the holding company.

② Revisions shall be considered in order to reflect any changes in domestic or international sustainable finance-related laws, international standards, or global frameworks.

③ When there is a request for revision from an affiliate, revisions shall be decided after gathering opinions from relevant departments and deliberation by the ESG Committee of the holding company.

### Addenda

History	Revision date	Enforcement date	Notes
Establishment	Dec. 18, 2025	Dec. 18, 2025	Approved at the 2 <sup>nd</sup> ESG Committee in 2025