

Second-Party Opinion

KEPCO Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the KEPCO Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – (i) Renewable Energy, and (ii) Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible projects will lead to positive environmental impacts by expanding renewable energy capacity as well as electric vehicles (EVs) and related infrastructure. Sustainalytics also considers that the eligible projects will advance the UN Sustainable Development Goals (SDGs), particularly SDG 7 and 11.



PROJECT EVALUATION / SELECTION KEPCO’s eligible projects are evaluated and selected by its Treasury Department and the relevant departments and teams under the KEPCO New Energy Business Department and Global New Business Department based on the established eligibility criteria. This process is aligned with market practice.



MANAGEMENT OF PROCEEDS The net use of proceeds will be managed by KEPCO’s Treasury Department on a portfolio basis. Pending full allocation, the unallocated proceeds will be used for the payment of outstanding indebtedness, and/or will be temporarily invested in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments. This process is in line with market practice.



REPORTING KEPCO intends to report annually on the allocation and impact of proceeds on the company’s website until full allocation of the bonds. Allocation reporting will include the balance amount of allocated and unallocated net proceeds, portion of financing and refinancing as well as the description of projects while the impact reporting will include relevant impact metrics, i.e. annual GHG emissions avoided in tons of CO₂ equivalent, and number of EV purchases. The scope and frequency of allocation and impact reporting is aligned with market practice.

Evaluation date	7 June, 2019
Issuer Location	Naju, South Korea

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Introduction

Korea Electric Power Corporation (“KEPCO”, the “Issuer”) is a state-owned electric utility company which engages in the transmission and distribution of electricity in Korea and overseas. The company generates power from a wide-range of sources such as nuclear, coal, oil, liquefied natural gas, internal combustion, combined-cycle, hydro, wind, solar, fuel cell, biogas, and other. As of 2018, the company generated around 73.3% of the total electricity produced in Korea. KEPCO was founded in 1898 and is headquartered in Naju, South Korea.

KEPCO has developed the KEPCO Green Bond Framework (the “Framework”) under which it intends to issue green bond(s) and use the proceeds to finance or refinance, in whole or in part, existing or future projects that provide clear environmental benefits through improving access to renewable energy technologies and fostering development and distribution of electric vehicles while supporting the company’s strategy and vision. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Clean Transportation

KEPCO engaged Sustainalytics to review the KEPCO Green Bond Framework, dated May 2019 and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

As part of this engagement, Sustainalytics exchanged information with various members of KEPCO’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Issuer’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the KEPCO Green Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The KEPCO Green Bond Framework is available on KEPCO’s website at:

http://home.kepco.co.kr/kepco/EN/ntcob/list.do?boardSeq=21032409&parnScrpSeq=21032409&depth=0&boardNo=0&boardCd=BRD_000448&replyRole=&pageIndex=1&searchKeyword=&searchCondition=total&menuCd=EN040108

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the KEPCO Green Bond Framework

Summary

Sustainalytics is of the opinion that the KEPCO Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of KEPCO's Green Bond Framework:

- Use of Proceeds:
 - The two eligible use of categories of the KEPCO Green Bond Framework – Renewable Energy (namely solar photovoltaic power and wind power projects and research & development expenses related to such projects) and Clean Transportation (including the purchase of electric vehicles [EVs] and the construction EV charging stations) – are recognized as impactful by the Green Bond Principles 2018. Sustainalytics believes that the eligible projects will provide meaningful environmental contributions through improving access to renewable energy and low-carbon transport.
 - Sustainalytics views KEPCO's three-year look-back period for refinancing activities as aligned with market practices. In addition, KEPCO commits to reporting on the portion of financing vs refinancing in its annual allocation report.
 - Sustainalytics highlights that the proceeds will not be directed to fossil-fuel-based electricity production or related clean-up operations, nuclear energy production, or large hydro projects. Sustainalytics is of the opinion that these exclusions strengthen the Framework.
- Project Evaluation and Selection:
 - KEPCO's eligible projects are evaluated and selected by KEPCO's Treasury Department and the relevant departments and teams under the KEPCO New Energy Business Department and Global New Business Department based on established eligibility criteria. Sustainalytics considers that the collaboration between relevant business units strengthens the implementation of the Framework and is in line with market practice.
- Management of Proceeds:
 - KEPCO's Treasury Department will manage and track the green bond proceeds on a portfolio basis. Pending full allocation, the unallocated green bond proceeds will be used for the payment of outstanding indebtedness, and/or will be temporarily invested in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments. Sustainalytics views this process aligned with current market practices.
- Reporting:
 - KEPCO has committed to report on the allocation of proceeds on the company's website annually until full allocation of the green bond proceeds. KEPCO's allocation reporting will include allocation per eligible category, examples of projects financed by the proceeds, allocated and unallocated net proceeds, as well as the portion of financing and refinancing.
 - In addition to allocation reporting, where possible, impact reporting will be published on an annual basis until full allocation of proceeds, including relevant impact metrics such as installed capacity in MW, annual GHG emissions avoided in tons of CO₂ equivalent, annual renewable energy production in MWh, number of EV purchases, and number of EV charging infrastructure constructed.
 - Sustainalytics considers KEPCO's allocation and impact reporting processes to be aligned with market practices.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the KEPCO's green bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance and Strategy of the Issuer

Contribution of framework to issuer's sustainability performance and strategy

Sustainalytics is of the opinion that KEPCO demonstrates commitment to sustainability by integrating sustainability practices into its business model and implementing a governance structure as outlined below:

- KEPCO conducted a materiality assessment in 2018, including stakeholder consultation. Diversifying business portfolio with the focus on renewable is one of the ten material issues identified by the company, indicating the importance of the renewable energy generation for KEPCO. The company also integrated the management goals to expand renewable energy and power facilities into its sustainability strategy.³ Aligning with the Korean government's goal of increasing the percentage of renewable energy in country's total electricity consumption to 20% by 2030, KEPCO has adopted the "3020 KEPCO Renewable Energy Strategy" based on three core strategic goals: (i) establishing a renewable energy roadmap, (ii) developing large-scale renewable energy projects, and (iii) developing new business models to strengthen renewable energy development capacity.⁴
- KEPCO also aims to strengthen its environmental management through the following efforts: (i) advancing capabilities to respond to climate change, (ii) reducing CO₂ and SF₆⁵ emissions, (iii) reducing indirect GHG emissions, and (iv) implementing an environmental management training plan.⁶
- KEPCO provides disclosure on its progress of environmental efforts. The company's air pollutants,⁷ including KEPCO Group power generation companies, were reduced by 26%, and usage of electric vehicles was increased by 358% in 2017 compared to 2015 levels due to 519 additional purchase.⁸

Based on KEPCO's sustainability practices, strategy, and initiatives, Sustainalytics believes that KEPCO's Green Bond Framework is aligned with its overall sustainability efforts and that the eligible projects will help the company advance its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While the eligible categories are recognized as impactful by the Green Bond Principles 2018, Sustainalytics also recognizes that they may have potential environmental and social risks such as workers' health and safety, biodiversity and ecological risks related to large-scale renewable energy facilities and related infrastructure, as well as community relations risks. Sustainalytics highlights the following measures that KEPCO has taken to mitigate related risks:

- To enhance its health and safety performance by advancing internal evaluation process and precautionary measures, KEPCO implemented Environmental, Health and Safety (EHS) Policies and established an Occupational Safety and Health Master Plan including KPIs such as keeping accident rate at 2% or below. All of the company's workplaces and suppliers are certified according to internationally recognized K-OHSMS 18001 standard. The third-party certification provides additional assurance that KEPCO's safety management aligns with global standards. In addition, the company conducts on-site safety inspections and remote monitoring sessions on construction sites to monitor occupational safety at its suppliers.⁹
- KEPCO achieved ISO 14001¹⁰ certification for 100% of company's operations in 2008 and has since been conducting an annual environmental audit procedure.¹¹

³ KEPCO Sustainability Report 2018 pg. 25, 47 available at: http://home.kepco.co.kr/kepco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN04010601

⁴ KEPCO Sustainability Report 2018 pg. 29, 47 available at: http://home.kepco.co.kr/kepco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN04010601

⁵ SF₆ is significant source of fluorinated gas emissions which is mainly used by the electric power industry as an insulator and interrupter.

⁶ KEPCO Environmental Management Action Plans available at: <http://home.kepco.co.kr/kepco/EN/D/htmlView/ENDCHP003.do?menuCd=EN040303>

⁷ Air Pollutants: Total amount of SO_x, NO_x, and Dust

⁸ KEPCO Sustainability Report 2018 pg. 80,81 available at: http://home.kepco.co.kr/kepco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN04010601

⁹ KEPCO Sustainability Report 2018 pg. 54 available at: http://home.kepco.co.kr/kepco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN04010601

¹⁰ ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).

¹¹ KEPCO Environment Certificate available at: <http://home.kepco.co.kr/kepco/EN/D/htmlView/ENDCHP005.do?menuCd=EN040305>

- According to South Korea's Environmental Impact Assessment (EIA) Act, which includes an 11-step EIA process, all energy producers are required to conduct EIA covering (i) atmospheric topics (meteorology, air quality, odor, GHGs), (ii) water (water quality, marine environment, hydraulics & hydrology), (iii) land (land use, soil, topography & geology), (iv) natural (Flora & Fauna, Environmental property), (v) ambient (waste, noise & vibration, landscape, sanitation & health, electromagnetic wave, shading), and (vi) socioeconomic (population, resident, local industry).¹² In addition, KEPCO confirmed to Sustainalytics that public and community consultation is part of the project planning of large-scale renewable energy projects.
- In 2012, KEPCO established a code of conduct for suppliers to oblige recommended ethical, social, and environmental standards which reflects the 10 Principles of the UN Global Compact, and Labor and Environmental Guidelines of OECD,¹³ demonstrating company's efforts to enhance risk mitigation process also in its supply chain.

Given KEPCO's internal programmes, policies and regulatory requirements for large-scale renewable energy projects, Sustainalytics is of the opinion that KEPCO is able to mitigate related social and environmental risks directly related to the projects.

Section 3: Impact of Use of Proceeds

All two use of proceeds categories are recognized as impactful by Green Bond Principles 2018.

Contribution of fostering renewable energy capacity in South Korea

Renewable energy accounts for only 6% of total energy generated in South Korea, while coal and nuclear energy cover over 75% of the total electric supply in 2017.¹⁴ To reduce its dependence on coal, the South Korean government established a new long-term roadmap, the 8th BPE (Basic Plan for Electricity Supply and Demand), aiming to increase the share of renewables in the energy mix to 20% while reducing the share of coal by 36.1% by 2030 compared with 2017 levels.¹⁵ In response to this policy, the Ministry of Trade, Industry and Energy decided to temporarily close ten coal power plants and limited the maximum output of 42 coal plants in South Korea to below 80% when the fine dust level in the atmosphere rises to a harmful point.¹⁶ Furthermore, as part of their commitments under the Paris Agreement, the government intends to reduce 37% of GHG emissions by 2030 compared to business-as-usual levels,¹⁷ indicating the country's ambition to reduce GHG emissions and extend low-carbon energy capacity.

Given this context, Sustainalytics believes that KEPCO's renewable energy projects will contribute to South Korea's renewable energy goals and climate targets.

Importance of investing in electric vehicles to enhance South Korea's clean transportation targets

KEPCO intends to use part of the bonds' proceeds for the purchase of electric vehicles (EVs) and the construction of EV infrastructure. The transportation sector accounts for 19% of South Korea's GHG emissions.¹⁸ The South Korean government pledged to cut 34.3% of GHG emissions from the transportation sector by 2020 compared with 2014 levels in its National GHG Emissions Reduction Roadmap 2020.¹⁹ In

¹² Environmental Impact Assessment system in Korea available at:

https://www.unece.org/fileadmin/DAM/env/eia/documents/WG2.1_apr2012/EIA_system_ROK_moon_Geneva.pdf

¹³ KEPCO Sustainability Report 2018 pg. 64 available at:

http://home.kepco.co.kr/kepco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN04010601

¹⁴ South Korea's energy share in total generation mix (%) available at: <https://poweringpastcoal.org/insights/policy-and-regulation/south-koreas-environmental-ambition-tackles-coal-challenge>

¹⁵ South Korea's 8th Basic Plan for Electricity Supply and Demand available at:

http://english.motie.go.kr/en/tp/energy/bbs/bbsView.do?bbs_seq_n=605&bbs_cd_n=2&view_type_v=TOPIC&¤tPage=1&search_key_n=&search_v

¹⁶ South Korea's energy-related initiatives available at: <https://poweringpastcoal.org/insights/policy-and-regulation/south-koreas-environmental-ambition-tackles-coal-challenge>

¹⁷ South Korea's pledges and targets under Paris Agreements available at:

http://english.motie.go.kr/en/pc/photoneews/bbs/bbsList.do?bbs_cd_n=1&bbs_seq_n=349

¹⁸ Analysis of Energy-Related Greenhouse Gas Emission in the Korea's Building Sector: Use National Energy Statistics, Tae-Hyoung Kim, April 2018

¹⁹ South Korea Greenhouse Gas Reduction Road Map available at: <http://eng.me.go.kr/eng/web/index.do?menuId=212>

response to this commitment, the Ministry of Trade, Industry and Energy announced a comprehensive plan in 2018 including quantitative targets such as increasing the portion of green cars, EVs and fuel cells vehicles, from 1.5% to 10% on the road by 2022.²⁰ The government has invested in increasing the country's EV charging infrastructure including the current 2,600 charging stations and also plans to increase the number by at least 3,000 by 2020.

Sustainalytics is of the opinion that the use of EV and construction of related infrastructure will contribute to decrease GHG emissions generated by the transport sector and advance South Korea's clean transportation targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Conclusion

KEPCO has developed the KEPCO Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance or refinance existing and/or future projects related to Renewable Energy and Clean Transportation. Sustainalytics has reviewed the KEPCO Green Bond Framework and considers the framework to be aligned with the Green Bond Principles 2018.

Based on the above, Sustainalytics considers the KEPCO Green Bond Framework to be credible, robust and transparent.

²⁰ South Korean Ministry to expand R&D spending, financial aid for autos, chips, batteries available at: <http://www.koreaherald.com/view.php?ud=20181218000609>

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Korea Electric Power Corporation ("KEPCO")
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	KEPCO Green Bond Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	June 2019
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Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	
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Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The two eligible use of categories of the KEPCO Green Bond Framework – Renewable Energy, namely Solar photovoltaic power and wind power projects and research & development expenses related to such projects, and Clean Transportation, including the purchase of fully electric vehicles (EVs) and the construction EV charging stations - are recognized as impactful by the Green Bond Principles 2018. Sustainalytics believes that the eligible projects will provide meaningful environmental contributions through improving access to renewable energy and low carbon transport. Sustainalytics views KEPCO's three-year look-back period for refinancing activities as aligned with market practices. In addition, KEPCO commits to reporting on the portion of financing vs refinancing in its annual allocation report. Sustainalytics highlights that the proceeds will not be directed to fossil-fuel based electricity production and related clean-up operations, nuclear energy production or large hydro projects. Sustainalytics is of the opinion that these exclusions strengthen the Framework.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

KEPCO's eligible projects are evaluated and selected by KEPCO's Treasury Department and the relevant departments and teams under the KEPCO New Energy Business Department and Global New Business Department based on established eligibility criteria. Sustainalytics considers that the collaboration between relevant business units is strengthen the implementation of the Framework and is in line with market practice

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

KEPCO's Treasury Department will manage and track the green bond proceeds on a portfolio basis. Pending full allocation, the unallocated green bond proceeds will be used for the payment of outstanding indebtedness, and/or will be temporarily invested in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments. Sustainalytics views this process aligned with current market practices.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : List of Eligible Use of Proceeds and brief description |

4. REPORTING

Overall comment on section (if applicable):

KEPCO has committed to report on the allocation of proceeds on the company's website annually until full allocation of the green bond proceeds. KEPCO's allocation reporting will include allocation per eligible categories, example of projects financed by the proceeds, allocated and unallocated net proceeds as well as the portion of financing and refinancing.

In addition to allocation reporting, where possible, impact reporting will be published on an annual basis until full allocation of proceeds, including relevant impact metrics such as installed capacity in MW, annual GHG emissions avoided in tons of CO2 equivalent, annual renewable energy production in MWh, Number of EV purchases and number of EV charging infrastructure constructed.

Sustainalytics considers KEPCO's allocation and impact reporting processes to be aligned with market practices.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): Installed capacity in MW, annual renewable energy production in MWh, Number of EV purchases; number of EV charging infrastructure constructed |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|

- Information published in ad hoc documents Other (please specify): company website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

KEPCO Green Bond Framework will be available at: www.kepco.co.kr

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

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