

KB Financial Group

Scope 1 and 2: KB Financial Group commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year.

Scope 3 Portfolio Targets

Headline target: KB Financial Group commits to achieve SBTs in corporate instruments (equity, bonds, loans), commercial real estate, electricity generation project finance portfolios by 2030 from a 2019 base year. KB Financial Group's portfolio targets cover 12.9% of its total investment and lending activities by total exposure as of December 31st, 2019.

Total exposure is the sum of loans, equity, bonds, beneficiary certificates, and other securities managed by KB Financial Group.

Scope 3 asset class level targets

Asset class	Method	Target language
Real estate	Sector Decarbonization Approach (SDA)	KB Financial Group (KBFG) commits to reduce its commercial real estate portfolio GHG emissions 58.4% per square meter by 2030 from a 2019 base year.
Electricity generation project finance	SDA	KBFG commits to reduce its electricity generation project finance portfolio GHG emissions 49.4% per MWh by 2030 from a 2019 base year.
Corporate instruments (equity, bonds, loans)	SDA	KBFG commits to reduce GHG emissions from the power, iron and steel, cement, paper and pulp, aluminum sectors within its corporate instruments (equity, bonds, loans) portfolio, 49.3% per MWh produced, 44.3% per ton of iron produced, 21.3% per ton of cement produced, 41.5% per ton of paper and pulp produced, 30.9% per ton of aluminum produced, respectively for each sector by 2030 from a 2019 base year.
	Temperature rating, covering sectors not covered by SDA pathways	Corporate loan <ul style="list-style-type: none"> KBFG commits to align its scope 1 + 2 portfolio temperature score within corporate loans from 3.13°C in 2019 to 2.74°C by 2025.

		<ul style="list-style-type: none"> • KBFG commits to align its scope 1 + 2 + 3 portfolio temperature score within corporate loans from 3.15°C in 2019 to 2.82°C by 2025. <p>Listed equity</p> <ul style="list-style-type: none"> • KBFG commits to align its scope 1 + 2 portfolio temperature score within listed equity from 3.18°C in 2019 to 2.77°C by 2025. • KBFG commits to align its scope 1 + 2 + 3 portfolio temperature score within listed equity from 3.18°C in 2019 to 2.84°C by 2025. <p>Corporate bonds</p> <ul style="list-style-type: none"> • KBFG commits to align its scope 1 + 2 portfolio temperature score within corporate bonds from 3.09°C in 2019 to 2.71°C by 2025. • KBFG commits to align its scope 1 + 2 + 3 portfolio temperature score within corporate bonds from 3.09°C in 2019 to 2.78°C by 2025.
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Summary of actions

KB Financial Group will implement the following strategy and actions to achieve its scope 3 portfolio targets:

- Asset Portfolio Management: KB Financial will develop and monitor an asset portfolio emissions database, reinforce clients' engagement, and achieve asset portfolio carbon reduction targets through managing the exposure to the carbon-intensive companies.
- Expansion of investment in green finance: KB Financial will expand ESG products and ESG financings such as investment and loans up to KRW 50 trillion by 2030, of which KRW 25 trillion will be allocated to renewables and eco-friendly areas.
- Implementation of coal phase-out: With participation from all affiliates involved, KB Financial announced in September 2020 that it will cease financing for construction of "new" coal-fired power plants locally and overseas.
- Future development of targets for mortgages: Beyond assets covered by portfolio SBTs, 22% of KB Financials' total exposure is in mortgages, an optional asset class, and 61% in personal credit and loans, which are outside of the scope of SBTi finance. Insufficient institutionalized methods to measure emissions from residential buildings

in Korea today make it difficult to ensure consistent and reliable data. KB intends to set targets for mortgages when the institutional environment is properly established.