

**SUSTAINABLE
FUTURE,
GROWING
TOGETHER**



**REPORTING ON
EQUATOR PRINCIPLES IMPLEMENTATION**

2023 삼성생명 적도원칙 이행보고서

Commitment to the Equator Principles

In December 2022, Samsung Life Insurance enhanced its environmental and social risk management framework by joining the Equator Principles, which promote environmental and social responsibility in the financing of international large-scale projects. The Equator Principles provide a framework for financial institutions to identify, assess, and manage environmental and social risks when financing large-scale projects, primarily aiming to support responsible risk decision-making by offering minimum criteria for due diligence and monitoring.

The Equator Principles helps financial institutions to avoid or minimize negative impacts on ecosystems, communities, and the climate from projects, and to take remedial or offsetting actions for human rights issues or environmental impacts when necessary. As of March 2024, 128 financial institutions worldwide have adopted the Equator Principles, which apply to Project Finance of \$10 million or more and Project-Related Corporate Loans totaling at least \$50 million.

The framework continually evolves by expanding its scope and refining assessment criteria. It strengthens assessments in human rights, climate change, and biodiversity through enhanced requirements for climate-related risk management and improved communication and grievance mechanisms with local stakeholders, including indigenous communities. The framework complements our climate risk and biodiversity analyses, investment exclusion guidelines, and various tools for analyzing and managing climate and nature-related risks, enhancing the company's environmental and social risk management capabilities across multiple fronts.

Scope of the Equator Principles

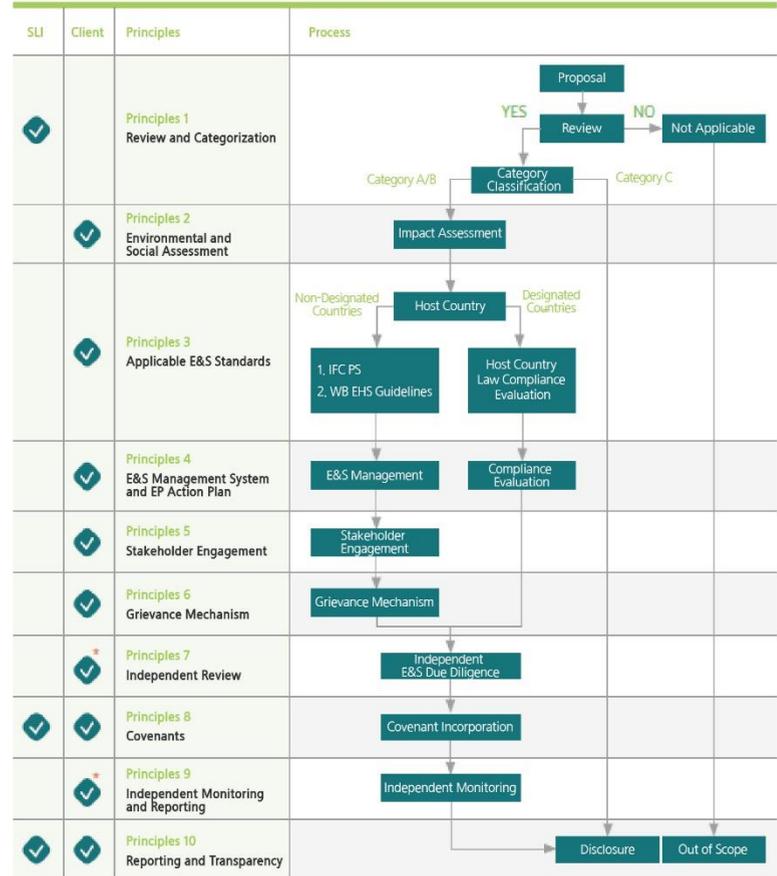
Samsung Life Insurance applies the Equator Principles to the following five types of financial products for large-scale projects. If a client is deemed unable or unwilling to comply with the requirements of the Equator Principles, financial support is restricted.

Financial Product	Scope
❶ Project Finance Advisory Services	where total Project capital costs are USD 10 million or more
❷ Project Finance	with total project capital costs of USD 10 million, or more
❸ Project-Related Corporate Loans	where all of the following three criteria are met: i. The majority of the loan is related to a Project over which the client has Effective Operational Control (either direct or indirect). ii. The total aggregate loan amount and the EPFI's individual commitment (before syndication or sell down) are each at least USD 50 million. iii. The loan tenor is at least two years.
❹ Bridge Loans	with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described in 2 and 3 above
❺ Project-Related Refinance/ Acquisition Finance	where all of the following three criteria are met: i. The underlying Project was financed in accordance with the Equator Principles framework. ii. There has been no material change in the scale or scope of the Project. iii. Project Completion has not yet occurred at the time of the signing of the facility or loan agreement.

Equator Principles Application Process

The Equator Principles consist of ten principles that both clients and financial institutions must adhere to, with requirements varying based on the level of environmental and social risk. The dedicated department comprehensively reviews materials provided by the client for financial products covered by the Equator Principles. This review identifies project risks and requests necessary improvements to minimize potential environmental and social risks.

PRINCIPLES	STATEMENT
1. Review and Categorization	Categorize projects based on environmental and social risk (as Category A, B or C)
2. Environmental and Social Assessment	Environmental and social impact assessment based on project categories and greenhouse gas emissions
3. Applicable E&S Standards	Ensure projects comply with host country laws and Equator Principles
4. E&S Management System and EP Action Plan	Establish an E&S management system and an Equator Principles Action Plan
5. Stakeholder Engagement	Implement a consultation and participation process based on information sharing with stakeholders
6. Grievance Mechanism	Establish effective grievance mechanisms for use by affected communities and workers
7. Independent Review	Appoint a consultant to assess the project's compliance with the Equator Principles
8. Covenants	Incorporate provisions in financing documents pledging adherence to the EP requirements.
9. Independent Monitoring and Reporting	Appoint a consultant for regular monitoring to assess compliance with the Equator Principles
10. Reporting and Transparency	Report on its EP implementation and E&S impact



*Involvement of Independent environmental and social consultant

Environmental and Social Risks Review

Samsung Life Insurance has developed a Pre-Environmental and Social Checklist to proactively identify and address anticipated environmental and social risks in projects covered by the Equator Principles. This checklist is based on the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability, which comprise eight standards. Through this checklist, we review measures related to the client's environmental and social management system, labor conditions, involuntary resettlement of local communities, biodiversity, cultural heritage, and other aspects to determine the environmental and social risk rating (A/B/C Category). This framework enables us to assist clients in minimizing adverse environmental and social impacts and effectively implementing necessary measures throughout the project duration.

Category	Description
Category A	Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
Category 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
Category C	Projects with minimal or no adverse environmental and social risks and/or impacts.

Development of Environmental and Social Checklist

IFC's Performance Standards

- Assessment and Management of Environmental and Social Risks and Impacts
- Labor and Working Conditions
- Resource Efficiency and Pollution Prevention
- Community Health, Safety, and Security
- Land Acquisition and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Indigenous Peoples
- Cultural Heritage



The image shows a screenshot of a checklist table. The table has multiple columns and rows, with a green header that says 'Illustrative'. The text in the table is small and mostly illegible, but it appears to be a detailed checklist with various categories and sub-items.

Roles and Responsibilities in Equator Principles Implementation

To ensure faithful adherence to the Equator Principles, Samsung Life Insurance has clearly defined roles and responsibilities for the Responsible Investment Secretariat, the Investment Department (Front Office), and the Analysis Department. Through seamless collaboration, each department diligently implements the step-by-step principles outlined in the Equator Principles.

Responsible Investment Secretariat (Credit Analysis Part)

- Conducting department-specific training sessions
- Reviewing / supporting analysis
- Managing Implementation Report / Operational Guidelines
- Attending at annual meetings and reporting on issues

Investment Department (Alternative Investment Section)

- Performing practical tasks related to the Equator Principles
- Communicating with clients
- Undertaking post-management

Analysis Department (Alternative Investment Analysis Part)

- Analyzing risks and assessing loan eligibility
- Providing opinions and proposing management strategies related to risk assessment
- Requiring infrastructure development

By defining these organizational roles and responsibilities, we aim to minimize environmental and social risks while enhancing long-term corporate value. We will conduct regular independent reviews of our risk management procedures, roles, and responsibilities under the Equator Principles framework to drive continuous improvement. Additionally, we will publish implementation reports to ensure transparent disclosure of our progress.

Capacity Building for Equator Principles Implementation

We have developed a practical implementation manual to ensure adherence to the Equator Principles while enhancing training and awareness among our employees and relevant departments. Prior to joining the Equator Principles, we conducted training sessions for executives in related departments, covering the background, processes, and benefits of the Equator Principles, and fostered a preliminary consensus on our role as a responsible institutional investor. Since joining, we have actively participated in annual meetings, webinars, and workshops organized by the Equator Principles Association, allowing us to stay informed about the latest developments in EP implementation. Furthermore, we strive to enhance our Equator Principles implementation capabilities through active information exchange with external organizations, including domestic EP signatories.

No.	Date	Training	Audience
1	Jun. 10, 2022	Overview and Application Process of the Equator Principles (Training before joining EP)	Executives (2nd ESG Executive Council meeting in 2022)
2	Mar. 17, 2023	Criteria and methods for assessing environmental and social risks under the Equator Principles	Investment / Analysis Departments
3	Apr. 4, 2023	Detailed R&R within the Equator Principles process	Investment / Analysis Departments

Implementation of Equator Principles

Samsung Life Insurance implemented the Equator Principles process for the Pangyo Alpha Dome Tower real estate investment. The project-related corporate loan underwent environmental and social impact assessments, including reviews of greenhouse gas emissions, resulting in a Category C classification. Additionally, we enhanced stakeholder communication by obtaining prior consent from clients regarding the disclosure of compliance performance.

Project-Related Corporate Loans

Total number that reached Financial Close in the reporting period is as follows. As of 2023, there are no applicable cases for project finance, project finance advisory services, bridge loans, refinancing, or acquisition finance.

Equator Principles Category	A	B	C
Sector			
Mining	-	-	-
Infrastructure	-	-	-
Oil & Gas	-	-	-
Power	-	-	-
Others	-	-	1
Region			
Americas	-	-	-
Europe, Middle East & Africa	-	-	-
Asia Pacific	-	-	1
Country Designation			
Designated Country*	-	-	1
Non Designated Country	-	-	-
Independent Review			
Yes	-	-	-
No	-	-	1

* Those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.

Samsung Life Insurance