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Industrial Bank of Korea (IBK)

Scope 1 and 2: IBK commits to reduce absolute scope 1 and scope 2 GHG emissions 42% by 2030 from a 2021 base year.

Scope 3 Portfolio Targets

Headline target: IBK's portfolio targets cover 38% of its total investment and lending by total assets as of 2021¹. As of that year, required activities made up 6% of IBK's total investment and lending by total assets while optional activities made up 72% and out of scope activities made up 22%.

Scope 3 asset class level targets

Asset class	Method	Target language
Electricity generation project finance	Sector Decarbonization Approach (SDA)	IBK commits to reduce its electricity generation project finance portfolio GHG emissions 73.7% per kWh by 2030 from a 2021 base year.
Corporate loans: commercial real estate	SDA	IBK commits to reduce GHG emissions from the commercial real estate sector within its corporate loan portfolio 68.1% per square meter by 2030 from a 2021 base year.
Corporate loans: electricity generation	SDA	IBK commits to reduce its GHG emissions from the electricity generation sector within its corporate loan portfolio 73.0% per kWh by 2030 from a 2021 base year.

¹ These targets and coverage percentage do not include third-party asset management activities. Third-party asset management activities made up 5% of total investment, lending, and asset management activities by total assets and assets under management.

Corporate loans: other long-term debt and SMEs	Temperature Rating	<p>IBK commits to align its scope 1 + 2 portfolio temperature score by invested value within the SME and other long-term corporate loan portfolio from 3.2°C in 2021 to 2.57°C by 2028.²</p> <p>IBK commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within the SME and other long-term corporate loan portfolio from 3.2°C in 2021 to 2.57°C by 2028.²</p>
REITs, Listed Real Estate Companies, Real Estate Mutual Funds	SDA	<p>IBK commits to reduce GHG emissions from the investments in REITs and real estate mutual fund within its listed equity and bonds portfolio 67.4% per square meter by 2030 from a 2021 base year.</p>
Listed equity	Temperature Rating	<p>IBK commits to align its scope 1 + 2 portfolio temperature score by invested value within other sectors of its listed equity portfolio from 3.2°C in 2021 to 2.57°C by 2028.</p> <p>IBK commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within other sectors of its listed equity portfolio from 3.2°C in 2021 to 2.57°C by 2028.</p>
Corporate bonds	Temperature Rating	<p>IBK commits to align its scope 1 + 2 portfolio temperature score by invested value within other sectors of its corporate bond portfolio from 2.94°C in 2021 to 2.41°C by 2028.</p> <p>IBK commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within other sectors of its corporate bond portfolio from 3.06°C in 2021 to 2.49°C by 2028.</p>

² The target covers 100% of fossil fuel corporate loans.

Summary

IBK is set to implement the following strategies and actions to achieve its targets:

Implementation of Coal Financing and Investment Policy: IBK announced the coal phase-out policy on April 22, 2022. IBK is committed to its continued implementation, prohibiting new project financing in the construction of new coal power plants both domestically and internationally. Moreover, IBK will proactively expand its green finance investments to enhance responses to the climate crisis.

Expansion of Green Financing: IBK is committed to the expansion of green financing, which includes supporting the commercialization of patented green technologies and establishing business agreements with companies, among other initiatives.

Arrangement of Green Finance Fund: IBK has established the IBK Financial Group-DS Green Finance Fund with a total value of KRW 100 billion. This fund supports the green transition of small and medium-sized enterprises (SMEs) and encourages startups in green sectors, including carbon reduction technologies and renewable energy. Additionally, IBK arranged financing for the first Renewable Electricity 100 (RE100) fund, totaling KRW 200 billion in the domestic financial sector, to sell new and renewable energy produced under the 'RE100 Corporate Customized Fund' to RE100 promoting companies.

Promotion of Green Venture Companies: IBK set a goal of supplying venture capital to support the growth of innovative companies over the next three years (2023-2025). Specifically, IBK aims to identify and nurture innovative venture companies operating in the green sector.

Implementation of Consulting Program for SMEs: IBK provides a consulting program tailored for SMEs to support the implementation of low-carbon business and green transformation, ensuring that SMEs with limited resources for Environment, Social, Governance (ESG) management are not marginalized. These non-financial services range from ESG education to in-depth consulting, including the establishment of greenhouse gas inventories for SMEs, fostering and facilitating practical ESG management.

IBK believes that these strategies and actions will have positive impacts on both society and the environment.