

UN
environment
programme



finance
initiative

Principles for
Responsible Banking

TEMPLATE

Responsible Banking Progress Statement for PRB Signatories



Summary template

[BNK Financial Group] 2024

Banks should fill in the following summary table, utilizing the italicized prompts.

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Content Briefly describe your bank’s sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.</p>	<p>Content Briefly describe the bank’s most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank’s transition/action plan, and progress made. Explain how the bank addressed interlink- ages between impact areas where possible.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ % of bank’s portfolio covered by the impact analysis and each set target ▪ Updated values of KPIs defined by bank to measure progress against targets 	<p>Content Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ % of clients and/or customers engaged in key sectors in areas of significant impact. ▪ USD sustainable finance volume mobilized and/or as a percentage of the global or sector portfolio
<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partner- ships that contribute to addressing significant impacts. Note any changes in the reporting year.</p>	<p>Content Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank’s management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning & development). Note any changes or progress in the reporting period.</p> <p>Example Progress Indicators</p> <ul style="list-style-type: none"> ▪ Details of remuneration practices linked to sustainability targets. ▪ % of employees trained on responsible banking topics. 	<p>Content Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of sustainability information has been undertaken (optional).</p>
<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>	<p>Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]</p>

Supplement templates

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 business lines, 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, business areas or by disclosing the number of customers and clients served.

Links & references

- *BNK Financial Group Sustainability Report 2024*
- About BNK Financial Group P.5,6

Response

Launched as the first financial holding company rooted in a regional bank in March 2011, BNK Financial Group has evolved into a leading regional financial group with nine subsidiaries. Under the vision of advancing 'top-tier glocal finance reaching beyond borders', BNK Financial Group aims to accelerate its strategic initiatives to drive sustainable growth and enhance global competitiveness.

Currently, BNK Financial Group has a total of nine subsidiaries, including Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Asset Management, BNK Savings Bank, BNK Venture Capital, BNK Credit Information, and BNK System.

BNK Financial Group is evolving into a global financial group, operating 395 domestic branches and a global network of 73 locations (as of December 31, 2024). In 2019, BNK Financial Group incorporated BNK Venture Capital to identify high-potential local startups, provide venture capital, and build new growth drivers for the Group, establishing a nine-subsiary structure. Broadening its business footprint across the entire financial industry spanning banking, specialized credit,

finance, financial investment, savings bank, startup investment, credit investigation and collection, and system supply and development, BNK Financial Group is emerging as Korea's top-tier regional financial group and a total financial service provider.

Banking: Busan Bank and Kyongnam Bank engage in F/X operations, guarantees, and issuance of and investment in securities with a focus on the core banking function of deposit and credit services. Conduct various ancillary services under the Banking Act, including treasury operations and safe custody as well as trust and card services.

Specialized credit finance business: BNK Capital engage in installment finance, facility lease, general lending, and new technology financing businesses and offer leasing finance, auto finance, and business loans.

Financial investment: BNK Securities and BNK Asset Management provide capital sourcing solutions to borrowers and investment opportunities to investors, thereby supporting efficient capital allocation. They also offer various financial investment services, including dealing, brokerage, collective investment, and discretionary investment services, in accordance with the Financial Investment Services and Capital Markets Act.

Savings bank business: BNK Savings Bank provide short/long-term loans primarily to low-income individuals using deposits and other funds as main sources, and perform domestic exchange and Korea Financial Telecommunications & Clearings Institute operations.

Credit check and debt collection: BNK Credit Information provide comprehensive credit management services, including conducting credit investigations, issuing demands for repayment of claims, collecting repayment funds on behalf of creditors, and locating debtors.

Venture capital: BNK Venture Capital, registered as a venture investment company with the Ministry of SMEs and Startups, invest in and provide loans to startup founders, manages funds of the SME Establishment Investment Association, and offers consulting and information services related to startups.

System supply and development: BNK System provide comprehensive financial IT services from system consulting to deployment and operation based on customer needs analysis to proactively navigate the evolving financial landscape.

Strategy alignment

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 other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

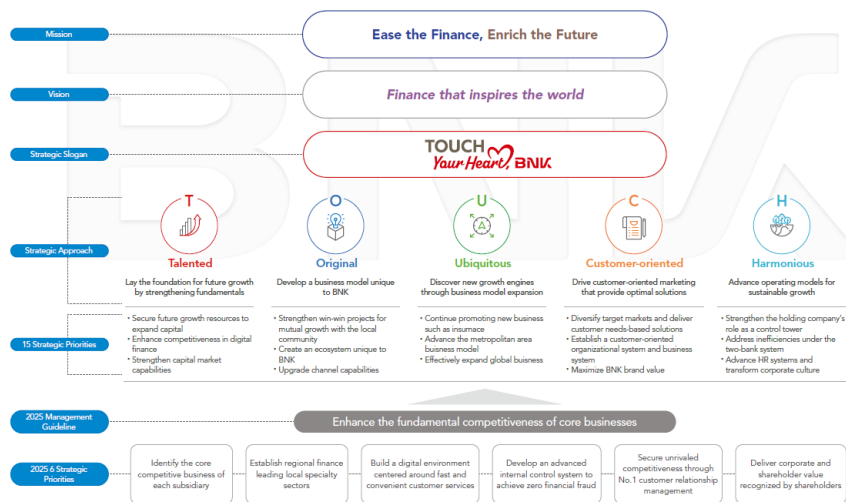
Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Links & references

- BNK Financial Group Sustainability Report 2024
- ESG Management Strategy p.10
- Progressing Towards Our Net Zero Goal p.31-39
- Joining Global Environmental Initiatives p.60
- Human Rights and Diversity Policy-making p.110
- Global Initiatives p.195-199

Response

In 2024, BNK Financial Group defined its 2024-2026 mid-to long-term ESG strategy anchored on Vision 2030, and has since been advancing ESG management at full scale. This strategy centers around three directions – advancing environmentally responsible green finance, fostering finance for shared growth together with local communities, and establishing ethical finance towards sustainability – and aligns all Group subsidiaries across 12 focus areas.



These three ESG strategic directions and the 12 priority areas are linked to the United Nations Sustainable Development Goals (UN SDGs), and the related ESG management performance is reported through the Sustainability Report (UN SDGs Index).

Furthermore, BNK Financial Group joined the United Nations Global Compact in 2020, declaring its support for the 10 principles related to human rights, labor, environment, and anti-corruption, and regularly reports on its implementation status.

In terms of environmental impact, the Group has set greenhouse gas reduction targets in accordance with the Paris Agreement and identifies, manages, and discloses climate change risks based on the TCFD.

Regarding social impact, BNK Financial Group supports international human rights and labor principles, including the UN Guiding Principles on Business and Human Rights, the core conventions of the International Labour Organization (ILO), the UN Global Compact, and the Universal Declaration of Human Rights. Based on these principles, the Group has established a human rights policy and is committed to protecting the human rights of all stakeholders.

BNK Financial Group recognizes the importance of nature and biodiversity. In line with the Kunming-Montreal Global Biodiversity Framework, BNK Financial Group disclosed its natural capital and biodiversity management strategy as a dedicated section in the 2024 Sustainability Report and enhanced its policy with reference to the TNFD framework.

In 2024, BNK Financial Group established a Biodiversity Policy that defines the Group's fundamental principles and implementation plans to promote sustainable financial activities in harmony with the natural environment. The Group encourages and practices the protection and conservation of the natural environment, ecosystems, and biodiversity throughout all aspects of its operations.

BNK Financial Group has established an ESG Finance Policy to prepare for managing biodiversity-related risks in the process of corporate lending and investment. The Group is integrating biodiversity considerations into its Environmental and Social Risk Management (ESRM) process and investment review standards. BNK Financial Group expects its clients and portfolio companies to comply with global biodiversity-related agreements according to their size and exposure to risks. When compliance is not feasible, the Group refrains from direct investment, or from providing related products and services to such companies. This policy applies equally to BNK Financial Group and all its subsidiaries, and the Group encourages its partners to adhere to this policy or to policies of an equivalent standard.

Furthermore, BNK Financial Group has established a comprehensive Environmental Management Policy to minimize negative and create positive impacts on the environment across all business activities. Under this policy, the Group systematically manages greenhouse gas emissions,

improves resource efficiency, promotes waste reduction, and advances circular economy initiatives. In addition, it conducts social contribution activities for biodiversity conservation and regularly reviews its approach to the preservation of nature and biodiversity.

To further strengthen its sustainability governance, BNK Financial Group is advancing its ESG performance management system, developing an ESG information disclosure platform, and plans to expand its coverage to include biodiversity issues and management of ESG financial products.

<Strategic Directions and Linkage with UN SDGs>

1. TOUCH OUR PLANET: Advancing environmentally responsible green finance

- 1) Progressing Towards Our Net Zero Goal
- 2) Establishing an Eco-friendly Financial Product Management System
- 3) Advancing Environmental Management
- 4) Joining Global Environmental Initiatives

*Related SDGs: SDG 7(Affordable and clean energy), SDG 9(Industry, Innovation and Infrastructure), SDG 12(Responsible consumption and production), SDG 13(Climate action), SDG 14(Life below water), SDG 15(Life on Land), SDG 17(Partnerships for the Goals)

2. TOUCH OUR COMMUNITIES: Fostering finance for shared growth together with local communities

- 5) Establishing an ESG Ecosystem in the Southeastern Region
- 6) Promoting Finance for Co-prosperity and Inclusion
- 7) Protecting the Rights and Interests of Financial Consumers
- 8) Fostering Regional Social Value Creation

*Related SDGs: SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities and Communities)

3. TOUCH OUR SUSTAINABILITY: Establishing ethical finance towards sustainability

- 9) Advancing the ESG risk management framework
- 10) Building an ESG-driven corporate culture
- 11) Establishing a Business Culture of Ethics and Compliance
- 12) Establishing an Autonomous Financial Security Framework

*Related SDGs: SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), SDG 16 (Peace, Justice, and Strong Institutions)

Principle 2: Impact & 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.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: **Scope, Portfolio Composition, Context, and Performance Measurement.**

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

- BNK Financial Group Sustainability Report 2024
- Double Materiality Assessment p12-16
- Global Initiatives GRI Initiatives *p187-189*
- Progressing Towards Our Net Zero Goal (Financed Emissions by Asset Class Covered by Sector-specific Reduction Targets) p37-39
- TCFD Report Financed Emissions by Asset Class Covered by Sector-specific Reduction Targets P29-31
- Global Initiatives SASB Index p192
- Double Materiality Assessment P13-18
- Double Materiality Assessment P15-16
- Progressing Towards Our Net Zero Goal P35-39
- Promoting Finance for Co-prosperity and Inclusion P65-67
- ESG Financial Performance P164-169
- ESG Data Pack-Environmental Performance P146-147
- TCFD Report
- METRICS AND TARGETS P23, 29-31

Response

(1) Scope

BNK Financial Group conducts double materiality assessments annually to identify and manage its significant impacts on the environment and society. This approach aims to measure both impact materiality – how our business operations affect the economy, environment and society – and financial materiality – how sustainability issues affect our growth, performance, competitiveness and other financial aspects, in relation to key ESG issues. This assessment covers all business areas, products, and services, including corporate finance, retail finance, and investment, and is conducted across all subsidiaries of BNK Financial Group.

Following the principles outlined by the GRI(Global Reporting Initiative) and the ESRS(European

Sustainability Reporting Standards), BNK Financial Group conducted a double materiality assessment, identifying a total of 14 material issues*. Among these, the top four issues with the highest materiality were selected, and the activities, management strategies, targets, progress, and performance related to these issues were reported in the Sustainability Report.

*** Material issues**

1. Financial consumer protection
2. Fostering finance for inclusion and co-prosperity
3. Ethical and compliance management
4. Climate change risk response and management
5. Revitalizing the local economy
6. Digital innovation and technology
7. Sound governance
8. Financial fraud prevention and digital security
9. Green finance
10. Human rights management
11. Sustainable finance
12. Contributing to local communities
13. Risk management
14. Environmental management governance

(2) Portfolio Composition

BNK Financial Group analyzes ESG impacts across the entire group (including the holding company and major affiliates such as Busan Bank, Kyongnam Bank, BNK Capital, BNK Investment & Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Investment, BNK Credit Information, and BNK System) and systematically manages its financial products as well as loan and investment portfolios.

Also, BNK Financial Group manages its financed emissions under a 1.5 °C scenario, setting emission reduction targets for specific sectors such as power generation within the project finance asset class, as well as commercial real estate, cement, and power generation within the corporate loan, bond, and equity asset classes.

<Target Assets and Ratios by Asset Class and Sector>

(Unit: trillion KRW, %)

Asset Class & Sector		Target Assets	Percentage
Individual loans	Mortgage	10.7	13.0%
	Auto Loans	0.9	1.1%
Project Finance	Power Generation PF	0.1	0.1%
	PF outside power generation (SOC)	0.1	0.1%

Corporate loans/bonds/ equities	Commercial Real Estate	4.9	6.0%
	Power Generation	0.6	0.7%
	Cement	0.4	0.5%
	Steel	1.1	1.3%
	Chemicals	0.8	1.0%
	Paper	0.3	0.4%
	Aluminum	3.8	4.6%
	Transportation-Passenger	0.6	0.7%
	Transportation-cargo	0.6	0.7%
	Transportation-Aviation	0.0	0.0%
	Fossil Fuels (Oil & Gas)	0.3	0.4%
	Financial business	5.9	7.2%
	Other business	51.2	62.3%
Total	82.2	100%	

Under the corporate loan/bond/equity portfolio, "other industries" include wholesale and retail; manufacturing (food and beverages, machinery, electrical equipment, and related industries); accommodation and food services; services (leisure, professional, technical, healthcare, welfare, education, and leasing); construction; transportation and warehousing; and information and communications.

Additionally, as of the end of 2024, the number of accounts, loan transactions, and loan amounts by customer type for Busan Bank and Kyongnam Bank are as follows:

< Loans: Composition by Customer Type >

(Unit: Number of loans, 100 million KRW)

Item	Busan Bank	Kyongnam Bank
Number of Personal Loans	263,727	236,694
Amount of Personal Loans	194,083	133,001
Number of SME and Small Businesses	149,323	135,486
Amount of SME and Small Businesses	389,182	273,922

< Deposit and Withdrawal Accounts: Composition by Customer Type >

(Unit: Number of accounts, 100 million KRW)

Item	Busan Bank	Kyongnam Bank
Number of retail accounts	7,410,828	5,108,849
Amount in retail accounts	200,512	117,780
Number of SME and Small Businesses	108,950	127,754
Amount in SME and Small Businesses	28,473	68,793

(3) Context

Since the adoption of the Paris Agreement in 2015, the Korean government has announced a Nationally Determined Contribution(NDC) aiming to reduce national greenhouse gas emissions by 40% by 2030 compared to 2018 levels and to achieve carbon neutrality by 2050. Among the medium- to long-term policy tasks to achieve these goals, the financial sector is recognized as a key pillar for the green industry transition and climate risk response.

Furthermore, in 2024, the "Financial Support Expansion Plan for Responding to Climate Crisis" (Financial Services Commission) and the "Green Investment Expansion Plan for Accelerating Transition to a Low-Carbon System" (Ministry of Environment) were announced. These documents include plans for expanding sustainable finance to respond to the climate crisis through cooperation between the government and commercial banks.

In early 2025, the Ministry of Environment announced its "Top 10 Environmental Policy Tasks for 2025," which include measures to expand green finance and accelerate the low-carbon transition.

In addition, the Korean government has designated responses to population decline and balanced regional development as national priorities, establishing the First Basic Plan for Responding to Population Decline Areas (2023–2027). The plan targets 89 regions nationwide, aiming to revitalize local economies and mitigate the risk of regional extinction through job creation, enhancement of living infrastructure, and incentives for business relocation.

Furthermore, the Ministry of Environment is expanding financial support worth approximately 1.5 trillion KRW through the Green Transition Guarantee Program, targeting small and medium-sized enterprises and mid-sized companies with climate and environmental technologies. It also encourages private sector green investment to actively support the transition to a low-carbon economy.

In line with these government policy directions, BNK Financial Group, as a leading regionally based financial institution centered in Busan, Ulsan, and Gyeongnam, is taking the lead in expanding green finance and realizing financial inclusion. In particular, we strive to create a sustainable regional economic ecosystem by increasing investment in local green SMEs, adopting asset management strategies that consider climate risks, and providing customized financial products for low-income households and self-employed individuals.

(4) Impact Analysis

Through a comprehensive analysis of its business portfolio and the major social and environmental challenges facing Korean society, BNK Financial Group has identified "Climate Change Mitigation" and "Inclusive Finance" as two key impact areas.

These areas represent domains where the Group can generate significant positive impacts while also requiring urgent action to minimize potential negative effects.

[Climate Change Mitigation]

While our climate response and risk management efforts may increase credit risk exposure for

companies operating in sectors subject to investment restrictions, achieving net-zero financed emissions enables us to play a role in reducing carbon emissions across domestic industries.

[Financial Inclusion]

In alignment with the Korean government’s financial policy agenda, insufficient progress in inclusive finance could lead to heightened expectations or pressure from regulators and society. By actively advancing financial inclusion for vulnerable and underserved groups, we can help ease their financial burdens and support the economic development of local communities.

(5) Performance Measurement

[Climate Change Mitigation]

BNK Financial Group joined the Partnership for Carbon Accounting Financials (PCAF) in 2022, establishing a Scope 3 financed emissions calculation framework aligned with global standards. In 2023, we introduced a dedicated financed emissions measurement system to manage emissions across seven asset classes, including listed equities, corporate bonds, business loans, project finance (PF), and commercial real estate. We primarily use corporate disclosure data, and if any data gap exists, we apply PCAF’s industry-average emission factors by accounting for all Scope 1, 2, and 3 emissions.

The total financed emissions in 2024 amount to 25.41 million tCO₂eq. Emissions associated with the asset groups of listed stocks, corporate bonds, corporate loans, and unlisted stocks are categorized into 12 industries. The emissions and intensity(emissions per investment amount) by asset group are as follows.

<Financial Emissions by Asset Group>

(Unit: trillion KRW, 10,000 tCO₂eq, tCO₂eq/100 million KRW)

Category	Measured Assets	Financial Emissions	Emission Intensity
Listed Stocks & Corporate Bonds	6.8	145	21.2
Corporate Loans & Unlisted equity	58.7	2,344	40
Project Finance	0.2	38	165.6
Commercial Real Estate	4.9	4	0.8
Mortgages	10.7	5	0.5
Automobile loans	0.9	5	5.3
Government Bonds (National)	6.1	166	27.4
Total(in line with SBTi standards, excluding sovereign debt)	82.2	2,541	30.9
Total	88.3	2,707	30

<Financial Emissions by Business Sector>

(Unit: trillion KRW, 10,000 tCO₂eq, tCO₂eq/100 million KRW)

Asset Group & Sector	Measured Assets	Financial Emissions	Emission Intensity
Power Generation	0.6	77	128.4
Cement	1.1	106	95.6
Steel	0.4	39	100.9
Chemicals	0.8	74	97.5
Paper	0.3	22	80.4
Aluminum	3.8	237	62.2
Transportation-Passenger	0.6	22	81.4
Transportation-Cargo	0.6	64	
Transportation-Aviation	0	10	
Fossil Fuels (Oil & Gas)	0.3	61	197.2
Financial business	5.9	15	2.6
Other business	51.2	1,762	34.4
Total	82.2	2,541	

BNK Financial Group defines high-carbon industries as those with a financial intensity score of 100 or higher, an exposure ratio of 5% or more, and a carbon intensity exceeding the average benchmark of 38.5. To strengthen risk management for high-carbon sectors, we will apply penalties in setting limits based on each subsidiary's portfolio starting in 2026, thereby progressively reducing our management limits for high-carbon sectors.

<Financed Intensity of High-Carbon Industries>

(Unit: 10 billion KRW, %, tCO₂eq/100 million KRW)

Industry	Investment Balance (KRW 100 million)	Exposure Ratio	Financial Intensity
F&B	12,837	2.0%	190.6
Public service	11,792	1.80%	159.5
Non-ferrous & Non-metallic	10,566	1.60%	157.9
Steel	10,525	1.60%	100.9
Construction	44,197	6.70%	84.3
Consumer Goods Distribution	40,267	6.10%	45.4

[Inclusive Finance]

In line with the government policies, under its Declaration of Inclusive Finance, BNK Financial Group has been expanding financial products and services for financially underserved groups, including the elderly, persons with disabilities, foreigners, and small business owners. As a financial institution rooted in the local economy, the Group is also undertaking various initiatives to

revitalize regional economies and address the challenges of population decline in local areas, creating positive impact on the region.

As of the end of 2024, BNK Financial Group had provided a total of KRW 13.079 trillion in inclusive financial products and services. This includes KRW 2.4338 trillion in deposit products dedicated to low-income individuals, KRW 437.2 billion to support youth entrepreneurship and local job creation, and KRW 1.3714 trillion in outstanding loans for local small business owners. (Refer to pages 164–169 of the Sustainability Report)

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

- Asset Portfolio Carbon Emissions (Financed Emissions) Inventory in alignment with PCAF Standards P36-38
- Advancing finance for shared growth to overcome local challenges P17-18

Response

(1) Target Setting

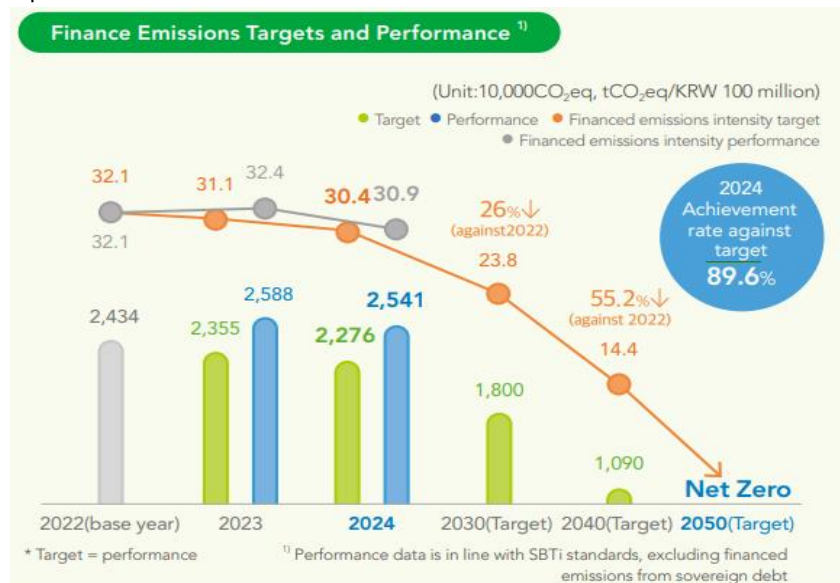
[Climate change mitigation]

BNK Financial Group has set Scope 1, 2, and 3 carbon emission reduction targets in line with the Paris Agreement. By setting specific interim goals along with the ultimate Net Zero target, the feasibility and manageability to achieve these goals have been enhanced. The targets are based on absolute emission reduction to increase consistency in long-term planning and aim to reduce the severe impacts of climate change.

- Goal 1 (Internal Emissions Net Zero)
 - 2024: 10.5% reduction compared to the baseline year (2022), achieving 28,098 tCO₂eq
 - 2030: 42% reduction compared to the baseline year (2022), achieving 18,208 tCO₂eq
 - 2045: Achieve Net Zero



- Goal 2 (Financial Emissions Net Zero)
 - 2024: 6.5% reduction compared to the baseline year (2022), achieving 22.76 million tCO₂eq
 - 2030: 26% reduction compared to the baseline year (2022), achieving 18.00 million tCO₂eq
 - 2040: 55% reduction compared to the baseline year (2022), achieving 10.90 million tCO₂eq



In 2024, BNK Financial Group received approval from the Science-Based Targets initiative (SBTi) for carbon reduction targets based on the 1.5°C scenario. For internal emissions, SBTi’s Absolute Contraction Approach (ACA) was applied, while for financial emissions, detailed SBTi-based targets were set by asset groups and sectors, including Scope 1 & 2 as well as Scope 3 emissions of companies. For carbon-intensive sectors, the Sectoral Decarbonization Approach (SDA) was applied to project finance in power generation, commercial real estate, cement, and corporate loans/bonds/equities in the power generation sector. For other asset groups and sectors, the Temperature Rating Approach (TRA) was applied. Since SBTi methodology is not provided for sectors such as project finance excluding power generation and automobile loans, the Absolute Contraction Approach (ACA) was applied consistent with internal emission measurement methods to set reduction targets. Specific targets can be found in the SBTi Target Language and Summary.



BNK Financial Group's SMART target is as below.

- SMART Target: Reduce Scope 1 and 2 emissions by 42% by 2030; achieve Net-zero by 2045
- Alignment:
 - UN SDGs – SDG 13 Climate Action
 - Korean government 2050 carbon neutrality goal
 - Paris Agreement, SBTi approval: In 2024, BNK Financial Group's Scope 1, 2, and 3 carbon reduction targets based on the 1.5°C scenario were approved by SBTi
 - Internal emission reduction target: Based on 2022 emissions, reduce 42% by 2030 and achieve Net-zero by 2045
- Baselines: 2022 emission levels
- Target Implementation: Joined PCAF; established Scope 1–3 calculation framework; measured seven asset classes (listed equities, corporate bonds, corporate loans, project finance (PF), commercial real estate, etc.); applied SDA/TRA/ACA approaches to set targets
- Monitoring / KPI: A dedicated system for measuring financed emissions is used to manage emissions.

[Inclusive Finance]

Since 2022, BNK Financial Group has implemented the "Overcoming Crisis Together Project," a three-year plan to provide a total of KRW 14.7205 trillion in support for low-income households, vulnerable groups, and economic recovery.

Building on this initiative, starting in 2024 BNK Financial Group announced the declaration of "shared growth with local communities," that seeks win-win partnerships and inclusive finance in the communities we serve under which it plans to provide financial support totaling KRW 18.4 trillion.

These initiatives contribute to the achievement of the UN SDGs (SDG 1: No Poverty, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities) and align with the Korean government's policy direction emphasizing inclusive and co-prosperity finance.

We are managing inclusive finance target as below.

- **Baseline & Target:** As of 2024, BNK Financial Group set a target to provide **KRW 18.4 trillion in financial support** to low-income households, financially vulnerable groups, small business owners, and local residents.
- **Target Implementation & Actions:**
 - Building on the “Overcoming Crisis Together Project” initiated in 2022, BNK Financial Group has expanded support for low-income and vulnerable populations, provided assistance for business recovery, and increased financial access.
 - Inclusive financial products—including loans, savings accounts, and deposit/withdrawal accounts—are delivered through Busan Bank and Kyongnam Bank.
 - A total of 598 partnerships were established to promote regional shared growth and ESG education (e.g., agreements with Busan Metropolitan City, Korea Asset Management Corporation (KAMCO), and the Financial Supervisory Service).
- **Monitoring & KPIs:**
 - KPIs include the number of transactions of inclusive finance products, the number of customers served, and the total volume of financial support.
- **Transition / Milestones:**
 - Between 2025 and 2026, BNK Financial Group plans to extend financial support to an additional 100,000 low-income and small business customers.
 - Continuous improvements of financial product capabilities

For detailed information on product types and specific performances of 2024, please refer to pages 164-169 of the 2024 Sustainability Report.

(2) Action Plan

[Climate Change Mitigation]

BNK Financial Group has established a roadmap for carbon emission reduction and is implementing 11 detailed action plan to achieve Net Zero goals according to its mid- to long-term ESG strategy direction. Detailed plans and performance for each action task can be found on page 35 of the Sustainability Report.

<Carbon Emissions Reduction Roadmap>

- Short-term : Phase 1(- 2030): Lay the foundation for Net Zero
 - Develop a low-carbon financial operating model
- Mid-term : Phase 2(- 2040) Accelerate net zero efforts
 - Operate low-carbon finance at scale
- Long-term : Phase 3(- 2050) Achieve net zero and generate revenue
 - Achieve net zero emissions and generate revenue from low-carbon products

<Detailed Action Tasks for Carbon Emission Reduction>

- Achieve net zero operational emissions by 2045
 - Greening: Strengthen activities to meet operational emissions reduction targets at

Group affiliates

- Establish a workplace carbon emissions management system
- Expand the transition to low-emission cars
- Use renewable energy
- Enhance low-carbon day-to-day routines

- Achieve net zero financed emissions by 2050
 - Positive Screening: Invest in industries, companies and projects with outstanding ESG assessment results
 - Establish an eco-friendly financial product management system
 - Expand investments in leading ESG companies and eco-friendly financial initiatives
 - Negative Screening: Exclude carbon-intensive investments as well as industries and businesses failing to meet ESG criteria
 - Reinforce climate risk management
 - Reduce investment in high-carbon industries
 - Engagement: Encourage GHG emissions adjustment and reduction among businesses through corporate networking
 - Manage ESG risks of corporate customers
 - Expand financial support for local businesses
 - Provide ESG capacity-building advisory for businesses in the southeastern region

[Inclusive Finance]

BNK Financial Group, through its four affiliates — Busan Bank, Kyongnam Bank, BNK Capital, and BNK Savings Bank — jointly participated and established detailed support plans to support low-income households, vulnerable groups, and economic recovery through the 'Overcoming Crisis Together.' These initiatives contribute to the achievement of the UN SDGs (SDG 1: No Poverty, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities) and align with the Korean government's policy direction emphasizing inclusive and co-prosperity finance.

From August 2022 to July 2025, a total of 14.7205 trillion KRW will be supported, defining goals and detailed tasks with target amounts for each subsidiary.

■ Goal 1 (Support for inclusive finance)

- Support scale: KRW 5.935 trillion
- Number of action items: 16
- Main tasks:
 - Provide preferential rate housing loans
 - Support newlyweds and young adults with deposit rent loans
 - Offer business loan support for small business owners
 - Offer financing support for financially-underserved groups
 - Support interest rate reductions for high-interest products

■ Goal 2 (Support for Vulnerable Groups)

- Support scale: 7.326 trillion KRW

- Number of action items: 25
- Main tasks:
 - Support special guarantee loans for small business owners and self-employed individuals
 - Support interest rate reductions for vulnerable groups facing high interest rates
 - Support youth self-reliance with Busan Youth Double Happiness Account
 - Supply 'safe refinancing loans'
 - Support self-employed people with early repayment fees under debt restructuring programs

■ Goal 3 (Recovery Support)

- Support scale: 1.4595 trillion KRW
- Number of action items: 14
- Main tasks:
 - Refinancing program for high-interest loans
 - Cancellation of time-barred debts held by socially vulnerable groups
 - Delinquent interest reduction program for small businesses affected by COVID-19
 - Provide working capital support for self-employed individuals including consulting and business site upgrades

(6) Target Implementation and monitoring

[Climate Change Mitigation].

As of 2024, the status of internal emissions (Scope 1 & 2) and financial emissions (Scope 3) is as follows. The achievement rate against set targets was reviewed, and plans for achieving next year's goals were established. For internal emissions, the set reduction targets were met, but financial emissions exceeded the 2024 target by 2.65 million tCO₂eq. To address this, continuous management will be carried out through the expansion of a low-carbon portfolio.

- Goal 1 (Internal Emissions Net Zero)
 - Scope 1+2 Emissions: Target 28,098 tCO₂eq (10.5% reduction from 2022 baseline), Actual 28,406 tCO₂eq
 - Achievement Rate: 99%
- Goal 2 (Financial Emissions Net Zero)
 - Absolute Emissions: Target 22.76 million tCO₂eq, Actual 25.41 million tCO₂eq
 - Financial Intensity: Target 30.4 tCO₂eq / 100 million KRW, Actual 30.9 tCO₂eq / 100 million KRW
 - Achievement Rate: 101.6%

[Inclusive Finance]

BNK Financial Group implemented a total of 54 initiatives under the "Overcoming Crisis Together Project," covering support for low-income households, vulnerable groups, and business recovery. The Group achieved results exceeding its targets, with KRW 4.5262 trillion in 2022, KRW 6.6756

trillion in 2023, and KRW 3.546 trillion in 2024. As of the end of 2024, the progress and performance are as follows (refer to pages 62–67 and 165–169 of the Sustainability Report):

- **Goal 1 (Support for Low-Income Financial Services)**

- Amount supported: KRW 5.291 trillion
- Progress rate: 164.4%

- **Goal 2 (Support for Vulnerable Groups)**

- Amount supported: KRW 5.264 trillion
- Progress rate: 93.2% (based on amount)

- **Goal 3 (Support for Business Recovery)**

- Amount supported: KRW 646.4 billion
- Progress rate: 78.9% (based on amount)

BNK Financial Group officially declared its “Regional Co-Prosperity Management” initiative and, as of the end of 2024, provided approximately KRW 3.546 trillion in financial support to small and medium-sized enterprises (SMEs), small business owners, local industries, financially vulnerable groups, and regional crisis response efforts.

To address complex regional challenges such as population decline, industrial outflow, and the risk of local extinction, BNK Financial Group announced the “Regional Co-Prosperity Management” initiative on August 30, 2024. To implement this strategy, the Group plans to provide a total of KRW 18.4 trillion in financial support.

Based on this declaration, the Group will pursue four key strategic priorities:

1. Support for SMEs and small business owners
2. Promotion of region-specific industries
3. Protection of financially vulnerable groups
4. Response to regional crises

Through these efforts, BNK Financial Group continues to drive meaningful and sustainable outcomes at the group level, focusing on implementation performance and monitoring systems. By easing the financial burden on self-employed individuals and financially vulnerable groups amid concerns over prolonged economic downturns and rising prices, the Group aims to contribute to the achievement of the UN Sustainable Development Goals (SDGs)—including SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth)—and to support the Korean government’s direction for financial inclusion.

Principle 3: Clients & 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.

Client and Customer engagement

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 activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

- ESG Financial Policy - <https://eng.bnkfg.com/05/05.jsp>
- BNK Financial Group 2024 Sustainability Report
- Operating an ESG Risk Management Process p.101
- Offering Products Linked to Environmental Performance p.43
- Establishing an Eco-friendly Financial Product Management System p.43
- Green Loans p.169
- ESG Data Pack / Green Deposit and Installment Savings Products p.166
- ESG Data Pack / Green Card Products p.166
- Promoting Resource Circularity through Upcycling p.50

Response

BNK Financial Group establishes and operates related policies and procedures to promote sustainable practices of its clients and customers.

• **ESG Financial Policy**

The ESG Financial Policy, applied to all financial products and services of BNK Financial Group, clearly states our commitment to providing diverse eco-friendly and inclusive financial products and services. It also includes actively communicating to improve customers' ESG performance.

• **Reflecting ESG Factors in Loan and Investment Screening Processes**

BNK Financial Group has established an investment screening process incorporating ESG risks in internal investment regulations and asset management policies. When evaluating corporate credit, we systematically assess companies' ESG management levels using an ESG checklist and have set standards for preferential interest rates for ESG-excellent companies. In the credit post-management phase, ESG risks are key inspection items for continuous monitoring, and we verify whether funds provided to ESG-excellent companies are used appropriately.

BNK Financial Group develops financial products and services necessary for the growth of eco-friendly companies to respond to climate change and support the transition to a low-carbon economy. We also promote environmental awareness by launching eco-friendly deposits and

credit cards made with eco-friendly materials, encouraging individual customers to voluntarily participate in green finance.

- Green Loan Products

Support loans to eco-friendly companies: Provide financial benefits to companies contributing to energy efficiency improvement, pollution reduction, and renewable energy expansion. We actively support loans to companies requiring green investment funds.

(Total supply in 2024: KRW 629.7 billion)

Green Vehicle Financing Products: To encourage the purchase of eco-friendly vehicles, Busan Bank operates the "Eco-friendly Bus Purchase Loan" program, which offers higher loan limits and preferential interest rates to bus companies purchasing eco-friendly buses (such as CNG and electric buses).

BNK Capital provides auto-secured loans using eco-friendly vehicles as collateral, with loan limits set 20% higher than those of conventional auto loans. In 2024, BNK Capital recorded KRW 259 billion in financing for 5,544 eco-friendly vehicle operating loans and KRW 160.3 billion in financing for 4,546 eco-friendly vehicle auto loans.

- Green Deposit and Savings Products

Green deposits and savings: To enable citizens to practice carbon reduction in daily life, we offer deposit and savings products that provide preferential interest rates upon certification of eco-friendly activities by individuals.

(Total sales in 2024: KRW 362.5 billion)

- Green Card Products

Green Card: To encourage eco-friendly consumption by individual customers, mileage is accumulated when reducing electricity, water, and city gas usage, and a 50% discount is provided for charging eco-friendly vehicles.

(Total usage in 2024: KRW 947.2 billion)

Eco-friendly material cards: We use eco-friendly material cards manufactured using R-PVC (Recycled-PVC) produced by recycling waste plastic and BIG, a PVC-free synthetic resin, which helps reduce environmental pollution throughout its lifecycle. Busan Bank issued total of 149,027 green material cards in 2024 alone, covering six types of cards including DingDing credit cards, Dongbaekjeon prepaid cards (2 types), Today's e-cards (2 types), and Green Cards.

(In 2024, 149,027 cards issued across 6 product types)

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 your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

- Sustainable Financial Product Performance P41
- 2024 Key ESG Fund Sales/Management Performance P171
- Establishing an Eco-friendly Financial Product Management System p.45-46
- Promoting Finance for Co-prosperity and Inclusion p.66-67
- ESG Financial Performance p.165-169

Response

• ESG Fund – Climate Change Response

SDG 7: Affordable and Clean Energy for All,
SDG 12: Responsible Consumption and Production,
SDG 13: Climate Action

BNK Financial Group offers ESG fund products that seek stable returns while expanding positive environmental and social impacts. ESG funds that comply with responsible investment policies support companies with excellent non-financial factors in environmental(E), social(S), and governance(G) aspects, and also contribute to securing financing channels for companies providing products and services that help the transition to a low-carbon society such as solar power and electric vehicles(EVs).

In 2024, a total KRW 957.6 billion were sold and managed including the "BNK Sustainable ESG Securities Investment Trust No.1" product.

• ESG Bonds – Climate Change Response, Financial Inclusion

SDG 1: No Poverty,
SDG 8: Decent Work and Economic Growth for All,
SDG 7: Affordable and Clean Energy for All,
SDG 12: Responsible Consumption and Production,
SDG 13: Climate Action

BNK Financial Group has established an ESG bond issuance management system to systematically manage the entire process from issuance to post-monitoring. The system is designed in accordance with the International Capital Market Association(ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, including fund allocation,

project evaluation and selection, fund management, and post-reporting.

Raised funds are used for renewable energy production, expansion of green transportation, greenhouse gas reduction, basic livelihood support for vulnerable groups, and regional economic revitalization.

In 2024, KRW 600 billion worth of ESG bonds were issued, and a total of KRW 3.0845 trillion was invested in ESG bonds.

• **Financial Products for Low-Income and Financially Vulnerable Groups – Financial Inclusion**

SDG 1: No Poverty,

SDG 8: Decent Work and Economic Growth for All

BNK Financial Group provides various products and services to maximize positive impact through co-prosperity with small business owners and financially vulnerable groups, fulfilling its social responsibility as a regional bank.

Loan products include A New Hope Loans and Sunshine Loans to improve financial access for low-credit customers.

Deposit products include Happiness Keeper Account and Hope Keeper Account, which support asset formation for vulnerable groups through high interest rates.

Card products include Multi-Children Love Card for families with multiple children, Braille Card for the visually impaired, Happy People Card which supports various government voucher uses, Happy Tomorrow Card to assist vocational high school students preparing for employment, and Youth Support Card to fund activities and operation costs of job-seeking youth.

Principle 4: Stakeholders

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

Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has 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 the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links & references

- BNK Financial Group 2024 Sustainability Report
- Fostering Stakeholder Communication P.14
- Reaching Closer to Financial Consumers P.71
- Establishing and Operating a Human Rights Grievance Handling Process P.116
- Strengthening Employee Communication and Satisfaction P.126
- Human Rights and Diversity Risk Management P.114-115
- Pursuing Mutual Benefits with Partners P.108
- Human Rights and Diversity Risk Management P.114-11
- Targets and Metrics for Establishing an ESG Ecosystem in the Southeastern Region P.64
- Progressing Towards Our Net Zero Goal P.30-32
- Joining Global Environmental Initiatives P.60

Response

BNK Financial Group define and categorize internal and external stakeholders into six groups with a view to systematically manage the needs of stakeholders who affect our business operations in the overall key strategy development and execution process including materiality assessments. We reach closer to our stakeholders through a wide array of communication channels. Additionally, as part of impact analysis, quantitative evaluations involving both internal and external stakeholders are conducted annually through the Double Materiality assessment process to incorporate the opinions of various stakeholders.

- Customers
 - Definition: Groups including individual and corporate customers who use financial products and services and exert influence
 - Communication and Collaboration Methods:
To deliver customer satisfaction through open communication, BNK Financial Group operates the customer panel system.
Busan Bank collects varying feedback on new product planning and development as well as the improvement of existing products and services through its customer panel program 'CX Explorer'. Selected members of the panel present improvement ideas from the consumer

viewpoint on monthly assignments and free topics. Actionable ideas are reviewed at the CX Association chaired by the Head of the Management Strategy Group. In 2024, the CX Association met 10 times in total, discussing 96 improvement ideas, out of which 75 were implemented.

Kyongnam Bank operates a region-based customer panel and channels discussion outcomes to relevant departments to support meaningful improvements. In 2024, the 9th Customer Panel—comprising 12 local customers—was selected and conducted discussions on topics such as increasing core deposits and providing feedback on service channel usage. The insights generated through these sessions were shared with the appropriate departments for follow-up action.

- Employees

- Definition: Subjects realizing the company's vision and values to achieve management goals, including staff and labor unions

- Communication and Collaboration Methods:

We operate 24/7 grievance handling channels for stakeholders to file actual or potential human rights violations and grievances arising from business operations. Grievance handling channels serve as measures to mitigate and remediate the adverse effects associated with human rights risks. Stakeholders are free to raise their grievances via wide-ranging channels, including mobile devices, QR codes, in-person interviews, phone calls, and email. The grievance handling department, upon receiving a report, investigates the case, take follow-up action, and notify the results and feedback according to internal procedures. Busan Bank recorded 120 grievance reports, with 35 processed; Kyongnam Bank recorded 115, with 63 processed. BNK Financial Group operates a range of programs to promote communication among employees and enhance their organizational satisfaction. We have implemented the Birkman Assessment approach since 2024 to systematically identify employees' tendencies, work engagement, and stress levels. In the first quarter of 2025, we conducted an online satisfaction survey on all employees from seven subsidiaries. We measured satisfaction of 9.5% of total BNK Financial Group employees. The analysis revealed that the satisfaction score was 3.99 out of 5. Additionally, regular HR meetings are held with labor unions to encourage union activities and build cooperative, sound labor-management relations.

- Shareholders and Investors

- Definition: Shareholders and investors who influence BNK Financial Group's sustainable growth decisions

- Communication and Collaboration Methods:

To address increased shareholder and investor interest in business structure sustainability and concerns over greenwashing risks in green financial products, transparent information disclosure and active communication are conducted to enhance trust. This includes disclosure of financial and stock information, climate change-related risks and opportunities, strategies, green finance performance and investment amounts, as well as social contribution efforts such as support types and budgets for low-income and financially vulnerable groups.

- **Partners**
 - Definition: Groups with which BNK Financial Group pursues mutual growth based on partnership and trust
 - Communication and Collaboration Methods:

Each subsidiary leads social responsibility fulfillment and safety/environmental value realization through mutual growth and improvement of working conditions with partners. Particularly, BNK Savings Bank provides exclusive office spaces for outsourced counselors and operates regular meetings to reflect field opinions.

Human rights issues of customer counseling workers, including those belonging to partners, are managed. A grievance box for counselors is operated, and regular inspections and support regarding human rights violations during customer counseling are provided. In cases of complaints, 30 minutes of rest per case and mental health workshops are offered to manage counselors' human rights comprehensively.

- **Local Communities**
 - Definition: Groups including local communities, environmental organizations, media, and academia that share regional issues and cooperate for solutions
 - Communication and Collaboration Methods:

Under the management philosophy of 'Together with the Region, to the World,' BNK Financial Group aims to revitalize the local economy and foster mutual growth with local communities. It supports promising local ventures and startups and provides financial support to key regional industries. Particularly, in response to the regional extinction crisis due to youth population decline, support for youth job-creating companies is strengthened, and regional talent is discovered and nurtured to lead youth job creation.

- **Government and Regulatory Agencies**
 - Definition: Governments, National Assembly, Financial Supervisory Service, etc., leading corporate social responsibility to strengthen the competitiveness of the financial industry
 - Communication and Collaboration Methods:

Government and regulatory agencies establish policies and guidelines enabling financial companies to transition to a sustainable economy. In 2021, the Financial Supervisory Service announced the 'Climate Risk Management Best Practice Guidelines for Financial Companies,' upon which BNK Financial Group established a governance system for climate change response, measured climate risks, and formulated appropriate response strategies. In addition, in accordance with TCFD recommendations, climate risk-related information is disclosed transparently, and ESG finance and management-related materials required by financial authorities and the Banking Association are also reported transparently.

Moreover, BNK Financial Group participates in various global initiatives to discuss sustainability agendas such as climate change and human rights, striving to effectively manage the impact of management activities according to global standards.

Global Initiatives Joined by BNK Financial Group

- UNGC (United Nations Global Compact) – Joined July 2020
- CDP (Carbon Disclosure Project, Capital Market Signatory) – Joined May 2021
- TCFD (Task Force on Climate-related Financial Disclosures) – Joined May 2021
- UNEP FI (United Nations Environment Programme Finance Initiative) – Joined March 2022
- PCAF (Partnership for Carbon Accounting Financials) – Joined March 2022
- SBTi (Science Based Targets initiative) – Joined March 2022

Principle 5: Governance & Culture

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

Governance Structure for Implementation of the Principles

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 (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

Links & references

- BNK Financial Group 2024 Sustainability Report
- ESG Management Framework p.11
- Implementation Organization for Inclusive & Co-prosperity Finance P.65
- Double Materiality Assessment p.16
- Incorporating Climate Change Metrics in Performance Appraisals P.30

Response

- ESG Committee

To continuously strengthen the oversight and management of ESG practices, BNK Financial Group established an ESG Committee under the Board of Directors in March 2021. The ESG Committee serves as the control tower for the Group's ESG management activities, establishing ESG strategies and policies and overseeing all ESG-related matters. In addition, both Busan Bank and Kyongnam Bank have each established and operate their own ESG Committees.

The ESG Committee is composed of the CEO and outside directors, with the Chair position held by an independent outside director with expertise in information technology and climate sector. The ESG Committee convened four times in 2024. Key agenda items discussed included the appointment of the Chair, establishment of mid- to long-term ESG strategy plans, publication of the Sustainability Report, and reporting on major ESG issues of the Group. The committee oversees the formulation and execution of the Group's ESG strategies. In addition, the Board of Directors conducts an annual assessment of the ESG Committee's operations. In the assessment of 2024 operations conducted in January 2025, the Committee was rated "S" across all categories of member competency, employee evaluations, and attendance, demonstrating the excellence and effectiveness of BNK's ESG governance framework.

- ESG Practitioner Council

BNK Financial Group operates the ESG Practitioner Committee composed of ESG personnel from each subsidiary. The Committee reviews the implementation of ESG management across subsidiaries as well as BNK Financial Group while reporting to the ESG Committee and supporting our overall response to key ESG issues. Key issues are discussed and relevant information is shared

to support our efforts to manage ESG risks and identify opportunities. Specifically, quarterly in-person or virtual meetings serve to monitor progress in ESG management and continuously engage in discussions to foster an ESG-driven culture and uncover improvement tasks.

- Regional Coexistence ESG Promotion Committee

In 2024, BNK Financial Group established the 'Regional Mutual ESG Promotion Committee' with the direct participation of subsidiary CEOs, to discuss and decide on inclusive finance strategies with an aim to pursue mutual growth with local communities and meet the needs of financial-underserved groups, strengthening its governance framework. As part of our broader ESG strategic directions, the Committee has selected 'co-prosperity finance' as a key implementation task, and defined goals that include promoting partnerships with local businesses, supporting the financially-underserved, and establishing an ESG ecosystem in the southeastern region. The Committee for ESG Implementation for Regional Co-prosperity enables us at BNK Financial Group to foster ESG management across local communities while offering full advisory and support services to assist local businesses in introducing and strengthening ESG management.

- Compensation System for Sustainability Goals

BNK Financial Group incorporates ESG targets into Groupwide management innovation tasks and key departmental business plans for performance evaluation and aligns these targets with financial incentives. Specifically, Busan Bank and Kyongnam Bank have defined their ESG metrics – achievement of energy consumption targets, reductions in paper and printer toner use, and reductions in GHG emissions – as part of their KPIs and apply these metrics in department-level performance evaluations. The KPIs of business headquarters are reflected in the performance assessment of headquarters executives, based on the progress achieved and efforts made in key operations. Looking ahead, BNK Financial Group will expand the application of ESG performance metrics across all subsidiaries and relevant departments. Additionally, the 'supply of social finance product' is reflected in the CEO's qualitative performance evaluation. To strengthen climate risk response and management, the responsibilities and roles related to climate risk have been explicitly included in the Head of Risk Management's accountability structure. Furthermore, BNK Financial Group is considering reflecting climate risk-related matters in the performance indicators of the Head of Risk Management starting in 2025.

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, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Links & references

- BNK Financial Group 2024 Sustainability Report
- Advancing Environmental Management p.48
- ESG Policy - <https://eng.bnkfg.com/05/05.jsp>

Response

- ESG Training

Under the leadership of the Talent Development Institute of BNK Financial Group, we provide on-offline trainings annually to help employees implement eco-friendly practices and raise ESG awareness.

In 2024, ESG training was included into training designed for promoted employees and new hires as well as in cross-functional training conducted for all Group employees. Furthermore, 13 ESG personnel from each subsidiary completed the ESG expert course provided by the Federation of Korean Industries and became qualified ESG professionals.

A total of 5,559 employees completed online training on ESG, climate change, and carbon neutrality.

In the second half of 2024, 60 employees promoted to grades 3 and 4 and 85 new employees attended ESG offline lectures to improve their understanding of ESG.

We also support our employees in freely attending eco-friendly educational programs made available through the Korea Banking Institute (KBI FLEX), including 'Strategy for a Sustainable Environment', and 'Zero Carbon Footprint'.

- ESG Policies

To spread the value of sustainability, BNK Financial Group has established and distributed ESG policies applicable to employees across all affiliates. Through relevant policies and guidelines such as the Code of Ethics (ethical standards for employees' conduct), Environmental Management Policy (for climate change response), Community Engagement Policy (for local community contribution and development), and Human Rights Policy (to strengthen human rights and diversity), BNK Financial Group communicates its core values to all members.

Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, 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 your bank has in place to oversee these risks.

Links & references

- Best Practice for Environmental and Social Risk Management
<https://eng.bnkfg.com/05/05.jsp>

Response

- **Environmental and Social Risk Management Policy Framework**

BNK Financial Group has established an "Environmental and Social Risk Management Policy Framework" to systematically manage environmental and social risks that may arise within its portfolio, including climate crisis, biodiversity, human rights, health and safety. This framework defines the ESG factors to be considered during financial support and outlines procedures for recognizing, measuring, monitoring, and managing environmental and social risks. For potential or

identified risks, improvement actions are actively implemented through principles and standards regarding exclusion, caution, and support areas. This framework applies to all financial products and services offered by BNK Financial Group, including corporate finance, retail finance, private banking, investment banking, project finance, and asset management.

- **ESG Checklist**

BNK Busan Bank, BNK Kyongnam Bank, BNK Capital, and BNK Asset Management apply an ESG checklist in their loan and investment screening processes to manage portfolio risks as defined under the Environmental and Social Risk Management Policy Framework.

Busan Bank and Kyongnam Bank approve loans or investments for clients whose ESG checklist results meet internal standards through general credit and investment procedures.

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.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report

BNK Financial Group 2024 Sustainability Report

- Independent Verification Opinion Statement P.200

This PRB (Self-Assessment) report is based on BNK Financial Group's Sustainability Report, which has been assured by an independent assurer, ensuring the reliability and transparency of the report