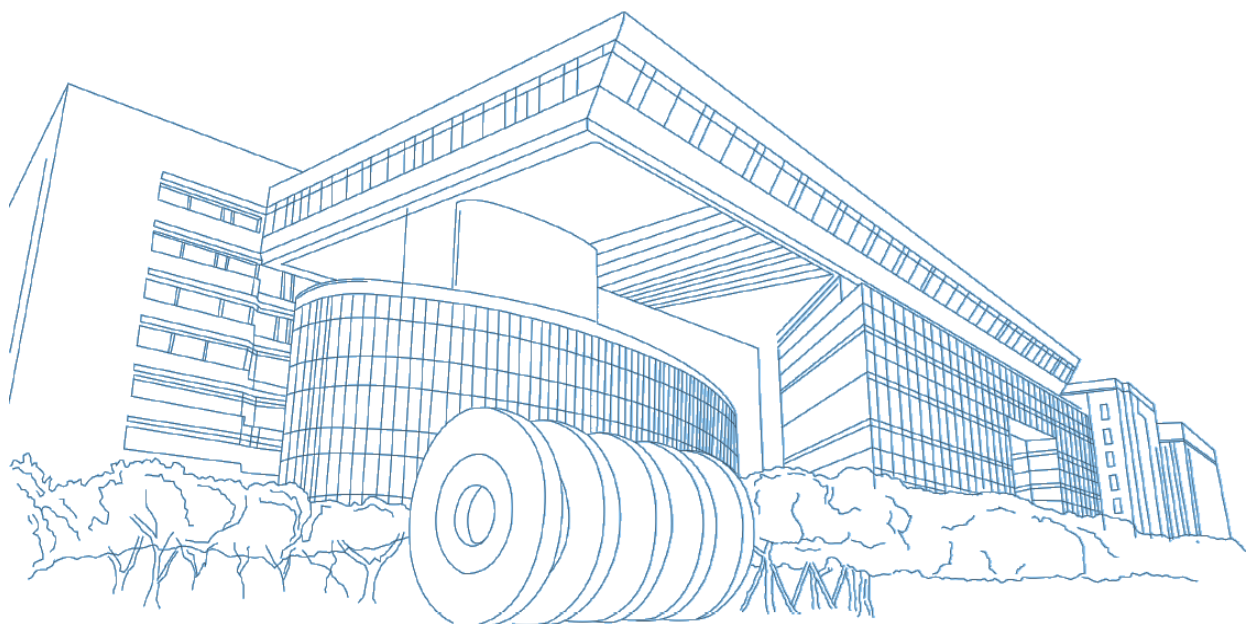


# KDB Sustainable Financing Framework

May 2025



## Table of Contents

<b>1. Overview of the Korea Development Bank .....</b>	<b>2</b>
<b>2. KDB's Sustainability Strategy .....</b>	<b>2</b>
2.1 ESG Initiatives and Activity .....	2
2.2 Sustainable Management Framework .....	3
2.3 Green Finance Support System .....	4
2.4 Equator Principle-Aligned E&S Risk Management System .....	4
<b>3. The KDB Sustainable Financing Framework .....</b>	<b>5</b>
3.1 Use of Proceeds .....	6
3.2 Process for Project Evaluation & Selection .....	11
3.3 Management of Proceeds .....	12
3.4 Reporting .....	13
<b>4. External Review .....</b>	<b>15</b>
4.1 Second Party Opinion .....	15
4.2 Compliance .....	15
<b>5. Appendix: Funding Sectoral Exclusion List .....</b>	<b>15</b>



## 1. Overview of the Korea Development Bank

Since its establishment in 1954, the Korea Development Bank (KDB or the Bank) has played a leading role in every step of Korea's economic development as a policy finance institution. From its inception, the Bank has supported the government's post-war recovery efforts and expanded the industrial base to lay the foundation for a self-reliant economy. In line with the Korean government's economic development plans, KDB has fostered major strategic industries, establishing the basis for rapid growth. Even through the two financial crises that severely shook the Korean economy right before and after the turn of the millennium, KDB assumed a leading role in acting as a safety net for the market, propping up the Korean economy as a steadfast pillar.

KDB is already at the forefront of securing future growth engines and technological sovereignty with our immense financial support for cutting-edge industries and our promotion of the venture ecosystem. Furthermore, KDB is fully prepared to provide the funding necessary for digital and green transitions, as well as fostering the materials, parts, and equipment industries in response to the revamp of the global value chain (GVC).

## 2. KDB's Sustainability Strategy

KDB's primary purpose is to "contribute to the sound development of the financial industry and the national economy," as stated in Article 1 of the Korea Development Bank Act. Since its establishment, the Bank has been dedicated to driving the sustainable growth of the Republic of Korea and enhancing the sustainability of the nation as a whole.

### 2.1 ESG Initiatives and Activity

To reinforce its sustainability activities, KDB has been collaborating with international associations and adopted global initiatives. KDB is the first signatory of the Equator Principles and Green Climate Fund (GCF) accredited entity out of Korea. By closely following new regulatory requirements and market developments, KDB will continue to support companies across South Korea in their sustainability efforts thereby contributing to reaching regional, national, and international climate and sustainability goals.

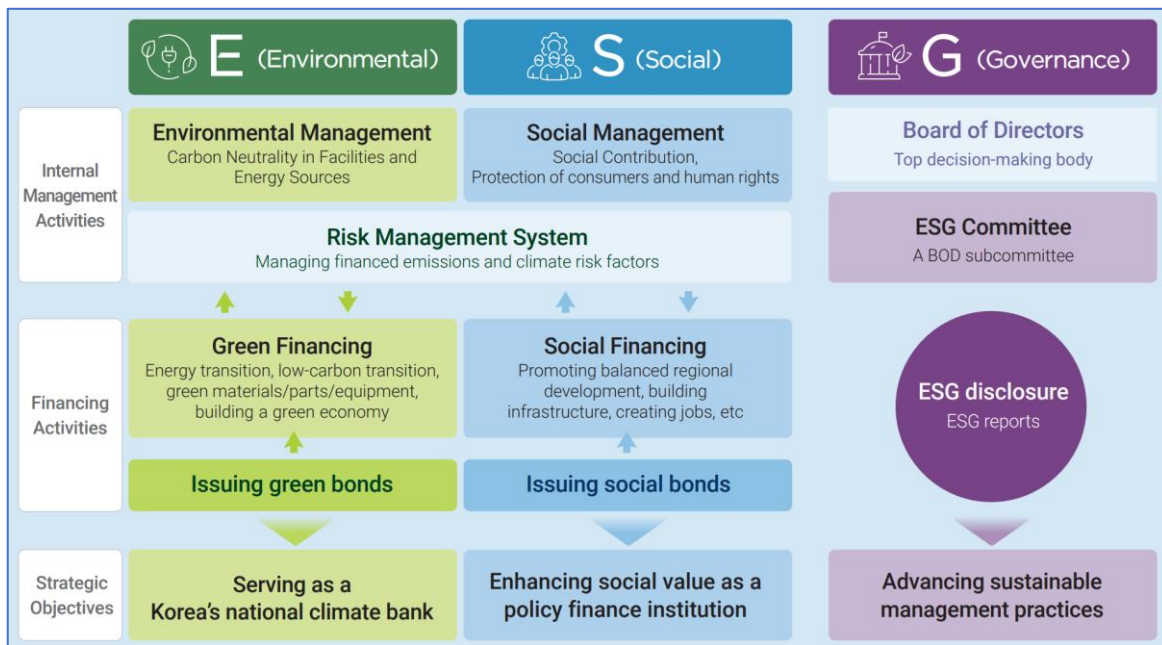
#### KDB's ESG Landmark



## 2.2 Sustainable Management Framework

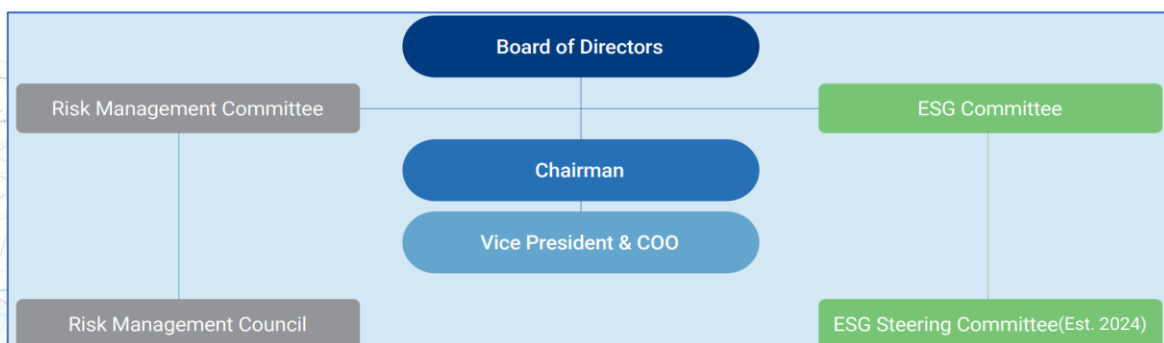
KDB supports the government's carbon neutrality and green growth initiatives while upholding its social responsibility as a public institution. These commitments are implemented through the KDB Sustainable Management Framework, which integrates environmental, social, and governance (ESG) principles into KDB's operational and strategic initiatives. This framework is carried out through internal management activities, green and social financing activities as a financial institution, and a ESG decision-making governance, as illustrated in the diagram below.

### KDB Sustainable Management Framework



### KDB Sustainable Management Governance

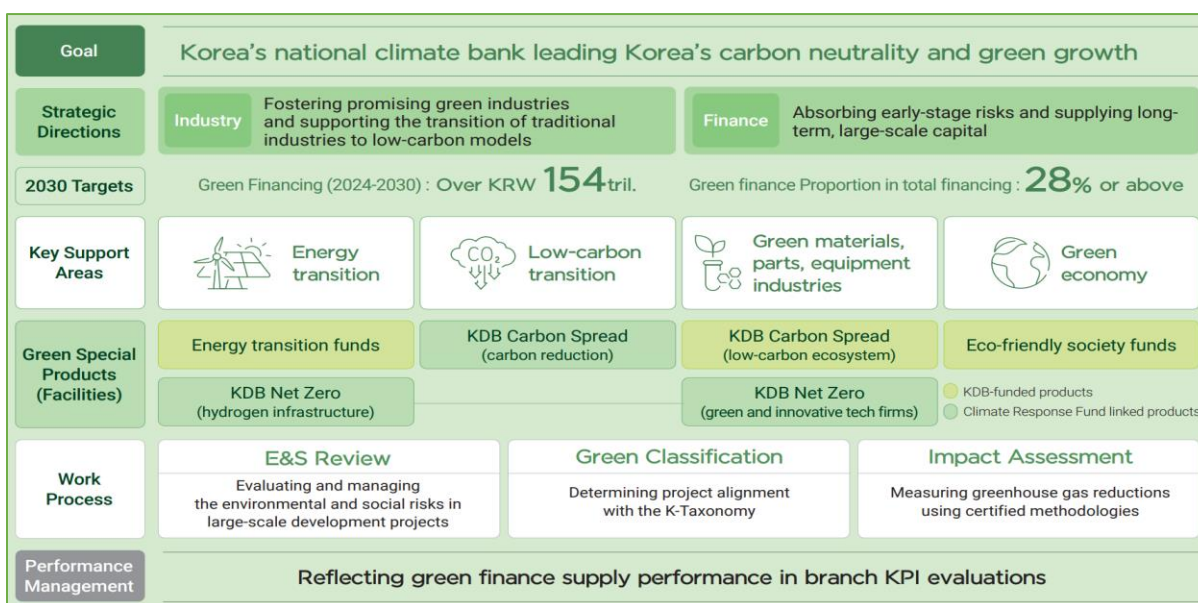
In November 2023, KDB established the ESG Committee under the BOD to develop and drive sustainable management strategies across the bank. This commitment was further strengthened in March 2024 with the launch of the ESG Steering Committee, a working-level council dedicated to advancing sustainable management practices throughout the organization.





## 2.3 Green Finance Support System

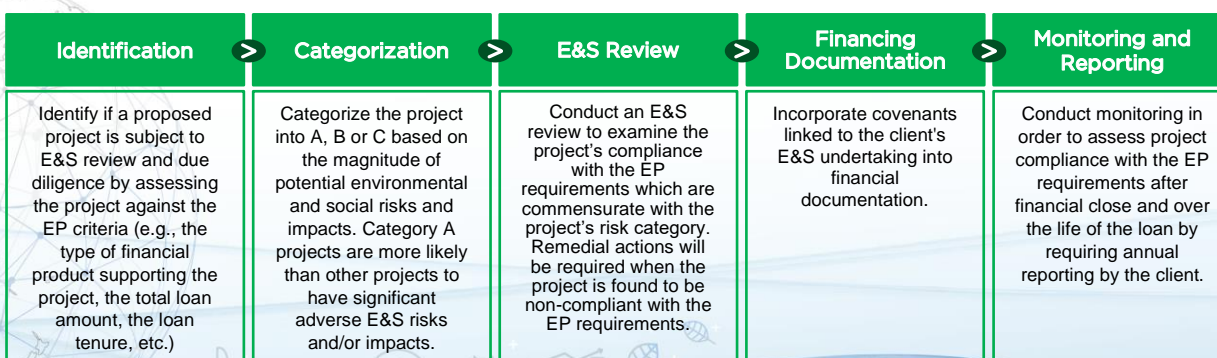
As Korea's national climate bank, KDB has developed and implemented a comprehensive green finance support system designed to contribute to the national sustainable growth and pathway to carbon neutrality. This support system encompasses its mission as a Korea's national climate bank, strategic directions, 2030 quantitative targets, key support areas, green-focused financial products, operational processes, and performance management systems.



## 2.4 Equator Principle-Aligned E&S Risk Management System

KDB's approach to tackling E&S risks in project-related transactions follows the Equator Principles (EP), the finance industry's highest standard for E&S risk management. The process starts by categorizing projects based on the significance of their potential E&S risks and impact. In the course of E&S due diligence, KDB reviews a client's compliance with the EP requirements, such as identifying potential E&S impact and incorporating measures to avoid, minimize, mitigate, and/or compensate for the adverse impact on project design. KDB ensures that financing documentation includes covenants linked to compliance with the EP and reviews each client's E&S monitoring reports over the life of the loan.

### KDB's E&S Risk Management Process



### 3. The KDB Sustainable Financing Framework

KDB has developed the KDB's Sustainable Financing Framework (the "**Framework**") in accordance with the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines of the International Capital Market Association ("**ICMA**") and the Green Loan Principles, the Social Loan Principles of Loan Market Association ("**LMA**"), Loan Syndications & Trading Association ("**LSTA**") and Asia Pacific Loan Market Association ("**APLMA**").<sup>1</sup> (collectively "**Market Standards**"). The Framework will be available on KDB's official website.

KDB intends to issue Green, Social and/or Sustainability Bonds, Loans, or other financing instruments ("**Sustainable Financing Instruments**") under the Framework, in order to finance and/or refinance projects which promote climate mitigation, adaptation and/or sustainable societal development.

The proceeds of KDB's Sustainable Financing Instruments will be used to finance and/or refinance eligible green and social projects, contributing to United Nations Sustainable Development Goals ("**SDGs**"), such as SDG 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production) and 13 (Climate Action). Each eligible use of proceeds category has mapped to the relevant SDGs in the use of proceeds section in this Framework.

With this framework, KDB will aim to meet best market practices by adhering to relevant standards and guidelines in the sustainable finance market, such as the EU Taxonomy<sup>2</sup>. The Framework may be updated from time to time to ensure compliance with applicable regulation and continued alignment with the best market practices.

The Framework is consisted of four core components:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

<sup>1</sup> ICMA's Green Bond Principles 2021 are available [here](#)  
ICMA's Social Bond Principles 2023 are available [here](#)  
ICMA's Sustainability Bond Guidelines 2021 are available [here](#)  
LMA, LSTA and APLMA's Green Loan Principles 2025 are available [here](#)  
LMA, LSTA and APLMA's Social Loan Principles 2025 are available [here](#)

<sup>2</sup> EU Taxonomy is available [here](#)




### 3.1 Use of Proceeds

The net proceeds from any KDB Sustainable Financing Instruments will exclusively be used to finance and/or refinance projects under the respective Eligible Green and/or Social Categories (collectively referred as “**Eligible Projects**”) defined below and will not be used to finance any projects related to the funding sectoral exclusion list in the section 5. Appendix.

The net proceeds from KDB Sustainable Financing Instruments will be allocated to (i) existing Eligible Projects financed during the three (3) years preceding the issue date of the Sustainable Financing Instruments (ii) Eligible Projects committed prior to the issue date but financed following the issue date and (iii) projects committed to be financed after the issue date. Where feasible, KDB will prioritize the financing / refinancing of recent projects.

KDB will ensure Eligible Projects be in compliance with the relevant regulations and laws of Korea<sup>3</sup> and other relevant jurisdictions. Where relevant, environmental and social risks will be assessed and managed accordingly to relevant local and international standards.

#### Eligible Criteria

Eligible Green Categories			
Category	Description	Mapping to SDGs	Mapping to Sustainability Objectives
Renewable Energy	<ul style="list-style-type: none"> <li>Development, construction, production, transmission of energy from renewable sources:               <ul style="list-style-type: none"> <li>Solar, Geothermal (&lt;100g CO<sub>2</sub>/kWh), Hydro (&lt;25MW)<sup>4</sup>, Marine, Wind</li> <li>Bioenergy<sup>5</sup> (&lt;100g CO<sub>2</sub>/kWh) converted from biological resources<sup>6</sup></li> </ul> </li> </ul>	  	Climate Change Mitigation







<sup>3</sup> 1) The Framework Act On Low Carbon, Green Growth, 2) The Act On the Promotion Of The Development, Use And Diffusion Of New And Renewable Energy (For Green Financing Instruments) And 3) Social Enterprise Promotion Act (For Social Financing Instruments)

<sup>4</sup> The criteria for hydro follows MSCI Labeled Bond and Loan Assessment Methodology ([link](#))

<sup>5</sup> KDB will exclude the following for eligible feedstock assets (i) wood (and all woody biomass), (ii) third generation biofuels (algae), (iii) biodegradable Municipal Solid Waste (MSW), including sewage sludge and food waste. GHG emission savings from the use of biomass are at least 80% compared with the relative fossil fuel comparator

<sup>6</sup> The biological resources used for biomass will (i) be derived from source that do not compete with food production, (ii) not be grown in areas with currently or previously high in biodiversity and (iii) not decrease








	<ul style="list-style-type: none"> <li>○ Energy from waste materials<sup>7</sup> (&lt;100g CO<sub>2</sub>/kWh)</li> <li>● Production of green hydrogen using electrolysis powered entirely with 100% renewable energy</li> </ul>		
Clean Transportation	<ul style="list-style-type: none"> <li>● Low-carbon transportation including electric or hydrogen-powered cars, electric-powered rail, non-motorised, multi-modal transportation and the related infrastructures<sup>8</sup></li> <li>● Marine vessels which use electric propulsion, hydrogen or equipped with propulsion systems using LNG, LPG and methanol; except if the vessel is dedicated to the transportation of fossil fuel; provided that eligible vessels shall be aligned with the IMO established targets to achieve 40% CO<sub>2</sub> reduction by 2030</li> </ul>		Climate Change Mitigation  Pollution Prevention and Control
Energy Efficiency	<ul style="list-style-type: none"> <li>● Energy storage systems, smart grids, appliances and products (such as LED smart module and lightings technology) in new and refurbished buildings in real estate and industrial sector having 30% minimal energy savings / improvement in energy efficiency</li> </ul>	 	Climate Change Mitigation
Pollution Prevention and Control	Development and/or construction of: <ul style="list-style-type: none"> <li>● Facilities and technologies for preserving or restoring natural landscape (including soil remediation) or preventing soil contamination</li> <li>● Facilities for preventing air pollution (control of fine dust, reduction of nitrogen oxide, etc.)</li> <li>● Facilities and technologies for waste recycling including recycling of end-of-life batteries</li> </ul>	  	Pollution Prevention and Control

carbon pools in soil. Where methane leakage is identified as a key environmental risk in the relevant E&S assessment of the project, methane leakage management plan is required for the project



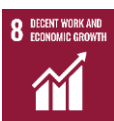
<sup>7</sup> All eligible Waste-to-energy activities will comply with the Climate Bonds Initiative (CBI)'s Waste Management Criteria for Energy from Waste ([link](#))

<sup>8</sup> The projects under low-carbon transportation are supporting zero-emission transport modes and the related infrastructure includes supporting infrastructure such as EV charging stations



Sustainable Water Management and Wastewater Management	<p>Development and/or construction of:</p> <ul style="list-style-type: none"> <li>Sustainable Infrastructure for improving efficiency in providing clean and/or drinking water</li> <li>Technology for recovering hydro-ecological environments (e.g. river restoration)<sup>9</sup></li> <li>Facilities for preventing water pollution (e.g. wastewater treatments, infrastructure for water quality improvements), where net average energy consumption for abstraction and treatment is <math>\leq 0.5</math> kWh per cubic meter produced water supply and Infrastructure Leakage Index is <math>\leq 1.5</math></li> <li>Seawater desalination plant powered entirely with 100% renewable energy, with power consumption <math>\leq 2</math> kWh/m<sup>3</sup></li> </ul>	  	Sustainable Water Management and Wastewater Management
Green Buildings	<ul style="list-style-type: none"> <li>Construction or retrofit of green buildings which meet regional, national, or internationally recognized standards or certifications (e.g. LEED – Gold or above; BREEAM – Excellent or above; Korea G-SEED: Level II or above)</li> <li>Construction or retrofit of energy-efficient data centers with power usage effectiveness (PUE) of 1.2 or below</li> </ul>		Climate Change Mitigation
Climate Change Adaptation	<p>Projects that contribute to reducing vulnerability to climate change impacts, including projects that:</p> <ul style="list-style-type: none"> <li>Develop information support systems, such as climate observation and early warning systems</li> <li>Increase resilience against impacts of climate change, such as sea level change, extreme weather events and natural disasters (e.g. flood mitigation barriers and wildfire mitigation and management)</li> </ul>		Climate Change Adaptation

<sup>9</sup> Where relevant, biodiversity impact will be considered in the project selection. KDB will ensure that the eligible projects do not pose negative impact to the environment via means such as Environmental and Social Impact Assessment (ESIA)

Eligible Social Categories <sup>10</sup>			
Category	Description	Mapping to SDGs	Mapping to Sustainability Objectives
Employment Generation	Loans to SME <sup>11</sup> with ≤ 300 employees and falling under following categories: <ul style="list-style-type: none"> <li>Outperforming job-creating companies certified by the central or local governments</li> <li>Employment-expanding companies receiving tax benefits (e.g. companies that expand employment of women on career break due to childbirth and childrearing, young starters, or the disabled and/or employment in underdeveloped regions)</li> <li>Youth Startup Support Project<sup>12</sup></li> </ul>	 	Employment Generation
Social Enterprises	<ul style="list-style-type: none"> <li>Social enterprises defined in the article 2.1 of "Social Enterprise Promotion Act"<sup>13</sup></li> <li>Preliminary social enterprises<sup>14</sup> certified by the head of local government or head of an administration department of central government</li> </ul>		Socioeconomic Advancement and Empowerment  Employment Generation

<sup>10</sup> For social use of proceeds, in the event that the target populations are not specifically defined in the Framework, the relevant target populations of the social projects will be disclosed in transaction and/or marketing document






<sup>11</sup> Small and medium sized enterprises according to Article 3 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises ([link](#))

<sup>12</sup> The Youth Startup Support Project, which consists of the KDB Startup Program and the KDB Startup Education Program, aims to build a Startup ecosystem for new growth industries by discovering and fostering young entrepreneurs. The startups will receive professional support and training, including mentoring and opportunities to secure access to venture capital

<sup>13</sup> The social objective of social enterprises category includes both socioeconomic advancement and empowerment and employment generation. It includes general purpose loans to social enterprises. The term "social enterprise" means an entity certified as prescribed in Article 7 to be the one that pursues a social objective aimed at enhancing the quality of life of community residents by providing vulnerable social groups with social services or job opportunities or by contributing to the communities while conducting its business activities, such as the manufacture or sale of goods and services.

The term "vulnerable social group" means a group of people who suffer hardships in purchasing needed social services at market prices or are confronted with particular difficulties in getting a job under ordinary conditions of the labor market, for whom further detailed criteria shall be prescribed by Presidential Decree ([link](#))

<sup>14</sup> The business scope of preliminary social enterprises is same as that of the social enterprises but some factors of the preliminary social enterprise to be certified as a social enterprise by the Social Enterprise Promotion Act has yet to meet conditions required by the Act. Both of social enterprises and preliminary social enterprises shall be registered with a governmental agency, Korea Social Enterprise Promotion Agency ([link](#))



Affordable Basic Infrastructure <sup>15</sup>	<p><b>Water &amp; Sanitation</b></p> <ul style="list-style-type: none"> <li>Development of water and sanitation infrastructure to improve access to clean drinking water, sanitation, and sewers in areas where there is no access or access to water and sanitation infrastructure is substantially inadequate<sup>16</sup></li> </ul> <p><b>Transportation</b></p> <ul style="list-style-type: none"> <li>Development of transportation infrastructure to improve connectivity in areas where road connectivity does not exist or is substantially inadequate</li> </ul> <p><b>Electricity</b></p> <ul style="list-style-type: none"> <li>Development of transmission and distribution infrastructure to improve access to electricity in areas where there is no access or access to electricity is substantially inadequate</li> </ul> <p><b>Telecommunications</b></p> <ul style="list-style-type: none"> <li>Development of telecommunications infrastructure in areas where telecommunications or internet access does not exist or is substantially inadequate</li> </ul>	 	Affordable Basic Infrastructure
Access to Essential Services	<p><b>Healthcare</b></p> <ul style="list-style-type: none"> <li>Construction, development, or maintenance of public or free healthcare facilities (such as hospitals, clinics, health care centers, pharmacies, etc.) and eldercare facilities</li> <li>Development of critical medical equipment or provision of diagnostic services (including magnetic resonance imaging (MRI) machines, respirators or services that support diagnostics such as laboratory testing) that is offered free or at subsidized cost to all<sup>17</sup></li> <li>Research, development and production of affordably priced or subsidized medicines on the World Health Organization (WHO) essential medicines list to underserved populations or in underserved areas<sup>18</sup></li> </ul>	  	Access to Essential Services

<sup>15</sup> Target project locations are the areas with limited access to the essential services such as rural areas. Where relevant, underserved rural areas with limited to the essential services will be prioritized

<sup>16</sup> Eligible projects include both providing new access or to improve the performance of existing infrastructure. Providing new access will be prioritized. All the eligible projects will have to comply with local water/sanitation regulations. Subject to data availability, other technical eligibility criteria (e.g. energy efficiency, leakage rate) will be considered in project selection

<sup>17</sup> Development of critical medical equipment or provision of diagnostic services is R&D expenditure, and is only eligible for the equipment / services that is offered free or at subsidized cost to all

<sup>18</sup> The projects target to supply medicines to underserved areas such as low-middle- or low-income countries defined by World Bank

	<b>Education</b> <ul style="list-style-type: none"> <li>• Development of public or free education and childcare facilities and programs from kindergarten, elementary to tertiary</li> <li>• Construction of campuses and student housing for public or free schools and universities</li> <li>• Development of public or free vocational, technical training facilities and institutions<sup>19</sup></li> </ul>		
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> <li>• Loans to woman-owned enterprises as defined by IFC<sup>20</sup></li> <li>• Loans to microenterprises as defined by local government and financing to microfinance institutions</li> </ul>	 	Socioeconomic Advancement and Empowerment

### 3.2 Process for Project Evaluation & Selection

KDB's business initiative is in line with Korean government's policy and KDB as a policy bank has instituted means to promote sustainable financing at the operational level by including the volume of sustainable financing as one of the annual performance indicators.

KDB annually establishes the fund-supply budget for green industries, following which business units (such as the Project Finance Division, Corporate Banking Division, SME Banking Division, etc.) select projects or businesses that fall within the target industries or eligible corporations. These are then registered into KDB's internal IT system by the respective units.

Evaluation of a project or new business begins with a preliminary assessment of its environmental and social (E&S) risks and impacts. Based on the external E&S impact assessment report, the business units complete an internal E&S survey for the project and request the E&S Team to classify the project into Category A, B, or C, depending on the magnitude of its risks and impacts.

For credit approval of the proposed project submitted by business units, KDB's Credit Review Division conducts a comprehensive review, including the adequacy of mitigation measures for identified E&S impacts, based on the E&S review report prepared by the E&S Team.

The E&S review report may be prepared by external professional consultants, if necessary and

<sup>19</sup> Public/free vocational & technical training facilities area those focus on providing courses that promote employability such as job skill courses

<sup>20</sup> It will be only loans to woman-owned enterprises as defined by IFC are eligible. According to IFC ([link](#)), an enterprise qualifies as a woman-owned enterprise if it meets the following criteria: (A) ≥ 51% owned by woman/women; or (B) ≥ 20% owned by woman/women; and (i) has ≥ 1 woman as CEO/COO/President/Vice President; and (ii) has ≥ 30% of the board of directors composed of women, where a board exists



appropriate, at the request of the E&S Team to assess the borrower's ability to comply with the Equator Principles (EPs).

When approving the proposed project, KDB's Credit Committee ensures that the loan agreement includes covenants on compliance with E&S-related regulations, implementation of mitigation measures for potential E&S impacts, and fulfillment of any requirements specified by the E&S Team.

Upon credit approval, business units submit a financing request to KDB's Treasury Department via the bank's proprietary information system. If the project initially meets the eligibility criteria for sustainable finance, the Treasury Department reviews the credit approval memo, and in consultation with an external specialist, conducts a preliminary assessment of the project's environmental or social impacts and expected improvements. Based on this assessment, the Treasury Department determines whether to allocate proceeds from Sustainable Financing Instruments to the project.

KDB will monitor the compliance of financed projects continuously with the eligibility and exclusion criteria throughout the life of the Sustainable Financing Instruments. For post-approval surveillance, business units periodically obtain E&S compliance reports from the borrower and, if necessary, request third-party monitoring reports. This exercise will be conducted at least annually. In the event that any project becomes ineligible, proceeds from Sustainable Financing Instruments originally allocated to it shall be reallocated to other eligible projects.

### 3.3 Management of Proceeds

The proceeds of the Sustainable Financing Instruments will be managed by KDB's Treasury Department. The proceeds will be placed in a general treasury and duly tracked to ensure usage for intended purpose. Upon receipt of eligible projects for the use of proceeds through KDB's internal information system, the Treasury Department will allocate the proceeds to the projects in accordance with the financing schedule of the projects. For the eligible projects that have been already financed and/or will be refinanced, it will earmark those projects as using the proceeds of the Sustainable Financing Instruments.

KDB's Treasury Department will periodically inquire the RMs about drawdown of funds to the eligible projects if the proceeds of the Sustainable Financing Instruments are not fully allocated. This exercise will be conducted at least annually.

Pending/unallocated proceeds of the Sustainable Financing Instruments will be invested in cash, cash equivalents and/or marketable securities, in accordance with KDB's cash management policies. KDB commits not to invest unallocated proceeds in temporary placements and instruments that finance GHG intensive and/or controversial activities.

On a best-efforts basis, KDB intends to fully allocate the Green, Social and Sustainability Sustainable Financing Instruments proceeds within three years from the issuance date.

### 3.4 Reporting

KDB will provide an annual “Sustainable Financing Allocation and Impact Report (“Report”)” with the information of allocation of the proceeds and the estimated impact of the Sustainable Financing Instruments, until the maturity of the Sustainable Financing Instruments, and on a timely basis in case of material developments of the underlying eligible projects. The Report shall be posted to KDB’s official website. The Report will include following information:

- Allocation information by Eligible Project Category;
- The total amount allocated to the Eligible Projects;
- Remaining unallocated proceeds;
- Estimated prorated environmental and/or social impact from the project that proceeds are allocated to;
- Refinancing ratio; and
- Project example(s), if feasible.

KDB will disclose the methodology and assumptions that are used to report on the environmental and social impact.

KDB will align, on a best effort basis, with the reporting recommendations as outlined in ICMA’s Handbook: Harmonized Framework for Impact Reporting (June 2024) and Handbook: Harmonized Framework for Impact Reporting for Social Bonds (September 2024).



Eligible Project Category	Examples of Impact Indicators
<b>Eligible Green Categories</b>	
Renewable Energy	<ul style="list-style-type: none"> <li>Installed capacity in MW</li> <li>Annual energy production in MWh</li> <li>CO2 emissions avoided equivalent avoided per year and/or per USD million Sustainable Financing Instruments</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>Length of new track built</li> <li>Built passenger capacity</li> <li>CO2 emissions avoided equivalent avoided per year and/or per USD million Sustainable Financing Instruments</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>Amount / percentage of energy savings annually</li> <li>CO2 emissions avoided equivalent avoided per year and/or per USD million Sustainable Financing Instruments</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>Reduction in fine particulate PM10, PM2.5 or other air pollutants emissions (in tonnes)</li> <li>Area of remediated land (sqm) / Amount of remediated soil (tonnes)</li> <li>Amount of waste recycled (tonnes)</li> </ul>
Sustainable Water Management and Wastewater Management	<ul style="list-style-type: none"> <li>Additional clean water supply (million m3)</li> <li>Number of additional people and cities served</li> <li>Amount of wastewater treated (million m3)</li> <li>Decrease of pollution concentration</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>Number of certified green buildings financed</li> <li>Type and level of the green building certification</li> <li>Annual power usage effectiveness (PUE)</li> <li>CO2 emissions avoided equivalent avoided per year (kWh/m2 of GBA p.a.)</li> </ul>
Climate Change Adaptation	<ul style="list-style-type: none"> <li>Type and number of climate resilient infrastructures / projects financed</li> <li>Number of people/areas with climate resilient infrastructure / projects</li> <li>Number of climate related natural disasters avoided or reduced</li> </ul>
<b>Eligible Social Categories</b>	
Employment Generation	<ul style="list-style-type: none"> <li>Number of job created and/or preserved</li> <li>Number of small and medium corporations financed</li> <li>Number and type of disadvantaged beneficiaries</li> </ul>
Social Enterprises	
Affordable Basic Infrastructure	<ul style="list-style-type: none"> <li>Number of water, sanitation, transportation, electricity transmission or telecommunication infrastructure / facilities built</li> <li>Number of people benefitting from the infrastructure / facilities</li> </ul>

Access to Essential Services	<ul style="list-style-type: none"> <li>• Number of hospitals and other healthcare infrastructure / facilities built</li> <li>• Number of patients benefitting from the infrastructure / facilities</li> <li>• Number of health-related R&amp;D programs funded</li> <li>• Number of school and other education infrastructure / facilities built</li> <li>• Number of students benefitting from the infrastructure / facilities</li> </ul>
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> <li>• Number of woman-owned enterprises financed</li> <li>• Number of microenterprises and microfinance institutions financed</li> </ul>

## 4. External Review

### 4.1 Second Party Opinion

KDB has obtained a second party opinion from an independent third party to confirm the alignment of the KDB Sustainable Financing Framework with the Market Standards. The second party opinion will be available on KDB's official website.

### 4.2 Compliance

KDB will ensure that Eligible Projects are in compliance with KDB's environmental and social safeguards during the life of the projects and that any measures to avoid/minimize environmental and social risks may be incorporated into a legal agreement. If any matters arise from the projects, the borrowers of the projects shall take corrective actions in accordance with the relevant legal agreement.

## 5. Appendix: Funding Sectoral Exclusion List

KDB will not allocate the Proceeds to the sectors or industries that are considered to have potential negative social or environmental impact. Such exclusionary list includes but not limited to the following:

1. Businesses involved in fossil fuel exploration and distribution
2. Businesses involved in trade and production of conflict minerals
3. Businesses involved in predatory or payday lending
4. Businesses involved in the production of palm oil
5. Production or trade of alcoholic beverages (excluding beer and wine)
6. Production or trade of tobacco products
7. Production or trade of nuclear fuel
8. Production or trade of weapons, ammunition and military fighting vehicles
9. Gambling related activities
10. Businesses or activities that have a record of engaging in illegal business practices



11. Businesses or activities that are involved in forced labour and/or child labour
12. Businesses or activities that involve in activities or products that are deemed illegal under local laws or regulations or international conventions and agreements, and/or subject to international phase-outs or bans
13. Businesses or activities that are involved in the production, distribution or storage of hazardous chemicals and radioactive materials
14. Businesses or activities that are involved in the production, distribution or storage of pornography and/or prostitution

