



# 2025 JB Financial Group PRB Report and Self-Assessment

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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.

JB Financial Group, a young and strong hidden champion representing the Honam region, is a comprehensive financial institution offering a full suite of financial services. The Group comprises five domestic subsidiaries and four overseas sub-subsidiaries, operating under a holding company structure. With the holding company at its core, JB Financial Group drives synergy and collective growth through its nine key subsidiaries, including the domestic subsidiaries Jeonbuk Bank, Kwangju Bank, JB Woori Capital, JB Asset Management, and JB Investment, as well as the overseas sub-subsidiaries PPCBank in Cambodia, JB Securities Vietnam, JB Capital Myanmar, and JB PPAM.

As of December 31, 2024, JB Financial Group operates a total of 278 branches (228 in Korea, 50 in overseas countries). In Korea, we have expanded our presence into key areas, including the Seoul metropolitan region while maintaining strong roots in Jeonbuk, Gwangju, and Jeonnam. At the same time, we have established a foothold in the Southeast Asian market to provide localized financial services in Vietnam, Cambodia, and Myanmar. Going forward, we will cement our offline branch network with another focus on enhancing our business capabilities to excel on the global stage, making strides toward a comprehensive financial group that brings life to local economies.

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JB Financial Group's key business areas are divided into four sectors:

1. Banking (Jeonbuk Bank, Kwangju Bank, Phnom Penh Commercial Bank)
2. Specialized Credit Finance (JB Woori Capital, JB Investment)
3. Collective Investment (JB Asset Management)
4. Securities (JB Securities Vietnam)

As of the end of 2024, the annual net income (on a separate basis) attributable to each of JB Financial Group's major subsidiaries is as follows: Jeonbuk Bank at 25%, Kwangju Bank at 39%, JB Woori Capital at 31%, and PPCBank—a sub-subsidiary in Cambodia—at 5%.

## 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: TCFD

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Korea's Labor Standards Act, Korea's Occupational Health and Safety Act, Human Rights Guidelines

☐ None of the above

JB Financial Group participates in various sustainability standards and global initiatives. After joining the Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures

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(TCFD) in 2021, we have been active as a signatory to the Net-Zero Banking Alliance (NZBA), United Nations Environment Programme Finance Initiative (UNEP FI), and the United Nations Principles for Responsible Banking (UN PRB), United Nations Global Compact (UNGC). Additionally, the group joined the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi). In 2022, we declared our goal of "Net Zero by 2035 for direct & indirect emissions and by 2045 for financed emissions," receiving approval for its reduction targets from SBTi.

Under its ESG mission, "JB Financial, your reliable partner for a better future," JB Financial Group applies sustainability in all aspects of its operations and business to enhance its own sustainability while contributing to global sustainable management goals. In particular, the group has established ESG strategic directions informed by global sustainability goals in the UN SDGs and the Paris Climate Agreement, aligning with initiative targets and monitoring implementation progresses.

The ESG strategic framework of JB Financial Group is disclosed on the website and in the integrated report. The three main strategic directions are as follows:

1. Transition to Sustainable Future Finance: Striving to achieve SDGs 7, 12, 13, 14, and 15 by raising energy efficiency, investing in renewable energy products and developing financial products that facilitates the transition to a low-carbon economy.
2. Finance contributing to local communities by generating social value: Tailoring its financial activities to realize SDGs 1, 3, 4, 8, and 9 by supporting marginalized groups, expanding tailored training opportunities for migrant workers and other target groups, creating decent jobs, reducing inequality and building peaceful societies.
3. Trustworthy finance underpinned by transparency: Enhancing managerial transparency, ethical business practices, earning

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customer trust, and strengthening internal controls to meet SDGs 10, 16, and 17.

JB Financial Group conducts human rights impact assessments based on the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Core Principles. It identifies and mitigates actual and potential human rights risks (such as discrimination, forced and child labor, and health and safety assurance) that may affect key stakeholders, including executives/employees, business partners, local communities, and customers.

## 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 regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**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.

JB Financial Group used the Portfolio Impact Analysis Tool of the United Nations Environment Programme Finance Initiative (UNEP FI) to assess the impacts of our activities, products, and services on society and the environment. This analysis was informed by data as of the end of December 2024, considering the impact analysis based on the core business area of loans, utilizing the household loan

<https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>

<sup>1</sup> 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.

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

<p>portfolios of Jeonbuk Bank and Kwangju Bank, as well as the corporate loan portfolios categorized by industry.</p> <p>In 2024, Jeonbuk Bank's KRW loans amounted to KRW 18.1 trillion, and Kwangju Bank's KRW loans totaled KRW 23.5 trillion. The corporate loans of both banks grew by more than 8% compared to the previous year, while household loans slightly decreased due to the repayment of mortgage loans and interim payment loans.</p> <p>Overseas business activities were excluded from the 2024 analysis as they accounted for a negligible proportion of total operating revenue. In future portfolio analyses, these activities will be included to assess regional impact.</p>	<p>2024 JB Financial Group Integrated Report p. 119~121</p>
<p><b>b) <u>Portfolio composition:</u></b> 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</p> <p>i) by sectors &amp; industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products &amp; services and by types of customers for consumer and retail banking portfolios.</p> <p>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.</p>	
<p>JB Financial Group conducted an impact analysis of its portfolio composition, examining the industry proportions for Corporate Loans and performing a type-based analysis for Household Loans. For corporate loans, the analysis was industry-specific due to the varying risks and opportunities associated with different sectors. For household loans, the analysis aimed to assess the social impact based on the purpose of the loans.</p> <p>This analysis used the household loan portfolios of Jeonbuk Bank and Kwangju Bank, as well as the corporate loan portfolios broken down by industry. The following are the portfolio composition ratios of JB Financial Group as of the end of December 2024.</p>	<p>2024 JB Financial Group Integrated Report p. 119~121</p> <p>Portfolio Impact Analysis Tool for Banks: <a href="https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/">https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/</a></p>

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

[Corporate Loan Portfolio by Industry]

Real estate/Lease	41.2%
Wholesale/retail	9.0%
Manufacturing	9.1%
Construction	6.5%
Other	34.2%

[Household Loan Portfolio]

Houshold credit	31.1%
Residential mortgage	46.5%
Other household	22.4%

**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?<sup>4</sup> 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.*

JB Financial Group is implementing the following process to identify key issues and priorities related to sustainable development.

[United Nations Environment Programme Finance Initiative (UNEP FI) Portfolio Impact Analysis Tool]

JB Financial Group utilized the identification tool provided by the UNEP FI to analyze various statistics and metrics. This enabled the group to assess the impact of financial activities on society and the environment. The latest government policy documents, particularly the 2025 New Year's Address to the Nation and the 20 key tasks in the 2025 Budget Plan, were thoroughly reviewed to reflect priorities set by the government. Additionally, data from the Korea Sustainable Development Portal was used to analyze the implementation level of K-SDG goals and inform subsequent trend and scenario analysis.

The major areas impacted by JB Financial Group in the corporate sector are as follows:

Positive Impact	Negative Impact
Availability, accessibility, affordability, quality of resources & services	Availability, accessibility, affordability, quality of resources & services
Health & safety	Health & safety
Livelihood	Livelihood
Healthy economies	Circularity

<https://ncsd.go.kr/>

2024 JB Financial Group Integrated Report p. 18,19,20,21

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



The major areas impacted by JB Financial Group in the household sector are as follows:

Positive Impact	Negative Impact
Availability, accessibility, affordability, quality of resources & services	Availability, accessibility, affordability, quality of resources & services
Socio-economic convergence	Climate stability
Strong institutions, peace & stability	Circularity

[Stakeholder Engagement and Prioritization Process]

JB Financial Group incorporated the results of the double materiality assessment conducted for the publication of the 2024 Integrated Report into its impact analysis. Stakeholders were engaged in the process of selecting material topics, critically contributing to the prioritization thereof. The key priority areas identified through the double materiality assessment are as follows:

1. Integrated risk management
2. Securing future competitiveness
3. Financial consumer protection
4. Response to climate change
5. Talent development and capacity enhancement

In this manner, JB Financial Group determined priority areas in reference to the UNEP FI tool and the results of the double materiality assessment, by which the group is formulating strategies that align with sustainable development goals and the Paris Agreement on climate change.

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.

Referring to the UNEP FI tool, the results of the double materiality assessment, and its ESG promotion strategy, JB Financial Group has selected 'Response to Climate Change' and 'Inclusive Finance and Social Contribution' as key focus areas before developing and implementing strategies to amplify positive impacts and mitigate negative impacts.

<https://www.unepfi.org/impact/unep-fi-impact-analysis-tools/portfolio-tool/>

Based on the analysis using the UNEP FI tools, the positive impacts of climate change response include availability, accessibility, affordability, and quality of resources and services, as well as health and safety. The negative impacts include climate stability and circularity.

The positive impacts of enhancing inclusive finance and social contribution include livelihood, healthy economies, socio-economic convergence, and strong institutions, peace, and stability. The negative impacts include availability, accessibility, affordability, and quality of resources and services, as well as health and safety.

**d) For these (min. two prioritized impact areas): Performance measurement.** 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.

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](#).

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.

*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.*

<sup>5</sup> 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.

<p>[Response to Climate Change]</p> <p>1. Risks and Opportunities</p> <p>Climate change has led JB Financial Group to face risks such as decline in collateral value and deterioration in customer creditworthiness. In addition, climate change is posing new risks to economic and financial systems, which possibly spills over to conventional risk areas. However, this also opens chances to expand green financial products and create new investment opportunities.</p> <p>2. Business Case and Strategy</p> <p>In response to climate change, JB Financial Group has developed plans to reduce both direct &amp; indirect emissions and financed emissions, and is ending coal finance and expanding green finance. To this end, the group has implemented a climate risk response system, and a climate risk control framework under which a stress test is being conducted.</p> <p>3. Mid- toLong-Term Goals and External Impact</p> <p>JB Financial Group vows to achieve net-zero for direct &amp; indirect emissions by 2035 and for financed emissions by 2045. Through these efforts, the group expects to mitigate financial market risks and increase the carbon reduction achievement rate, thereby generating positive external impacts.</p> <p>4. KPIs and Performance Rewards</p> <p>The CEO's KPIs include the development and implementation of the group's ESG management strategy. The Chief Risk Officer is responsible for establishing a climate risk assessment framework. Additionally, the Head of the External Cooperation Division is responsible for establishing and implementing the group's ESG management strategy and policies.</p>	<p>2024 JB Financial Group Integrated Report p. 21</p>
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[Inclusive Finance and Social Contribution]

1. Risks and Opportunities

JB Financial Group is identifying opportunities to expand its role as a regional financial institution by enhancing accessibility for financially marginalized groups. This ushers in an opportunity to strengthen access to finance, improve brand image, and attract new customer segments, thereby enhancing sales clout. However, failing to improve accessibility for financially vulnerable groups may lead to a risk of not fulfilling social responsibility.

2. Business Case and Strategy

JB Financial Group has adopted various strategies to enhance accessibility for financially vulnerable groups. To this end, the group operates Kind-Hearted Financial Clinics and Inclusive Finance Centers and has expanded financial support for small business owners and SMEs. Additionally, to establish a social contribution framework and strengthen economic stability in local communities, the group is engaging in a variety of various social contribution activities, including the operation of the Seed Volunteer Corps.

3. Mid- to Long-Term Goals and External Impact

In the mid- to long-term, the group aims to support financially vulnerable groups to enhance economic stability in local communities. Externally, the group seeks to increase the usage of services by financially vulnerable groups and to elicit positive external impacts by measuring specific indicators of the social impact of its social contribution activities.

4. KPIs and Performance Rewards

The CEO's KPIs touch on planning and implementing social contribution activities. The Head of the External Cooperation Division is responsible for planning and implementing the group's

key social contribution activities, as well as operating and executing the group's volunteer activities.	
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### 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?<sup>6</sup>

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)

<sup>6</sup> 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 targets<sup>7</sup> 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 with<sup>8</sup> 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 to Climate Change]

JB Financial Group's climate change response targets are consistent with the objectives of the Paris Agreement and are directly related to the UN Sustainable Development Goal (SDG) 13: 'Climate Action.' To this end, JB Financial Group has joined global initiatives such as PCAF and SBTi to systematically measure emissions and develop carbon reduction plans according to international standards.

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[Inclusive Finance and Social Contribution]

JB Financial Group's goal of strengthening support for financially vulnerable groups aligns with the UN SDGs. In particular, it is directly and indirectly related to Goal 1: 'No Poverty,' Goal 8: 'Decent Work and Economic Growth,' and Goal 10: 'Reduced Inequality.'

**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 to Climate Change]

JB Financial Group has set specific targets to achieve net-zero status for direct and indirect emissions by 2035 and for financed emissions by 2045. To accomplish this, the group has joined such global initiatives as PCAF and SBTi to systematically measure and manage emissions.

Impact area	Indicator code	Response	Baseline
Response to Climate Change	A.1.1	Yes	2024 JB Financial Group Integrated Report p. 26, 27
	A.1.2	Yes Base year: 2020 Net Zero Targets Established: Direct and Indirect Emissions by 2035, Financed Emissions by 2045	2024 JB Financial Group Integrated Report p.35, 37
	A.1.3	In progress	
	A.1.4	Yes	2024 JB Financial Group Integrated Report p.38, 39

<sup>7</sup> 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.

<sup>8</sup> 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.



	A.1.5	Yes	2024 JB Financial Group Integrated Report p.108, 109
	A.2.1	Setting it up	
	A.2.2	Yes	2024 JB Financial Group Integrated Report p.38, 39
	A.2.3	Yes	2024 JB Financial Group Integrated Report p.38, 39
	A.3.1	Yes	2024 JB Financial Group Integrated Report p.108, 109
	A.3.2	Yes	2024 JB Financial Group Integrated Report p.38, 39
	A.4.1	Decrease (470 tCO <sub>2</sub> eq reduction compared to 2023)	2024 JB Financial Group Integrated Report p.63

[Inclusive Finance and Social Contribution]

JB Financial Group provides financial products and services tailored to the needs of financially vulnerable groups and fulfills its social responsibilities through community contribution activities. Through these efforts, the group aims to improve financial accessibility, secure new customer segments, and strengthen the economic stability of local communities.

Impact area	Indicator code	Response	Baseline
Inclusive Finance and Social	Inclusive finance - Financial support	1. Target: Microbusinesses, poor and low-income groups(individuals), individuals living in rural or hard-to-reach areas, females, and the elderly.	2024 JB Financial Group Integrated Report p.90

Contribution		2. No. of subscribers in 2024: 1,218,850  No. of new accounts in 2024: 1,628,748	
	Inclusive finance – Non financial support	1. Target: Young adults preparing for self-reliance, Demographic groups with migrant background, Poor and lowincome group(individuals)  2. No. of beneficiaries of financial education and savings account openings in 2024: 3,183	2024 JB Financial Group Integrated Report p.91

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): 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 to Climate Change]	2024 JB Financial Group Integrated Report p.21
1) Specific	
JB Financial Group has set the goal of achieving net zero status for direct and indirect emissions by 2035 and for its financed emissions by 2045.	
2) Measurable	
The group has set carbon emission reduction targets based on the GHG Protocol and PCAF methodologies, and is measuring progress through the carbon reduction achievement rate.	
3) Achievable	

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

By setting phased goals and creating detailed action plans, JB Financial Group is developing specific measures to achieve these targets and systematically implementing them.

4) Relevant:

To combat climate change and deliver sustainable finance, the group is pursuing various strategies such as ending coal finance and expanding green financial products.

5) Time-bound:

The group has set timeframes to achieve net zero status for direct and indirect emissions by 2035 and for its financed emissions by 2045.

6) KPIs

Carbon reduction achievement rate (base year: 2020), annual measurement and public reporting of emissions according to the GHG Protocol and the PCAF methodologies, evaluation of reduction of direct and indirect emissions by 67% and financed emissions by 48% by 2030

[Inclusive Finance and Social Contribution]

1) Specific

JB Financial Group aims to facilitate access to finance for financially vulnerable groups by providing them with customized financial products and services.

2) Measurable

The goal is to measure social value in monetary terms, enhance financial performance, and increase the usage of services by financially vulnerable groups, thereby improving financial accessibility.

<p>3) Achievable:</p> <p>The group is leveraging existing financial infrastructure and achieving goals through initiatives such as mobile branches and financial education programs.</p> <p>4) Relevant:</p> <p>To fulfill its social responsibilities and enhance financial inclusion, the group operates inclusive finance centers and engages in various social contribution activities.</p> <p>5) Time-bound:</p> <p>The group has set the timeframe to increase the usage of services by financially vulnerable groups by 2030.</p> <p>6) KPIs:</p> <p>Number of annual service usage by financially vulnerable groups, customer satisfaction survey, development and evaluation of social impact indicators for social contribution activities</p>	
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>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.</p>	
<p>[Response to Climate Change]</p> <p>To achieve net -zero status for direct and indirect emissions by 2035 and for financed emissions by 2045, JB Financial Group has established the following action plans.</p> <ul style="list-style-type: none"> <li>• Achieve net-zero direct and indirect emissions by 2035 (PPA contracts and REC purchases)</li> <li>• Achieve net-zero financed emissions by 2045 (customer engagement)</li> <li>• Ending coal finance and expand green finance</li> </ul>	<p>2024 JB Financial Group Integrated Report p.21</p>

- Implement a financed emissions system and establish a carbon neutrality roadmap
- Develop a climate risk management framework and conduct stress tests

[Inclusive Finance and Social Contribution]

To provide financially vulnerable groups with tailored financial products and services and thereby improve their access to finance, JB Financial Group has established the following actions plans.

- Operate Kind-Hearted Financial Clinics and Inclusive Finance Centers
- Expand financial support for small businesses and SMEs
- Launch initiatives to facilitate access to finance (mobile branch operation, etc.)
- Implement a social contribution system and top 4 social contribution activities
- Operate the Seed Volunteer Corps

## 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input 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 2<sup>nd</sup> 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 to Climate Change]

In 2022, JB Financial Group publicly declared its goal of achieving net zero status for direct and indirect emissions by 2035 and for financed emissions by 2045. Following this declaration, the group joined the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi), receiving approval from SBTi for its reduction targets. The reduction pathway is designed to meet the international community's requirement of limiting temperature rise to within 1.5°C, overperforming the targets. Specifically, by 2030, JB Financial Group plans to reduce direct and indirect emissions by 67% and financed emissions by 48% from the base year level in 2020.

To ensure accurate measurement of greenhouse gas emissions and energy consumption, from 2024 onwards, the group began including overseas sub-subsidiaries in Scope 1 and 2 calculations and expanded the range of Scope 3 calculation to eight categories. The ESG departments within various subsidiaries are continuously striving to actualize and systematize the greenhouse gas inventory

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system. Going forward, JB Financial Group plans to further advance and effectively implement its climate change response efforts by executing a renewable energy procurement strategy to accelerate Net-Zero implementation for its direct & indirect emissions and by adopting measures such as direct power purchase agreements (PPAs).

[Inclusive Finance and Social Contribution]

JB Financial Group has declared its “Financial Inclusion Commitment” to fulfill its corporate social responsibility and has pledged to provide fair and sustainable financial services to all customers. For financially marginalized groups, the Group offers customized financial and nonfinancial services to help prevent excessive debt and continuously expands and innovates the scope of financial services by collecting feedback for ongoing improvement of financial inclusion. Various communication channels are operated to address customer grievances and improve customer satisfaction, while employee training programs are conducted to ensure quality customer service and prevent mis-selling. Furthermore, JB Financial Group is forging partnerships with external organizations to promote inclusive finance and cooperative finance. The group vows to continuously enhance inclusive finance activities, having the main implementation plans and results of inclusive finance reviewed and approved by the ESG Committee within the board of directors. JB Financial Group will continue strengthening its social responsibility and role as a regional financial institution by implementing a systemized approach to social contribution, including four core group CSR programs; operating the Kind-Hearted Financial Clinic and Financial Inclusion Center; expanding financial support for small business owners and SMEs; and enhancing the operation of the “Team Seed” volunteer corps to increase effectiveness.

## 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 customers<sup>10</sup> 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 activities<sup>11</sup>). 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).*

JB Financial Group is establishing the following policies and plans to promote sustainable economic activities and encourage sustainable practices in collaboration with its customers:

As the global economy shifts towards combatting the climate crisis, investment risks related to coal power and associated industries are ever increasing. Accordingly in May 2022, JB Financial Group declared its commitment to sustainable and eco-friendly finance by announcing its 'Ending Coal Finance' initiative, which reflects the group's determination to contribute to the transition to a low-carbon economy. Not just stopping at the declaration, the group is actively implementing this initiative by ceasing participation in project financing (PF) for the construction of domestic and international coal-fired power plants, and completely halting the underwriting of bonds issued by special purpose companies (SPCs) and general bonds related to such projects.

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Taking a step further, JB Financial Group is enhancing step by step its ESG engagement process and framework for corporate clients. To this end, the group has formulated an ESG engagement promotion strategy and have conducted Step 1, 'Development and Advancement of ESG Products,' and Step 2, 'Support for ESG Diagnosis/Consulting Collaboration,' in 2024 through partnerships with external organizations. In 2025, the group will implement Step 3, 'Direct Support for ESG Diagnosis / Consulting,' through an internal in-house support system, thereby contributing to the reduction of the Group's financed emissions.

Meanwhile, JB Woori Capital, a subsidiary of JB Financial Group, has established a Green Bond Management Framework aligned with the International Capital Market Association (ICMA) Green Bond Principles, the Ministry of Environment's Korean Green Bond Guidelines, and the Korean Green Taxonomy. In addition, JB Investment has introduced a pre-investment ESG checklist covering environment, society and governance to address the increasing ESG demands within the venture capital industry. This checklist aims to establish a process that avoids investments in industries or businesses negatively evaluated from an ESG perspective. Going forward, JB Investment will enhance its step-by-step ESG framework to implement ESG management across all business processes.

### 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.).

Jeonbuk Bank and Kwangju Bank are supporting the expansion of the renewable energy market by introducing dedicated RE100 financial products for solar power producers that have entered into power purchase agreements (PPAs) with private renewable energy suppliers. Jeonbuk Bank provides financing through its existing "JB Green Biz Loan," while Kwangju Bank has launched the "RE100

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<sup>10</sup> 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.

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

SOLAR-LOAN,” offering facility funding specifically for solar power projects under private PPA arrangements. Previously, collateral-based loans were only available for projects with Renewable Portfolio Standard (RPS) agreements, which restricted the broader adoption of PPAs. These new offerings now function as effective financial instruments, enabling broader participation in the private renewable energy market. Notably, Kwangju Bank’s RE100 SOLAR-LOAN represents the first financial product in the domestic banking sector specifically designed for solar power generators engaged in direct power transactions. This product targets power generation companies that have signed contracts with private renewable energy suppliers. Loan limits are determined based on annual cash flows calculated using the contractual power transaction unit price (KRW/kWh), and preferential interest rates are offered.

Most noteworthy ESG finance products of each bank within JB Financial Group are as follows:

1. JB Green Biz Loan (Jeonbuk Bank)

- Eligible loan recipients: Companies engaged in the green energy industry, manufacturers of eco-friendly products (eco-friendly and high-quality recycled products), companies that have signed agreements to purchase green products, firms issued with guarantees related to new growth engines under the 'Special Business Agreements' with the Credit Guarantee Fund and the Korea Technology Finance Corporation, and companies scoring 60 points or more on the 'Eco-Friendly Excellent Company Evaluation Checklist.
- Loan limit: Determined based on individual evaluations considering the company's credit rating, collateral ratio, and other factors.

<ul style="list-style-type: none"> <li>• Loan term: Up to 5 years for working capital, up to 10 years for facility capital (up to 15 years for solar power facilities, with a grace period of up to 3 years)</li> <li>• Amount: KRW 904.1 billion (as of the end of 2024)</li> </ul> <p>2. ESG Support Loan (Kwangju Bank)</p> <ul style="list-style-type: none"> <li>• Eligible loan recipients: Companies related to renewable energy, manufacturers or distributors of eco-friendly products with at least 3 years of business history, companies with permits and registrations for waste recycling, companies requesting working capital for eco-friendly purchases, companies certified under environmental agreements, social enterprises, exemplary taxpayers or companies whose CEOs are exemplary taxpayers, companies with over 50% mandatory employment of disabled persons, and businesses with more than 10 regular employees and a staff turnover rate of less than 10% over the past two years.</li> <li>• Loan limit: Determined based on individual evaluations considering the company's credit rating, collateral ratio, and other factors (subtracting loans from Kwangju bank and other banks)</li> <li>• Loan term: Lump-sum repayment within 1 year (up to 10 years including extensions), equal installment principal repayment within 10 years (with a grace period of up to one-third of the contract term if the loan term exceeds 3 years)</li> <li>• Amount: KRW 2.3 billion (as of the end of 2024)</li> </ul> <p>3. RE100 SOLAR-LOAN (Kwangju Bank)</p> <ul style="list-style-type: none"> <li>• Eligible loan recipients : Power generation companies that have entered into contracts with private renewable energy suppliers</li> <li>• Loan limit: Calculated based on annual cash flow, considering the contracted power transaction unit price (KRW/kWh) and related factors</li> </ul>	
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## 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 groups<sup>12</sup>) 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.

Placing co-prosperity and harmony with diverse stakeholders at the heart of our overall management approach, we have been deeply engaged with them and operate a structured response system guided by our "Principles for Stakeholder Communication and Response," which break down as follows:

1. Sustainability: We pursue sustainable profits for the company together with stakeholders such as local communities, customers, employees, and long-term shareholders.
2. Ethics: We attach significant importance to universal ethical perspectives.
3. Fairness: We try to make fair and balanced decisions without being bound to specific stakeholders.
4. Transparency: We make it a principle to transparently disclose the basis for decisions regarding stakeholders' demands.

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<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

JB Financial Group defines customers, employees, shareholders and investors, local communities, and supervisory authorities as our key stakeholders, all of whom mutually influence one another. We engage with them through various channels on wide-ranging issues that affect our entire management, including environmental, social, and economic concerns. Each year, we conduct stakeholder surveys to identify material issues. In the years to come, we will broaden our reach by expanding more efficient communication channels to garner feedback and opinions from stakeholders while also identifying their key concerns. The communication channels for key stakeholders are as follows:

1. Customers: Website, customer call center, customer satisfaction surveys, customer experience groups, social media, financial consumer protection education, Leaders Forum (VIP customers)
2. Executives/employees: Intranet and bulletin board announcements, corporate culture improvement programs, CEO engagement programs
3. Shareholders and investors: Website, board meetings, general shareholders' meetings, shareholder communication letter, international conferences, investor relations (IR)
4. Local communities: Website, employee volunteer groups, social contribution activity reports, university student ambassadors, social media
5. Regulatory authorities: Attendance in regular meetings, submission of regular reports, regular and ad hoc inspections

## 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.

In pursuit of an effective response to the climate crisis and the advancement of sustainable finance, we have established an ESG Committee under the Board of Directors. Composed of all board members, the ESG Committee serves as the highest decision-making body on climaterelated matters, responsible for setting strategic direction and overseeing the implementation of climate policies. The Committee plays a pivotal role in strengthening our sustainable finance strategy by leading the establishment and execution of Net-Zero targets and advancing the RE100 initiative, strengthening our climate risk management framework. It convenes semiannually, with additional meetings held as necessary to ensure timely decision-making. An ESG executive attends each meeting to provide direct updates and reports on all sustainable management issues. In 2024, the ESG Committee met three times and reviewed or resolved eight agenda items. Key resolutions included advancing the RE100 initiative to support achieving Net-Zero for direct & indirect emissions, and reviewing the 2024 core CSR activities alongside the plan for 2025.

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Major reports covered updates on key ESG agendas and evaluation outcomes, as well as the publication

of the 2023 Integrated Annual Report and materiality assessment results.

The ESG Council is staffed with executives responsible for strategy or ESG from each subsidiary, tasked with formulating and implementing ESG strategies, including climate crisis responses, reporting to the ESG Committee, and addressing ESG issues. Key tasks decided by the ESG Council are further detailed by the ESG Working-Level Council. The ESG Working-Level Council, involving working-level ESG personnel from all subsidiaries, discusses and shares information on major issues, continuously engaging in working-level discussions for managing ESG risks and identifying opportunities.

At JB Financial Group, executive management rigorously monitors the progress of our climate initiatives. ESG-related performance indicators, including carbon neutrality achievements, financed emissions, and climate risk management, are integrated into the management's evaluation framework, enabling leadership to effectively oversee and advance our ESG commitments and the expansion of green finance. The ESG Team within the PR Division of JB Financial Group leads the development of climate strategies and policies, alongside managing the subsidiaries' green finance performance. Key performance metrics for the team encompass financed emissions volumes, the implementation of climate risk management systems, and carbon neutrality roadmaps, ensuring robust and actionable climate governance.

## 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).

To enhance ESG management and move towards a sustainable future finance, JB Financial Group develops and publicly discloses a variety of policies, which include Human Right Policy, Code of

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Guideline | JB*

<p>Conduct, Declaration on Prohibition of Sexual Harassment, Non-Sexual Harassment, and Discrimination, Privacy Policy, Occupational Health and Safety Management Policy, Financial Inclusion Commitment, Independence of Director Guidelines, Board Diversity Guidelines, Anti-Corruption Management, Tax Policy, Anti-Money Laundering Policy, and so forth.</p> <p>Based on this foundation, JB Financial Group conducts training for employees on ESG management, human rights, ethics, safety and health, and information protection. These training programs are delivered through regular training sessions, workshops, and seminars, ensuring that employees acquire knowledge and skills related to ESG.</p> <p>Additionally, JB Financial Group incorporates ESG-related items into the KPIs for its management. The CEO's performance evaluation includes the establishment and execution of the group's ESG management strategy, the Chief Risk Officer (CRO) is evaluated based on the establishment of a climate risk assessment framework, and ESG executives are evaluated on the formulation and implementation of ESG management strategies and policies. This approach motivates executives and employees to meet sustainability targets and enable responsible management.</p>	<p><i>Financial Group</i> <i>(jbfg.com)</i></p> <p>2024 JB Financial Group Integrated Report p.24, 25, 94</p>
<p><b>5.3 Policies and due diligence processes</b></p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.</p> <p>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.</p>	
<p>As the global economic trend shifts towards combatting the climate crisis, investment risks associated with coal power and related industries are ever increasing. Accordingly, in May 2022, JB</p>	<p>2024 JB Financial Group Integrated Report p.33, 106</p>

<sup>13</sup> 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.



Financial Group declared its commitment to ‘Ending Coal Finance’ in a bid to foster sustainable and eco-friendly finance and thereby contribute to the transition to a low-carbon economy. Rather than stopping at mere declaration, the group has ceased participation in project financing (PF) for the construction of domestic and international coal-fired power plants and has fully suspended the acquisition of bonds issued by special purpose companies (SPCs) and general bonds related to these projects.

Taking a step further, JB Financial Group is enhancing step by step its ESG engagement process and framework for corporate clients. To this end, the group has formulated an ESG engagement promotion strategy and have conducted Step 1, 'Development and Advancement of ESG Products,' and Step 2, 'Support for ESG Diagnosis/Consulting Collaboration,' in 2024 through partnerships with external organizations. In 2025, the group will implement Step 3, 'Direct Support for ESG Diagnosis / Consulting,' through an internal in-house support system, thereby contributing to the reduction of the Group’s financed emissions.

Meanwhile, JB Woori Capital, a subsidiary of JB Financial Group, has established a Green Bond Management Framework aligned with the International Capital Market Association (ICMA) Green Bond Principles, the Ministry of Environment’s Korean Green Bond Guidelines, and the Korean Green Taxonomy. In addition, JB Investment has introduced an ESG pre-checklist covering environment, society and governance to cater for the ESG demands rising within the venture capital industry. This checklist is intended to establish a process that avoids investments in industries or businesses negatively evaluated from an ESG perspective. Going forward, JB Investment plans to enhance its ESG system in stages to implement ESG management across the entire business process.

In support of public policies for climate action and the transition to a carbon-neutral society, we contribute to the advancement of global climate governance through business practices and policy engagement aligned with the goals of the Paris Agreement. We

actively participate in major industry councils, including the ESG Expert Committee under the Korea Federation of Banks, engaging in legislative and policy development processes related to climate change. In collaboration with the Federation's ESG team, we provide formal feedback on policy directions that diverge from the objectives of the Paris Agreement, encouraging corrective actions and exercising principled engagement in associations. In 2024, we endorsed a financial sector statement in support of the UN Environment Assembly's (UNEA) global treaty on plastic pollution. We also continue to articulate our position and promote alignment with climate policy goals through donations to the Climate Change Center, participation in UN Global Compact (UNGC) roundtables, and engagement in ESG-related working groups. In allocating group-level membership fees, our ESG Team and the strategy departments of each subsidiary conduct both prior assessment and annual reviews to ensure alignment with our carbon neutrality commitments. Where necessary, we may voice dissent or withdraw from associations that fall short of these standards. All lobbying and association-related activities are reviewed and monitored by our dedicated ESG organization and are implemented consistently across all subsidiaries and key countries of operation. We remain committed to transparently disclosing our stance on public policies and to continuously monitoring and managing our engagement to ensure full alignment with the goals of the Paris Agreement.

### Self-assessment summary

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.

To ensure the objectivity and reliability of its reporting information, JB Financial Group utilized the 2024 JB Financial Group Integrated Report assured by KMR, a third-party assurance agency, as reference and evidence. Additionally, the appropriateness of each item in the PRB report was assured by Marcspoon, an ESG specialized third-party institution.

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### 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: ....

The 2024 JB Financial Group Integrated Report was prepared in adherence to GRI standards and includes reporting based on the SASB and TCFD frameworks. Furthermore, JB Financial Group participates annually in the Carbon Disclosure Project (CDP) to report on the

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implementation progress of carbon emission reduction measures.	
<b>6.3 Outlook</b> What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis <sup>14</sup> , target setting <sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.	
1. Impact analysis – Advancement of climate risk analysis and social value measurement, including assessment of social value in financial product portfolios  2. Target setting – Specifying objectives to strengthen JB Financial Group's ESG engagement system  3. Governance – Establishing a sustainable finance framework within two years (currently in progress)	<i>2024 JB Financial Group Integrated Report</i>

<sup>14</sup> 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

<sup>15</sup> 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 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 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:

## Independent Assurance Statement

### To the Stakeholders of JB Financial Group:

"Marcspoon" (hereafter referred to as the "Assurer") was engaged by "JB Financial Group" (hereafter referred to as the "Company") to independently assure its self-assessment reporting on the implementation of the "UNEP Financial Initiative's Principles for Responsible Banking" (hereafter referred to as the "UN PRB"). The Assurer hereby presents the following assurance statement.

### Assurance Background and Scope

The Assurer conducted an independent review of the Company's self-assessment report related to UN PRB. This independent assurance relies on the company's disclosures according to the UN PRB's 'Reporting and Self-Assessment Template':

The Company assumes full responsibility for the reliability and accuracy of all information and opinions presented in the Report. The Assurer is only responsible for the third-party assurance of the report's contents, and as an independent assurance agency, did not participate in its preparation and had no conflicts of interest that could compromise its independence.

### Limitations

The assurer has specifically reviewed the materials shared by the company and the information provided by the Company's staff during interviews. The assurer has not been engaged to make statements on the coverage, completeness, accuracy, or correctness of the information the company has reported in the form of an assurance report. The procedures that the assurer has performed do not constitute an audit or a review made in accordance with any generally accepted auditing standards or any generally accepted standards on review engagements and, consequently, no assurance is expressed.

### Methodology

The assurer's responsibility was to assess whether the company's reporting presented in the UN PRB's "Reporting and Self-assessment template" follows the guidance provided by the UNEP FI in the "Guidance for Assurance providers" and that the information provided aligns with the assurer's findings from our analysis procedure as described below. The procedures applied by the assurer included the following:

- Through interviews with the company's officers responsible for issuing this report, we gain insight into management's commitment to sustainability in general, and to the implementation of the Principles of Responsible Banking in particular.
- Through interviews with representatives from various divisions of the bank, including the heads of public sector and retail markets, and the head of risk and compliance, we confirm how the principles are adopted within the organization.
- A gap analysis against the UN PRB's requirements is conducted, which includes an assessment of existing policies and practices, a media search, and a benchmark analysis of selected peers.
- We assess the methodologies used to collect information for the UN PRB 'Reporting and Self-assessment'. This assessment includes a review of the company's relevant internal documents, such as impact assessments and related working documents.
- We compare the disclosures related to the above-mentioned points in the "Reporting and Self-assessment" and the company's annual report with the information obtained from interviews and

internal documentation.

### Results and Conclusion

Our assessment indicates that the company's disclosures are reported in accordance with the UN PRB's "Reporting and Self-assessment template." The sample-based analysis and interviews indicate the correctness of the disclosures.

### Recommendations for the Implementation of PRB Principles

JB Financial Group reported on the implementation status of the PRB principles through its "Self-assessment reporting on its implementation of UN PRB." The assurer recommends strengthening goal-setting to align more closely with the UN SDGs and core objectives in accordance with the group's integrated policies and enhancing awareness and capabilities related to sustainability and the UN PRB within the group.

July 2024

Marcspoon Representative Consultant

Jeongwon Han

**marcspoon** 

# 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.<sup>16</sup> 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 targets<sup>17</sup> (highlighted in **green**) or to client engagement<sup>18</sup> 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.<sup>19</sup> 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.

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<sup>16</sup> 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.

<sup>17</sup> 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.

<sup>18</sup> 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.

<sup>19</sup> 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 <sup>20</sup> (pathway to impact)									Impact <sup>21</sup>		
	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	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> 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	<b>Financial volume of green assets/low-carbon technologies:</b> 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	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>22</sup>
	A.1.2	<b>Paris alignment target:</b> 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 <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO <sub>2</sub> e ( <i>please also disclose what is excluded for now and why</i> )	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> 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> )

<sup>20</sup> 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

<sup>21</sup> Impact: the actual impact of the bank's portfolio

<sup>22</sup> 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? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			intensive sectors and activities <sup>23</sup> ? How much does your bank invest in transition finance <sup>24</sup> ?				
	<b>A.1.3</b>	<b>Policy and process for client relationships:</b> 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	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (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 <sub>2</sub> e/ kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit						
	<b>A.1.4</b>	<b>Portfolio analysis:</b> 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;  If yes: please specify which parts of the lending and investment portfolio you have analyzed	<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> 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> )						

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

<sup>24</sup> 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)			