

Environmental & Social Management Policy (ESMP)

Our Commitment to Sustainability

At Salmon, we believe that business success and sustainability should go hand in hand. As a Group, alongside our subsidiaries, we are committed to ensuring that our operations create a positive impact while minimizing any harm to the environment and society.

Our Environmental & Social Management Policy (ESMP) provides a clear framework for identifying, assessing, and managing environmental and social risks. This policy aligns with international best practices, including the International Finance Corporation (IFC) Performance Standards, proving our dedication to responsible and sustainable growth.

What Our ESMP Covers

Our ESMP is applicable to all areas of our business. We ensure that our financing decisions are well-aligned with our commitment to responsible and sustainable finance.

Salmon is dedicated to:

- **Compliance with Philippine Regulations** — Salmon adheres to all relevant environmental and social laws, including those implemented by the BSP, SEC, NPC, and other regulatory bodies.
- **Environmental & Social Risk Management** — Salmon conducts comprehensive risk assessments to evaluate the environmental and social impact of applicable transactions.
- **IFC Exclusion List Compliance** — Salmon ensures that financed activities or proceeds do not involve prohibited industries or environmentally harmful practices.
- **Limiting Exposure to High-Risk Activities** — Salmon limits financing for any activities that can contribute to significant environmental degradation, particularly coal-related activities, in accordance with the guidelines set by IFC and BSP.
- **Sustainability Targets & Monitoring** — Salmon responsibly establishes measurable sustainability goals, tracks progress and ensures continuous improvement.
- **Employee Training & Capacity Building** — Salmon provides Environmental and Social Governance training to its employees to incorporate sustainability into our operations and decision-making.

Who Does This Apply To?

Under international standards, loan applicants and/or clients are categorized based on their E&S Risk Rating, as defined below:

1. Tier 1 - Business Loans:

- Loans intended for commercial use must undergo an E&S Risk Assessment to ensure compliance with sustainability guidelines.
- This category includes both juridical and natural persons applying for the Company's business loan products.

2. **Tier 2 - Retail Loans with Significant E&S Risk:** Although personal loans are generally exempt from E&S screening, an assessment shall be required if:

- The applicant explicitly discloses that their primary source of income originates from business activities.
- The Company determines there is a significant risk that the loan proceeds may be used for business purposes

3. **Tier 3 - Retail Loans:** Personal loans intended solely for customer use do not require E&S screening.

Almost all our clients are under the Tier 3 category, with Personal Loans intended solely for personal use. As the value and nature of the loans are inherently of low E&S Risk, these loans do not require an additional E&S screening.

Definitions:

"Business activities" refer to commercial endeavors or enterprises, such as ownership or operation of a business entity or sole proprietorship, from which a natural person derives income.

"Significant risks" refer to activities including, but not limited to:

- i. Involuntary resettlement.
- ii. Risk of adverse impacts on indigenous peoples.
- iii. Significant risks to or impacts on the environment, community health and safety, biodiversity, or cultural heritage.
- iv. Significant occupational health and safety risks, such as the risk of serious injury or fatality to workers.

How We Manage Risk

Salmon takes a risk-based approach to managing environmental and social risks. This approach ensures that potential impacts are assessed and addressed appropriately. Below are how we apply the risk-based approach to ensure responsible financing:

- **Screening & Due Diligence** — Each transaction undergoes a detailed review to identify any potential environmental and social risks. Salmon evaluates business activities in

compliance with the IFC's Exclusion List and in adherence to relevant Philippine regulations.

- **Risk Categorization and Assessment:** As stated, most of our clients are applying for Tier 3 Retail Loans and are, therefore, of low E&S Risk. However, should there be a situation where a client is assessed to have a high Environmental and Social (E&S) risk, the case will be escalated to the E&S Officer for Enhanced Due Diligence and approval. Salmon classifies each loan application based on its level of E&S impact.
- **Ongoing Monitoring & Compliance** — Salmon's responsibility does not stop at loan approval. Salmon regularly conducts E&S reviews to ensure continuous compliance.
- **Stakeholder Engagement & Transparency** — Sustainability is a collective responsibility. Salmon engages with customers, business partners, and communities to ensure that our financing supports ethical and responsible businesses. Salmon also provides a grievance mechanism allowing stakeholders to raise concerns regarding any E&S risks.

Implementation & Continuous Improvement

Sustainability is an evolving journey that requires continuous learning and adaptation. As part of our commitment to transparency and compliance with the IFC Performance Standards, BSP's Sustainable Finance Framework, and other relevant regulations, we will:

- Regularly review and update our ESMP in accordance with new regulatory requirements.
- Publicly disclose significant updates to our sustainability policies.
- Strengthen governance structures to integrate sustainability into corporate decision-making.

By embedding environmental and social responsibility into our financing practices, Salmon ensures that our operations contribute to a more sustainable and inclusive future.