NH농협은행

2026

Equator Principles Implementation Report

The Equator Principles (EP) is a risk management framework for identifiying and managing the environmental and social (E&S) risk of projects early in the loan review stage.

Intro

Nation's Most Beloved Bank

Global Cooperative Financial Institution Representing Asia

As a leader of ESG, NongHyup Bank aims to promote the livelihood of agricultural, rural and local communities. Based on our objective, NongHyup Bank adopted the Equator Principles on 19 August 2021 and has been managing large-scale projects' environmental and social risks.

The Equator Principles is a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in projects.

By implementing the Equator Principles, NH Bank aims to exercise responsible judgement in its lending and investment decision-making processes and minimize the negative environmental and social impacts of financed projects.

NongHyup Bank, the nation's most beloved bank, will actively participate in resolving climate change issues and environmental and social risks faced by humanity and leap forward as an ESG leading financial institution representing Asia.

NongHyup Bank

Introduction of the EP

Equator Principles

The Equator Principles (EP) is a risk management framework for identifying and managing the environmental and social (E&S) risks of projects early in the loan review stage, and is a voluntary agreement by the financial institutions not to finance large development projects which may result in significant E&S impact.

Applica-bility

Financial products subject to the Equator Principles are as follows:

Product	Target
Project Finance	·New project with total capital costs of US$10 million or more
Project-Related Corporate Loans (where all three criteria are met)	·Majority of the loan related to a project over which the client has effective operational control ·Total aggregate loan amount and the EPFI's individual commitment(before syndication or sell down) are each at least US$50 million ·Loan tenor at least two years
Project-Related Refinance and Project-Related Acquisition Finance (where all three criteria are met)	·Underlying project was financed in accordance with the Equator Principles ·No material change in scale or scope of the project ·Project completion has not occurred at the time of signing of the facility or loan agreement
Bridge Loan	·Bridge loan with a tenor of less than two years which meets both Project Finance or Corporate Loan conditions
Project Finance Advisory Services	·New project with total capital costs of US$10 million or more

The Key aspects of the EP

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The Equator Principles are composed of the following 10 Principles. Once the proposed project is screened as an Equator Principles applicable project, NongHyup Bank will apply the following 10 Principles to review its E&S risks and to establish mitigation plan.

Principle	The key aspects
1. E&S Risk Categorization	Categorize the proposed project according to the E&S risks and impacts involved (Cat. A/B/C)
2. E&S Impact Assessment	Client to undertake adequate E&S impact assessment process
3. Applicable E&S Standards	Client to ensure the project is in compliance of the E&S requirements of host country laws, IFC Performance Standards and EHS guidelines
4. E&S Management System	Client to establish an E&S Management Plan and Equator Principles Action Plan (EPAP)
5. Stakeholder Engagement Procedures	Client to consult and disclose of all Cat. A projects and applicable B projects
6. Grievance Mechanism	Client to establish a grievance mechanism concerning the project's E&S impacts
7. Independent Review	Independent due diligence to assess the project's compliance against the Equator Principles
8. Covenants	Client to covenant in their financial documents to comply with host country laws and EPAP
9. Independent E&S Monitoring	Monitoring of project's E&S performance
10. Reporting and Transparency	Client to disclose information regarding E&S impact and report on its Equator Principles implementation

E&S Risk Categorization

NongHyup Bank reviews E&S risks of projects subject to the Equator Principles based on the IFC Performance Standards that are current in the international financial market.

- Performance Standard 1: Assessment and Management of E&S Risks and Impacts
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Resource Efficiency and Pollution Prevention
- Performance Standard 4: Community Health, Safety, and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

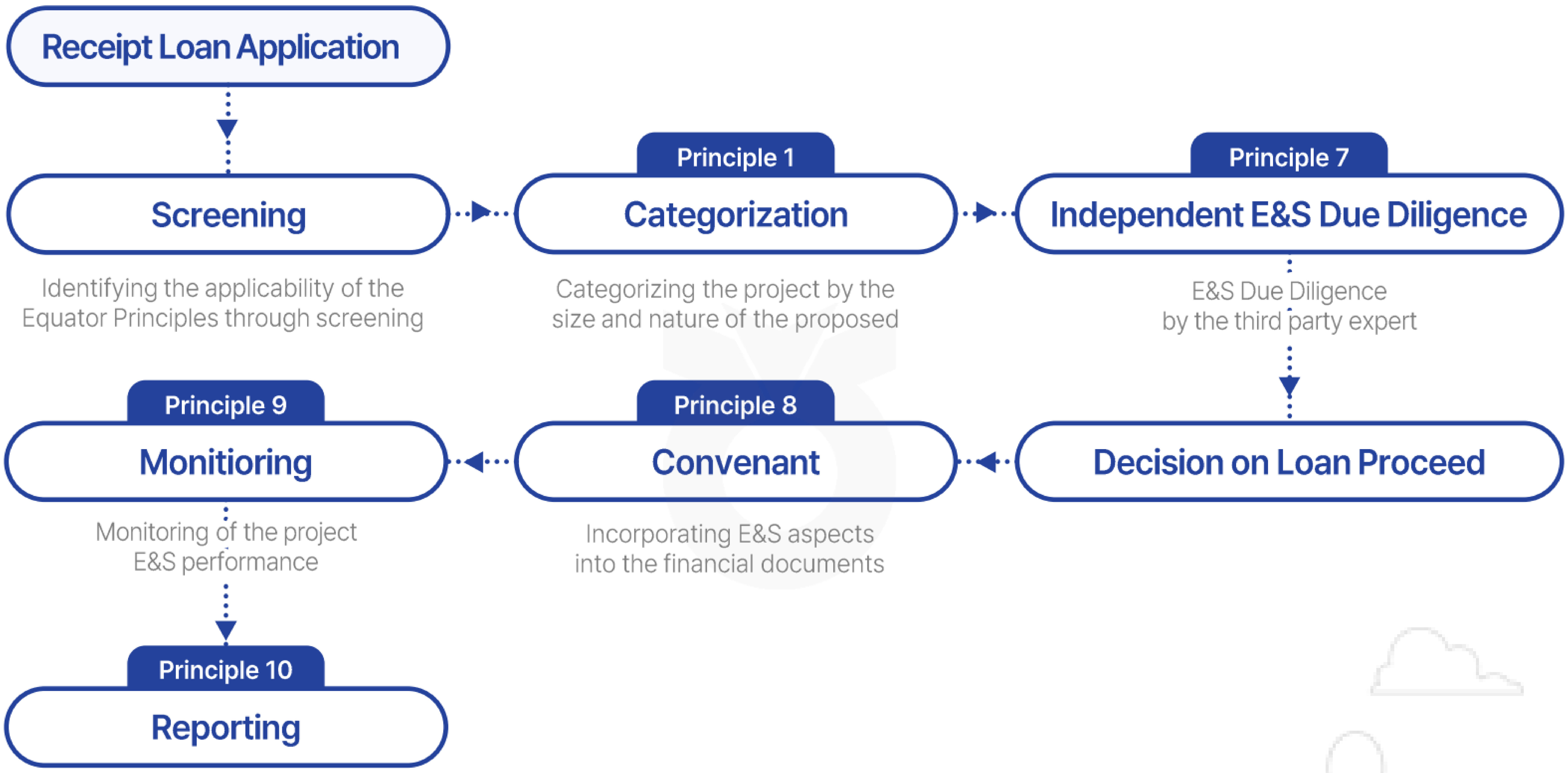
Risk Category

NongHyup Bank not only categorizes and manages projects through E&S risk category (A,B,C), but also supports clients to be properly implemented.

Cat. A	Projects with potential significant adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented;
Cat. B	Projects with potential limited adverse E&S risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Cat. C	Projects with minimal or no adverse E&S risks and/or impacts.

EP procedures and controls

NongHyup Bank identifies and manages E&S risks early in the loan review by applying the following procedures to projects subject to the Equator principles. Should the proposed project be considered to have a potential adverse E&S impact, NongHyup Bank will perform due diligence through a third-party expert to establish adequate control/mitigation measures with the client. Subsequently, NongHyup Bank will monitor the project's E&S performance.



Roles and Responsibilities of EP-related Departments

The Equator Principles process is collaborative, with separate roles and responsibilities for each EP-related department.

Department	Role
ESG Department	·Communication with the Equator Principles Association, EP manual management
Investment Banking related Department	·Implementation of Equator Principles procedures
Credit Analysis Department	·Reviewing the implementation of the Equator Principles process

Implementation of EP

implem-entation Status

Throughout 2025, NH Bank provided 10 project financing (PF) by applying the EP Procedure, and all projects were verified to comply with the EP requirements.

Sector

Category	A	B	C
Mining	-	-	-
Infrastructure	-	-	-
Oil & gas	1	-	-
Power	-	2	-
Other	-	1	6
Total	**1**	**3**	**6**

Region

Category	A	B	C
Americas	1	1	5
Europe, Middle East, & Africa	-	-	-
Asia Pacific	-	2	1
Total	**1**	**3**	**6**

Country Designation

Category	A	B	C
Designated Country	1	3	6
Non-Designated Country	-	-	-
Total	**1**	**3**	**6**

Independent Review

Category	A	B	C
Yes	1	-	-
No	-	3	6
Total	**1**	**3**	**6**

NongHyup Bank

This report was prepared to share how NongHyup Bank is applying the Equator Principles and the outcome of the implementation as per the Equator Principle 10 Reporting and Transparency.