



Reporting and Self-Assessment Template

Principles for Responsible Banking



Reviewed version (V2) from September 2022



Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Hana Financial Group started as Korea Investment Finance in 1971, turned into Hana Bank in 1991, and became a general financial group in 2005 by undergoing continued growth.

Hana Financial Group manages diversified financial businesses centered around Hana Financial Holdings, such as banking, securities, credit card, capital, life insurance, and indemnity insurance. As of the end of March 2023, Hana Financial Group has 14 subsidiaries (including Hana Bank, Hana Securities, Hana Card, Hana Capital, Hana Life Insurance, and Hana Insurance), 32 sub-subsidiaries, 1 great-grand subsidiary, and a global network of 216 affiliates in 25 regions around the globe.

Hana Financial Group pursues change and innovation based on the solid trust of all stakeholders, including societies, neighbors, and communities, and aims to pursue corporate growth, happiness of customers, and hope for societies. Hana Financial Group continues its efforts to take a 'Big Step for Tomorrow' and bring pleasure to everyone.

Links and references

Hana Financial Group
2023 Business Report 31p
(2. Business Status)
<https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20240516001695>

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☐ None of the above

Response

Hana Financial Group has established an ESG vision called “Big Step for Tomorrow,” inspired by the group’s significant steps towards a sustainable future. This vision is implemented through three strategies, two promotion goals, and nine key tasks, all linked to the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

1. Encourage the transition to a low-carbon economy (SDGs 7, 13)

Hana Financial Group is setting and pursuing carbon neutrality goals for its business sites greenhouse gases (Scope 1 & Scope 2) and financed emissions by 2050, following the reduction target methodologies presented by the Science Based Target initiative (SBTi). Through this, we aim to minimize environmental impacts at its business sites and manage portfolio emissions, fulfilling our responsibilities and roles as a leader in green finance.

2. Make social contributions through finance (SDGs 1, 4, 8, 9, 10, 12)

Hana Financial Group prioritizes the protection of financial consumers, safeguarding their rights and preventing harm through various policies and systems. Additionally, we expand financial services for diverse financially underserved groups, including the elderly, foreigners, and disabled people, enhancing improving physical financial accessibility for customers so that they can use financial services more conveniently. The group also pursues co-prosperity finance with struggling small business owners and self-employed individuals who are facing difficulties by promoting various support projects. By actively participating in stability of public welfare tasks jointly conducted by the banking sector and discovering and implementing our own co-prosperity finance programs, we are committed to providing sincere support and practicing warm finance that shares happiness.

3. Make decisions based on transparency & responsible business (SDGs 7, 13, 16, 17)

Hana Financial Group has established and operates an exclusive ESG management organization to make decisions based on transparency and responsible business. We have set up a Sustainable Management Committee under the BOD (Board of Directors) to approve its ESG strategies and policies. In addition, to strengthen the Group’s ESG management capabilities and implementation, we operate a Sustainable Management Steering Committee, and a Sustainable Management Working Committee under it to build an efficient system. Additionally, we actively participate in various domestic and international ESG initiatives and partnerships to maximize positive impacts and secure global leadership in ESG.

Additionally, Hana Financial Group has established group-wide low-carbon and eco-friendly goals to promote the transition to a low-carbon economy. The group has set carbon neutrality targets for its business sites and asset portfolios, including greenhouse gas reduction targets based on these goals. This includes strengthening ESG funding support, reducing coal project financing, and excluding high-carbon emission industries to reduce portfolio carbon emissions.

Goal 1. 2030 & 60

- Strengthening financial support for ESG areas, including greenhouse gas reduction, for financial products handled by all affiliates within Hana Financial Group
- Providing KRW 60 trillion in loans, investments and financing for green and sustainable sectors by 2030 (\$25 trillion in bonds, \$25 trillion in loans and \$10 trillion in investments)

Goal 2. Zero & Zero

- Zero GHG at work sites by 2050 by improving energy efficiency and expanding renewables
- Zero coal project financing balance by 2050 by reducing coal project financing

Goal 3. Portfolio Greenhouse Gas Reduction

- GHG reduction activities in line with SBTi targets where Hana Financial Group’s funds are utilized, including loans, investments, and bonds

Links and references

Hana Financial Group 2023 Sustainability Report
p. 10–16

https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

-	Reduce carbon emissions in the portfolio by eliminating high-carbon emitting industries and expanding investments in eco-friendly/low-carbon companies	
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Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

Hana Financial Group comprises 14 affiliates, including Hana Bank, Hana Securities, Hana Card, Hana Capital, Hana Life, Hana Insurance, Hana Savings Bank, Hana Asset Trust, Hana Alternative Investment Asset Management, Hana F&I, Hana Ventures, Hana Fund Service, Hana Financial TI, and Fink, which operate in banking, financial investment, insurance, loan, people's finance, and other businesses. The group's business segments are divided into corporate finance, retail finance, project finance, corporate finance and brokerage, insurance underwriting, and others (such as securities trading and insurance), with corporate finance accounting for the largest share at 30%.

Links and references

Hana Financial Group 2023 Sustainability Report
p. 6
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

#1. Hana Financial Group comprises 14 affiliates that manage banking, financial investment, insurance, loan, micro finance, and other businesses. Among the portfolios held by the group, we set our reduction target by measuring the carbon emissions at the business sites of each affiliate and the financial emissions of asset groups that belong to the high-carbon Sectoral Decarbonization Approach (SDA). The group analyses the carbon emissions of its credit portfolio and reflects this in revenue or investment value to identify risks. To this end, Hana Financial Group calculates emissions based on the PCAF

Links and references

Hana Financial Group 2023 Sustainability Report
p. 6, 53

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<p>methodology. In 2022, the group calculated emissions for only three categories (listed stocks and corporate bonds, corporate loans and unlisted stocks, project finance) according to PCAF standards, but in 2023, it expanded the scope to a total of seven categories (commercial real estate, mortgages, auto loans, etc.), thereby strengthening its management of greenhouse gas emissions as a financial institution.</p> <p>The measured assets amount to KRW 303.9 trillion, covering 54% of Hana Financial Group's total assets of KRW 568 trillion in 2023.</p> <p>#2. The business sectors of Hana Financial Group are divided into asset management and trust, corporate finance, retail finance (retail), project finance, investment banking & intermediation, insurance underwriting, and others (securities trading, insurance business, etc.). We aim to measure the performance and impact of inclusive financial activities in the retail finance (retail) sector, which accounts for about 4% of the total operating revenue.</p>	<p>https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf</p>
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c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

#1. With the goal of accomplishing the target of 'Zero & Zero' established under the ESG vision of "Big Step for Tomorrow" and contributing to the common global effort to prevent the earth's temperature from rising by 1.5 degrees, Hana Financial Group has established a roadmap for attaining 2050 Net Zero in accordance with the international standards, SBTi Guidance and PCAF.

Hana Financial Group operates a risk management policy (ESRM) to identify, assess, and mitigate environmental and social risks in credit and investment decision-making. Accordingly, the group systematically conducts environmental and social risk reviews for corporate finance, investment and advisory services, project finance, and securities issuance, considering both the ESRM policy and global sustainable finance principles. For financial transactions subject to the ESRM policy, the group identifies, assesses, and manages potential environmental and social risks, including those related to human rights, climate change, and biodiversity, based on its sustainable finance policy and industry policy. In particular, for project finance, the group adheres to the principles and procedures stipulated in the 'Equator Principles.'

#2. Hana Financial Group aims to expand the scale of inclusive financing to increase its social impact and manage inclusive financing performance by measuring the impact. We will fulfil our social responsibility by increasing the impact gradually. In particular, we will measure the impact of inclusive financing by measuring the currency value of sunshine loans (guaranteed loans to replace high-interest-rate loans), which are loan products to support vulnerable groups in the retail finance sector.

Hana Financial Group defines financial inclusion as 'facilitating access to a variety of financial services at appropriate costs regardless of the economic level of individuals, households, or businesses.'

Based on this definition, the group expands financial services to various financially vulnerable groups, such as low-income individuals, retirees, people with disabilities, and the elderly, and provides appropriate education to help them utilize these services. Hana Financial Group will continue to strive to provide high-quality, sustainable, and useful financial services and create equal and fair opportunities for various stakeholders through ongoing financial inclusion activities.

Links and references

Hana Financial Group 2023
Sustainability Report
p. 59
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.

Response

#1. In relation to reducing financial emissions, we are conducting activities aimed at promoting the transition to a low-carbon economy.

1. Limit new coal investments under the coal phase-out commitment
2. Expand ESG bond issuance
3. Expand green finance and ESG-themed finance

#2. To expand the social value of inclusive finance, we have established the goal of social contribution through finance and are conducting related activities.

1. Reinforce consumer protection and expand financial accessibility
2. Create social value through charitable contributions

Links and references

Hana Financial Group 2023
Sustainability Report
p. 10
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

3. Foster social ventures to address social issue	
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement</u>. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p>Response</p> <p>#1. Hana Financial Group analyzes the financed emissions of the group's credit portfolio and incorporates this into revenue or investment value to identify risks.</p> <p>We are calculating emissions based on the Partnership for Carbon Accounting Financials (PCAF) methodology for 7 categories (listed stocks and corporate bonds, corporate loans and unlisted stocks, project finance, commercial real estate, mortgages and auto loans), and the assets subject to measurement cover 54% of Hana Financial Group's total assets in 2023.</p> <p>#2. Hana Financial Group measures the currency value of social value created by sunshine loans (loan products to support vulnerable groups), which are its representative inclusive financial products.</p>	<p>Links and references</p> <p>Hana Financial Group 2023 Sustainability Report p. 48–60 https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf</p>

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

#1. Hana Financial Group declared Net Zero to strengthen its resilience against climate-related risk factors according to the Paris Climate Agreement and SDGs 13, aiming to achieve Zero & Zero.

In particular, to achieve the goal of Zero & Zero and contribute to the global effort to curb the 1.5°C rise in global temperature, Hana Financial Group established the Hana Financial Group 2050 Roadmap to Carbon Neutrality in accordance with the Science-Based Target Initiative (SBTi) guidance and PCAF standards, which have become international standards. Hana Financial Group has set carbon neutrality targets for business site greenhouse gases (Scope 1&2) and financial emissions according to the reduction target setting methodology presented by the 'Science-Based Target Initiative (SBTi)' and received approval from SBTi in 2022.

#2. Hana Financial Group will develop products and services that can contribute to the environment and society based on the 'Hana Financial Group Sustainable Finance Framework' established by the Sustainable Management Committee within the Board of Directors.

Links and references

Hana Financial Group 2023 Sustainability Report
p. 59
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

#1. We measured industry-specific exposures, financial emissions, carbon intensity, and SDA sector emissions based on the years 2020, 2022, and 2023.

#2. Data used for measuring the impact of inclusive finance

Loan period	Interest rate	Target
5 years	15.6%	Customers whose annual income is KRW 35 million or less or KRW 45 million or less if they belong to the bottom 20% of CB Credit Rating

– Measurement Metrics: (Average loan interest rate of other institutions – Interest rate of Sunshine Loan) x Loan balance x Redemption period x Contribution x Conversion into present value (4.5%)

Links and references

Hana Financial Group 2023 Sustainability Report
p. 53, 59
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

#1. In comparison to the base year of 2020, we aim to reduce carbon emissions at business sites by 42% by 2030 and 75.4% by 2040 and achieve “0” emissions by 2050. In the case of industries with high emissions, we aim to reduce greenhouse gas emissions by 32.8% in 2030 compared to 2020 by setting a reduction target applying the Sectoral Decarbonization Approach (SDA) and achieve carbon neutrality by 2050. Additionally, for the entire corporate finance sector, including corporate loans, stocks, and bonds held by the group, we have applied the Temperature Ratings method. By 2040, we aim for the Scope 1 and 2 emissions ratings of borrowers to meet a target of 1.75°C, and for the Scope 1, 2, and 3 emissions ratings, including the supply chain of borrowers, to meet a target of 2°C.

#2. We plan to progressively raise the social value of inclusive financing turned into the currency value.

Links and references

Hana Financial Group 2023 Sustainability Report
p. 59
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

Establishment of 'ESG Financial Handling Standards,'

Hana Financial Group has established and is operating the "ESG Finance Handling Standards" applicable to all financial products and services. Additionally, industries which have a high proportion in the group's asset portfolio and with high greenhouse gas emissions such as oil refining, steel, and chemical industries are designated as ESG restricted industries and ESG cautionary industries to implement additional management. Furthermore, we transparently communicate industry-specific policies and standards to external stakeholders such as suppliers and customers, and we pay close attention to opinions raised regarding related risks.

'ESG Financial Evaluation System,' Establishment

Hana Bank was the first in the domestic financial sector to establish an 'ESG Finance Evaluation System' that reflects the Korean Green Taxonomy (K-Taxonomy). The newly established ESG Finance Evaluation System automatically identifies targets that require review from an ESG finance perspective when conducting corporate finance or direct investments. This ensures that K-Taxonomy compatibility, GHG emissions, reduction targets, and monitoring results are reflected in financial support decision-making.

Links and references

Hana Financial Group 2023

Sustainability Report

p. 41

https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

- #1. We disclose our Net Zero roadmap performance through the TCFD Report.
#2. We disclose the currency value of our inclusive financing through the Impact Report.

Links and references

Hana Financial Group 2023
TCFD Report
p.24
https://www.hanafn.com/esg/report/2024/HFG_TCFD_2023_eng.pdf

Hana Financial Group 2023
Impact Report
p.12
https://www.hanafn.com/esg/report/2024/HFG_ESG_Impact_Report_ENG_2023.pdf

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

☐ Yes ☒ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

We perform responsible and sustainable economic activities through collaboration with our customers.

Hana Financial Group, based on the belief in 'customer-centric finance,' strives to provide responsible financial services to create essential service value that satisfies customers. To ensure responsible customer protection, we operate the Consumer Risk Management Committee and the Non-Deposit Product Committee, and have established related internal regulations such as the「Guideline for Managing Financial Product Risks」to review and manage risks in advance. Additionally, we conduct financial training to protect customers in a rapidly changing financial environment and respond to electronic financial fraud, including voice phishing, with an advanced Fraud Detection System (FDS).

「Diversity and Inclusion」 Policy Establishment

As part of the group's mission to 'grow together and share happiness through finance,' Hana Financial Group respects the dignity and diversity of all employees, customers, and members of society, and strives to create an inclusive society where everyone can grow together. Accordingly, Hana Financial Group adheres to the global diversity and inclusion principles, such as UN Universal Declaration of Human Rights, International Labour Organization (ILO) conventions, and UNGC principles, along with the group's ethical code 'Code One' and the Human Rights Declaration, which forms the foundation of human rights management, Hana Financial Group has established the「Diversity and Inclusion Policy」. Based on global diversity and inclusion principles, along with the group's ethical code 'Code One' and the Human Rights Declaration, which forms the foundation of human rights management, Hana Financial Group has established the "Diversity and Inclusion Policy."

Links and references

Hana Financial Group 2023
Sustainability Report
p. 21, p. 104~107
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on

sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Hana Financial Group promotes the transition from a carbon-dependent economy to a low-carbon economy through the expansion of ESG bonds and green finance, and leads the transition to an inclusive society through inclusive financial products and expanded financial accessibility. Additionally, as a core element of ESG, consumer protection and the enhancement of consumer rights are prioritized as the highest values.

For performance measurement, we adopted a monetized measurement methodology to enable comparative analysis of a company's environmental, social, and indirect economic performance (benefits and costs) with its financial performance.

Hana Financial Group generated a total of KRW 5.41 trillion in ESG Impact performance in 2022.

Environment: : KRW 296.27 billion

Hana Financial Group contributes to the promotion of a low-carbon economic system by expanding green finance through investments in renewable energy and the establishment of eco-friendly infrastructure, while minimizing greenhouse gas emissions from business activities and society.

ESG Finance: Approximately KRW 230 billion

SME Shared Growth Support Connecting in Hana Program: Hana Bank implemented a total of KRW 230 billion in financial support for mutual growth with SMEs through the SME Shared Growth Support Connected in Hana Program.

- Support for High-interest Rate Borrowers (approximately KRW 43 billion/end of 2022): Hana Bank offered interest rate reductions of up to 2%p for SMEs bearing the burden of loan interest due to the steep rise in interest rates, if the calculated interest rate exceeds 7% when extending the maturity of the loan. In addition, when a non-externally audited entity with a relatively low credit rating extends the maturity of a credit loan, and the interest rate exceeds 7% even after the maximum interest rate reduction, Hana Bank will automatically convert the interest amount exceeding 7% to be used for loan principal repayment through the Principal Repayment Conversion Program every month for a year. As a result, we plan to provide interest rate reduction worth KRW 43 billion to approximately 6,400 SMEs.
- Support for Borrowers Choosing Fixed Interest Rates (approximately KRW 70 billion/end of 2022): Hana Bank is providing interest rate reductions to SMEs that choose a fixed interest rate with a limit of KRW 3 trillion in the first half of 2023 and plans to expand the limit in the second half of the year. In addition, Hana Bank will launch a safe fixed interest rate special loan that allows borrowers to autonomously choose their interest rate based on changes in the base rate and sell it with a limit of KRW 1 trillion.
- Support for Underprivileged Borrowers (approximately KRW 13 billion/end of 2022): Hana Bank decided to temporarily lower its late surcharge rate applied to overdue loans until the end of this year. The Bank plans to ease the financial burden of vulnerable SMEs by reducing the late payment surcharge by 3% points by the end of 2023, and continue to offer principal repayment waivers and interest reductions through expedited financing programs, workouts, and corporate rehabilitation.
- Credit Support by Theme (approximately KRW 105 billion/end of 2022): Hana Bank plans to support SMEs with KRW 1.4 trillion by expanding the bank's own thematic products to SMEs and extending loans secured by letters of guarantee to those lacking credit. In addition, the bank plans to provide interest rate reductions and liquidity support for leasing businesses, and extend financial support to manufacturing and export

Links and references

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Impact Report

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https://www.hanafn.com/esg/report/2024/HFG_ESG_Impact_Report_ENG_2023.pdf

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

companies, including interest rate reductions, liquidity support, preferential export fees, and KRW 5 trillion in loan support.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

☐ Yes ☒ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

We communicate and cooperate with stakeholders related to social responsibility.

Hana Financial Group strives to realize finance beyond finance for all by linking future values through its new vision of 'One Finance for All' for 'Next 2030. We aim to practice finance that allows everyone to grow together and share happiness through voluntary communication and participation according to the Principles for Responsible Banking. Hana Financial Group defines customers, employees, partner companies, central and local governments, shareholders and investors, and local communities that have direct and indirect impacts on its business activities as major stakeholders. Hana Financial Group strives to reflect the opinions received through various communication channels, such as annual stakeholder surveys, in its business activities. We select material issues by surveying internal and external stakeholders and disclose the material issues through our reports. Hana Financial Group participated as the main sponsor in the UNEP FI PRB Asia-Pacific Roundtable in May 2023 and shared the ESG vision of Hana Financial Group through the keynote address by the CEO and Chairman Ham Young-ju.

Links and references

Hana Financial Group 2023 Sustainability Report
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¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☐ Yes ☒ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Hana Financial Group is operating the 'Sustainable Management Committee,' a committee within the BOD (Board of Directors), to establish policies and make strategic and systematic decisions on major pending issues, including sustainable management. Additionally, the 'Sustainable Management Steering Committee,' composed of CEOs from major affiliated companies of Hana Financial Group, has been established to share and manage the implementation of sustainable management tasks and key issues for each affiliated company. To ensure the smooth implementation of the 'Sustainable Management Committee' and the establishment of social value management plans for each affiliated company, efficient task execution, and deliberation of agenda items submitted to the Steering Committee, the 'Sustainable Management Working Committee' and the 'Sustainable Management Working-level Consultative Group' are operated. Hana Financial Group is raising awareness of ESG management among employees through ESG education and conducted ESG training for all employees of affiliated companies in 2023. Hana Bank sets KPIs to achieve the group's goals and conducts quarterly performance evaluations to assess environmental management performance. Rewards are given based on the results of performance evaluations based on environmental management indicators.

Links and references

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5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

In 2007, Hana Financial Group joined the UN Global Compact, a voluntary corporate initiative that urges and encourages corporate social responsibility, to declare its support for the Ten Principles, including human rights, labor, environment, and anti-corruption. We comply with the global principles of social responsibility and disclose our performance to the UNGC transparently each year. Additionally, we joined the Women's Empowerment Principles, a joint initiative of the UN Women under the UN Global Compact, in May 2022. The Seven Principles of the WEPs are based on actual business operations. By supporting the

Links and references

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WEPs, Hana Financial Group aims to further raise gender equality awareness in relation to the wide-ranged values and goals of the UN.

https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

Hana Bank joined the Equator Principles in August 2021 to spread ESG management through the environmental and social risk management system and implementation of responsibilities. By implementing the Equator Principles, Hana Bank aims to make responsible judgments when making loan and investment decisions and minimize the adverse environmental and social impacts of the projects financed by Hana Bank. Hana Bank will annually publish the Equator Principles Implementation Report to disclose its implementation status transparently. In addition, Hana Bank focuses on identifying environmental and social (E&S) risks related to loan and investment decisions, establishing appropriate screening methods to eliminate or minimize potential adverse impacts. Hana Bank has improved ESG-related monitoring, evaluation, and management systems and established clear directions and processes to manage E&S risks, which include the screening and supervision processes. Through monitoring and controlling not only traditional risks but also environmental and climate risks, we build a comprehensive and strict risk management system and monitor all businesses.

Hana Bank is dedicated to identifying environmental and social (E&S) risk factors related to lending and investment decisions and has established appropriate review methods to exclude or minimize potential negative impacts. Hana Bank has improved ESG-related monitoring, evaluation, and management systems and established clear directions and processes to manage E&S risks, which include the screening and supervision of direct and indirect adverse consequences of E&S. In addition, by monitoring and controlling environmental and climate risks along with traditional financial risks, we can build a comprehensive and strict risk management system and monitor all businesses. Hana Bank strictly follows its internal ESG guideline when conducting business activities and performs individual analyses and evaluations of business opportunities that can incur high E&S risks. During the Know Your Customer (KYC) screening process, we may reject or suspend certain transactions that involve high potential E&S risks.

Hana Financial Group established the Sustainable Finance Framework in July 2021 to manage performance toward ESG financial goals and manage environmental and social risks. In July 2023, the Sustainable Finance Framework was revised following the resolution of the Sustainable Management Committee under the BOD to strengthen ESG financial management capabilities and establish a financial decision-making process that reflects environmental and social risks. In addition, through this revision, new policies were established to respond to biodiversity issues, which are now emerging second only to climate change. The revised Sustainable Finance Framework will be used to inform climate change-related business strategy decisions, with the aim of making the Group's carbon neutrality by 2050.

Links and references

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Self-assessment summary

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☐ Yes

☒ In progress

☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

Response

The content included in the PRB report utilizes information disclosed in the 2022 and 2023 Hana Financial Group Sustainability Reports. The content disclosed in the Sustainability Report has been indexed according to PRB items and included on pages 163-165 of the 2023 Sustainability Report. The Independent Assurance Report was received from the Korean Foundation for Quality (KFQ) and included on page 148 of the 2023 Sustainability Report.

Links and references

Hana Financial Group 2023
Sustainability Report
p. 148,163-165
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
☒ SASB
☒ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☐ Other:

Response

Hana Financial Group discloses its sustainable management status through GRI, SASB, CDP, TCFD, and the Impact Report.

Links and references

Hana Financial Group 2023
Sustainability Report
p. 48-60, 150-158
https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf
Hana Financial Group 2023
TCFD Report

	https://www.hanafn.com/esg/report/2024/HFG_TCFD_2023_eng.pdf
6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis ¹⁴ , target setting ¹⁵ and governance structure for implementing the PRB)? Please describe briefly.	
Response The reporting frameworks utilized in the preparation of the 2023 Sustainability Report include GRI, SASB, TCFD, UNGP, and UNGC/WEPS. Additionally, we disclosed Hana Financial Group's climate change-related activities in accordance with the CDP questionnaire.	Links and references Hana Financial Group 2023 Sustainability Report p. 150-166 https://www.hanafn.com/esg/report/2024/HFG_2023_Sustainability_Report_eng.pdf

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.¹⁶ The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets¹⁷ (highlighted in **green**) or to client engagement¹⁸ targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.¹⁹ Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

¹⁶ It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

¹⁷ Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

¹⁸ Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹⁹ You might not be able to report on all indicators and/or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice ²⁰ (pathway to impact)									Impact ²¹		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (<i>for business clients</i>), or towards low(er)-carbon practices (<i>for retail clients</i>)?	Yes / Setting it up / No; <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ²²
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; <i>If yes:</i> - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions baseline / base	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO ₂ e <i>(please also disclose what is excluded for now and why)</i>	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (<i>please specify which portfolio; for corporate and business clients: % of sectors financed</i>)

²⁰ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

²¹ Impact: the actual impact of the bank's portfolio

²² If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

			year for your target? - Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			intensive sectors and activities ²³ ? How much does your bank invest in transition finance ²⁴ ?			
	A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO ₂ e/ kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit					
	A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decarbonization target: What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% (<i>denominator: financed emissions in scope of the target set</i>)					

²³ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

²⁴ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
B. Financial health	B.1.1	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	B.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	B.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	B.4.1	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

						means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

									defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
C. Financial Inclusion	C.1.1 *	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	C.3.1 *	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.			

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			