2024
KOREA ESG FINANCE WHITE PAPER

kosif Korea Sustainability Investing Forum

Korea Sustainability Investing Forum

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KoSIF(Korea Sustainability Investing Forum), established as a non-profit organization in 2007, is dedicated to fostering sustainable developments through the advancement of socially responsible investment(SRI). The organization engages in a wide range of activities, including SRI research and development, public awareness campaigns, policy development and legislative advocacy.

The organization also took the lead in establishing the CDP Korea Committee to encourage environmental responsiveness among financial institutions and corporations in Korea. In addition, KoSIF plays a pivotal role in promoting global initiatives, such as TCFD, PCAF, RE100, EV100, and SBTi-across Korean financial and corporate sectors.

Byoung Dug Min, Member of the Democratic Party of Korea

Byoung Dug Min(Democratic Party of Korea, Anyang Dongan-gu) is currently serving his second term in the 21st and 22nd National Assembly as an active member of the National Assembly's Political Affairs Committee for six consecutive years. Focusing primarily on the financial and capital markets, he dedicates his legislative and policy efforts to enhancing the stability and fairness of the financial system and ensuring robust investor protection. He is particularly committed to improving the structure of the financial market and elevating institutional trust, making it a key priority to foster a regulatory environment where businesses and markets can respond with predictability. As a co-representative of the National Assembly ESG Forum, he spearheads discussions on sustainable finance and broader ESG policies, striving to design institutional frameworks that harmonize global standards with domestic realities. Recently, he has been driving legislative initiatives in response to the evolving financial landscape, such as overhauling the sustainability disclosure system and establishing the institutional groundwork for digital assets and new industries. Through these efforts, he continues to fulfill a responsible policy-making role to ensure that finance effectively contributes to the real economy and the lives of the people.

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Contents

| Survey Overview |

- **Survey Scope**
  A total of 167 Public and Private Financial Institutions in Korea(Public-68, Private-99)
- **Survey method**
  (Public) Surveys were sent to the main authorities of the public financial institutions through the office of Congressman Byoung Dug Min
  (Private) Data was requested from the Financial Supervisory Service(FSS) through the office of Congressman Byoung Dug Min, and the FSS collected data from each financial institution
- **Survey Period** October to December 2025
- **Survey contents**
  [As of the end of 2024] Asset status, annual ESG financial status, ESG loan status, ESG investment(socially responsible investment) status, ESG financial product status, ESG bond issuance status, ESG financial goals, and initiatives to promote ESG systems
- **Additional Data Research**
  ESG public offering funds were compiled based on data from Korea Fund Ratings' Fund Square
- **Sponsor Introduction** Provided by NongHyup Bank

※ Considering that common standards for the 'definition' and 'classification' of ESG finance have not yet been established, this report presents the current status of ESG finance as it is, rather than evaluating the superiority or performance of ESG financial activities of each financial institution.

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Preface

1 Preface

Youngho Kim
Chairman of KoSIF

As of the end of 2024, the scale of ESG finance in South Korea surpassed KRW 2,000 trillion. However, the annual growth rate, which had consistently recorded double digits at 25.6%(2021), 35.9%(2022), and 24.1%(2023), dropped to 8.9% in 2024.

While this is likely the result of a complex combination of various factors, I believe that uncooperative government policies toward ESG, both domestically and internationally, played a significant role. Externally, the Trump administration dampened the ESG momentum with its Anti-ESG policies, and internally, the previous Yoon administration was highly passive regarding ESG. Even the European Union, the first mover in ESG, is taking a breather with its omnibus package. Consequently, domestic ESG policies have practically not taken a single step forward.

Given the long-term nature of ESG issues such as climate change, the perspective and governance of the government driving these initiatives are crucial. Especially considering that the financial industry is highly sensitive to regulations, the slowdown in the growth of ESG finance at the end of 2024 is quite understandable.

The Lee administration is evaluated as ESG-friendly, and market expectations are high. In the first half of 2026, crucial new ESG policies will be announced or revised. The Mandatory ESG Disclosure Roadmap, ESG Disclosure Standards, Transition Finance Guidelines, and the revised Stewardship Code are scheduled to be finalized. The 'Mandatory ESG Disclosure Roadmap,' which will be announced alongside the Transition Finance Guidelines, is planned to be finalized in April after releasing a government draft in late February and gathering public feedback.

However, the prevailing forecast is that the draft of the mandatory disclosure roadmap will be highly conservative. The Financial Services Commission(FSC) seems to have set the direction for the initial application targets to companies with assets of KRW 30 trillion, the initial application period to 2028(FY2027), and the disclosure channel to start with the Korea Exchange(KRX) disclosure, eventually moving toward statutory disclosure in business reports.

If this remains the case, it is a significant step backward compared to the plan announced by the Moon administration in January 2021, which targeted 'KOSPI-listed companies with assets of KRW 2 trillion or more, with initial application in 2026.' If the conclusion reached after years of 'discussion' turns out to be a 'poor move after long deliberation,' those years of discussion are nothing more than wasted time.

ESG disclosure is a core policy for building a virtuous cycle in the ESG market ecosystem. Both transition finance and the stewardship code are based on ESG. In particular, the current administration emphasizes market discipline such as active engagement through the stewardship code and penalties in lending and investments as a solution to various problems caused by corporations, including industrial accidents. For this to materialize, the ESG information of numerous companies must be mandatorily disclosed, and ESG finance must be further revitalized. Considering this, the current administration's conservative attitude toward mandatory ESG disclosure is a highly contradictory policy. The current administration has opened the era of KOSPI 5000. For this achievement to be sustained and to advance toward even higher goals, industries must undergo a climate-friendly. Mandatory ESG disclosure serves as both the foundation and the catalyst for this transition.

The core of ESG is to channel capital into a sustainable economy, and to achieve this, ESG finance must be expanded. ESG finance can properly grow when based on reliable ESG information with international consistency. This is exactly why the current administration must expedite the mandatory implementation of ESG disclosure.

The Korea Sustainability Investing Forum(KoSIF) is publishing the ESG Finance White Paper. I hope that this white paper, which captures the current status of ESG finance in Korean society, will serve as foundational data for the current administration to design proper ESG finance policies.

Byoung Dug Min

Co-Chair of the National Assembly ESG Forum,
Member of the National Assembly
(Democratic party of Korea)

Greetings,
I am Byoung Dug Min, Co-Chair of the National Assembly ESG Forum and a National Assembly member representing with the Democratic Party of Korea.

Amidst the rapidly changing domestic and global financial landscape, our financial market has faced the dual challenges of high uncertainty and structural transition over the past year. Changes in global financial conditions, geopolitical risks, and increased volatility in capital markets are once again raising fundamental questions about the stability and trust of finance. In this context, finance is being called upon to go beyond its traditional role of financial intermediation and serve as a core infrastructure that supports the sustainability and resilience of the broader economy.

Finance operates on market trust. Information transparency, institutional consistency, and responsible decision-making are the core elements that sustain the stability of the financial market. The National Assembly has continuously played a role in reviewing and supplementing the institutional foundation so that finance can operate in a way that supports the real economy and the lives of the people. The tasks of financial industry innovation and stability, investor protection, and market revitalization must also be addressed with a balanced approach within this broader framework.

In this context, the systematic disclosure of corporate sustainability information has emerged as an important agenda in recent financial discussions. Climate change, industrial structure transitions, and medium- to long-term corporate risk management no longer remain merely non-financial factors; they directly impact financial decision-making and investment judgments. Consequently, there is a growing need for sustainability information to be provided in a more reliable and comparable manner.

In response to these changes, the National Assembly seeks to gradually refine the institutional foundation to ensure that sustainability disclosure can stably take root within the financial market. While securing consistency with global standards, it is crucial to enhance the predictability and credibility of the system through legislative discussions that simultaneously consider the practical burdens on companies and market acceptability. This is an effort to advance disclosure as a means of improving trust and transparency across the entire financial market, rather than approaching it as a mere regulation.

Systems must be designed based on reality. Mechanisms intended to enhance the sustainability of financial and corporate activities should not act as excessive burdens or sources of uncertainty. The National Assembly is focusing on creating a phased and rational institutional environment so that the financial market and companies can adequately prepare. A balanced approach is necessary one that strengthens transparency without undermining market stability and growth momentum.

With this awareness, this ESG Finance White Paper is a comprehensive record of the changes and policy responses in our financial market over the past year. I expect it to serve as a meaningful reference for reviewing the trends in the financial environment and reflecting on future challenges. Furthermore, I hope this White Paper will be utilized as a common ground for social discussions surrounding financial policies.

Moving forward, the National Assembly will continue to fulfill its responsibility to establish an institutional foundation capable of proactively responding to the changing environment while safeguarding the stability and trust of the financial market. We will make continuous efforts to ensure that finance makes a practical contribution to the sustainable growth of the economy and the lives of the people.

Thank you.

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Executive Summary

2 Executive Summary

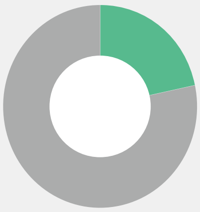
2024 Overall Status of ESG Finance

ESG Finance Volume

KRW **2,012.6** trillion

8.9 % YoY

Surpassed KRW 2,000 Trillion for the first time, while growth rate moderates after consistent double-digit records.



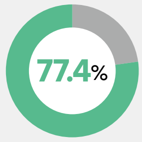
21.9 % Of Total Assets

※Bond issuance is a funding item, so it is excluded from the total ESG finance volume when calculating its share relative to assets.

Volume by Sector

Public

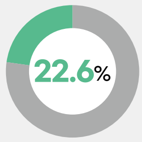
KRW **1,556.8** trillion



12.0 % Increase YoY

Private

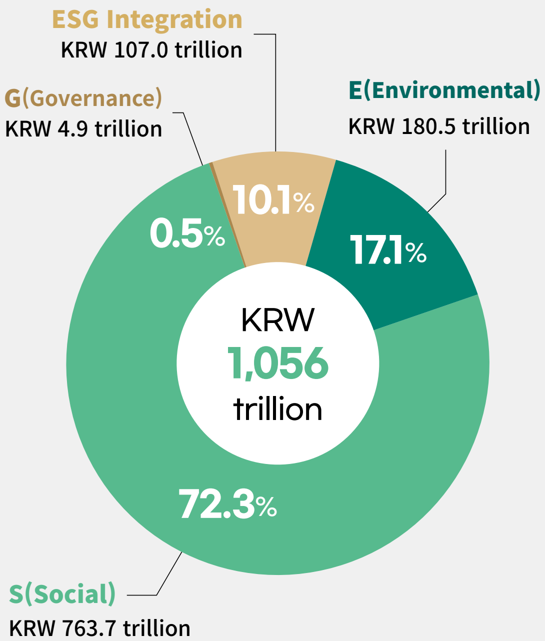
KRW **455.8** trillion



0.6 % decrease YoY

The overall growth rate is in a stagnant phase compared to the previous year.

Volume by ESG Pillar



S(Social accounts for the absolute majority at 72.3%

There is an urgent need to establish a Korean Social Taxonomy(K-Social Taxonomy) to clearly define and classify social finance activities.

※The total ESG amount of the National Pension Service and the scale of bond issuance were excluded from this analysis, as they could not be categorized by specific E, S, or G pillars based on the survey responses.

Key Implications and Challenges

Internalizing Green Lending and Strengthening the Foundation for Utilizing Transition Finance to Expand ESG Finance

- Promote the systematic management and expansion of green lending by internalizing the "Green Credit Management Guidelines" into the internal standards and business processes of financial institutions.
- Create an environment where financial institutions can actively utilize transition finance as a strategic financial tool by establishing clear guidelines, performance evaluation criteria, incentives, and risk-sharing structures.

Expansion of RE100 and Renewable Energy

- The transition to renewable energy and the expansion of RE100 have emerged as new challenges for the financial sector.
- The domestic financial sector needs to recognize renewable energy finance as a mid-to-long-term transition task and continuously refine existing product, screening, and risk management systems to meet the demands of renewable energy and RE100.

In-depth Analysis of LNG

- LNG-related projects, classified as both fossil fuel and conditional transition activities, are partially reflected in ESG finance performance.
- With the exception of certain products like green bonds, disclosure standards that comprehensively classify and manage transition activities are not yet sufficiently established. This poses a potential risk of leading to greenwashing controversies.

ESG Finance by Type

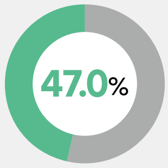
ESG Investment

Total Volume

KRW **945.5** trillion

16.5 %

Growth YoY



While the total volume has expanded continuously over the past five years, the growth margin has slowed compared to the previous year. The primary reason is the base effect resulting from the completion of the National Pension Service's(NPS) reclassification of asset classes subject to responsible investment.

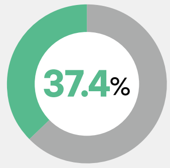
ESG Loan

Total Volume

KRW **753.0** trillion

3.1 %

Growth YoY



Growth momentum also slowed due to the reduction in policy financing by the Korea Housing Finance Corporation(HF).

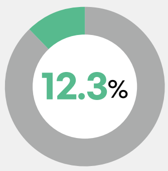
ESG Bond Issuance

Total Volume

KRW **247.5** trillion

9.3 %

Growth YoY



Social bonds account for 83.3%.
This heavily reflects the massive scale of social bonds issued by the Korea Housing Finance Corporation(HF).

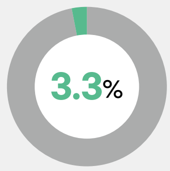
ESG Financial Product

Total Volume

KRW **66.6** trillion

17.2 %

Decline YoY



The private sector accounts for 80.8% of the market, playing a leading role in its formation. However, the overall scale declined significantly year-on-year due to a sharp contraction in deposits and savings products.

ESG Public Offering Funds

Total Volume

KRW **6.8** trillion

11.5 %

Growth YoY

General corporate bonds took up the largest share at 36.4%.

ESG Financial Targets

- Out of 167 institutions, 40 have established ESG finance targets, an increase of two institutions compared to the previous year.

increase by **2**

- Although this is a decrease from the 44 institutions in 2021 and 45 in 2022, direct comparisons are limited due to variations in the number of responding institutions each year.

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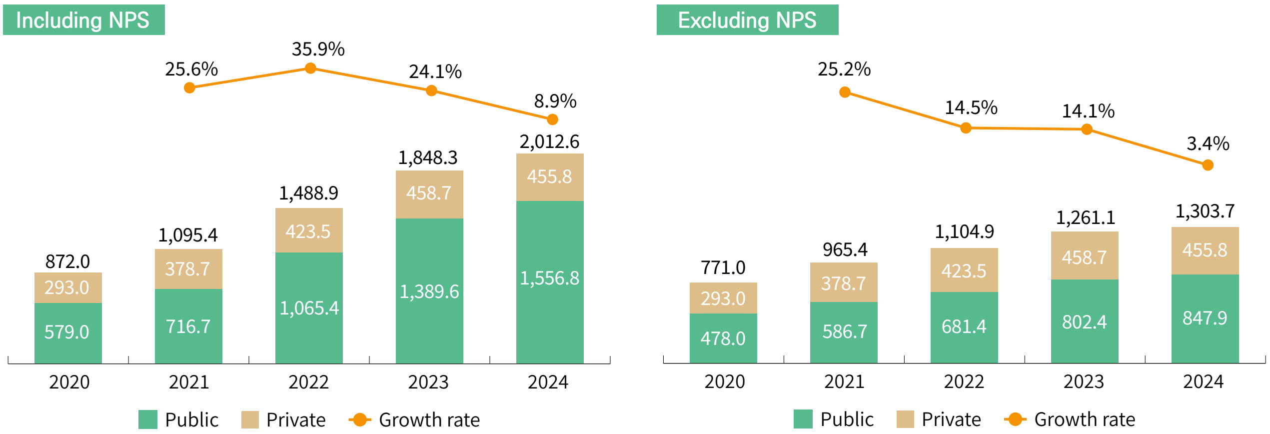
Overall Status of ESG Finance in Korea

3 Overall Status of ESG Finance in Korea

Total ESG Finance Volume in Korea

Graph 1 Annual Growth Trends in ESG Finance Balance

Unit: Trillion KRW/%



* In calculating the ESG finance volume, some double-counting may occur across entrusted assets, and the issuance and underwriting of bonds.

As of the end of 2024, the ESG finance volume of the domestic financial sector surpassed KRW 2,000 trillion for the first time, while the growth rate slowed to single digits(8.9%).

- As of the end of 2024, the total volume of ESG finance of 167 domestic financial institutions that responded to the survey reached KRW 2,012.6 trillion, more than double compared to 2019 and continuing an upward trend.
- However, the annual growth rate in 2024 was 8.9%, showing a moderating trend into single digits following a phase of high double-digit growth over the past five years. In particular, the National Pension Service(NPS) achieved quantitative growth by gradually expanding the asset classes subject to responsible investment from 2020 to 2023, the asset reclassification process has been completed, transitioning into a maintenance phase.
- Meanwhile, the ESG finance volume of domestic financial institutions excluding the NPS stood at KRW 1,303.7 trillion, marking a mere 3.4% increase year-on-year(YoY) and showing a slowdown compared to the double-digit growth of the past. Notably, while the public sector saw a slight increase(5.7%), the private sector decreased by 0.6%. This is analyzed to be the result of a contraction in ESG asset allocation, as the additional verification and operational costs of ESG products act as factors degrading profitability amidst rising capital costs driven by the prolonged high-interest-rate environment.

Table 1 Details of ESG Financial Balance by Year

Unit: Trillion KRW

	Total			ESG Investment			ESG Loan			ESG Financial Products			ESG Bond		
	Total (NPS)	Public (NPS)	Private	Subtotal	Public (NPS)	Private	Subtotal	Public	Private	Subtotal	Public	Private	Subtotal	Public	Private
2024	2,012.6 (708.9)	1,556.8 (708.9)	455.8	945.5	775.0 (708.9)	170.4	753.0	560.3	192.7	66.6	12.8	53.8	247.5	208.6	38.9
2023	1,848.3 (587.2)	1,389.6 (587.2)	458.7	811.5	641.6 (587.2)	169.9	730.0	541.5	188.5	80.4	10.8	69.6	226.4	195.6	30.7
2022	1,488.9 (384.1)	1,065.4 (384.0)	423.5	567.2	423.8 (384.1)	143.4	670.0	478.1	191.9	71.9	9.3	62.5	179.9	154.2	25.7
2021	1,095.4 (130.2)	716.7 (130.0)	378.7	284.7	159.6 (130.2)	125.1	588.9	420.6	168.4	71.6	6.4	65.2	150.1	130.1	19.9
2020	872.0 (101.4)	579.0 (101.0)	293.0	201.3	119.7 (101.4)	81.5	517.4	372.5	145.0	61.2	4.6	56.6	92.1	82.3	9.8
2019	601.0 (32.2)	417.5 (32.0)	183.6	79.6	38.9 (32.2)	40.6	424.4	342.2	82.3	62.6	6.8	55.8	34.4	29.6	4.9

Table 2 Classification Criteria and Volume of ESG Finance(As of the end of 2024)

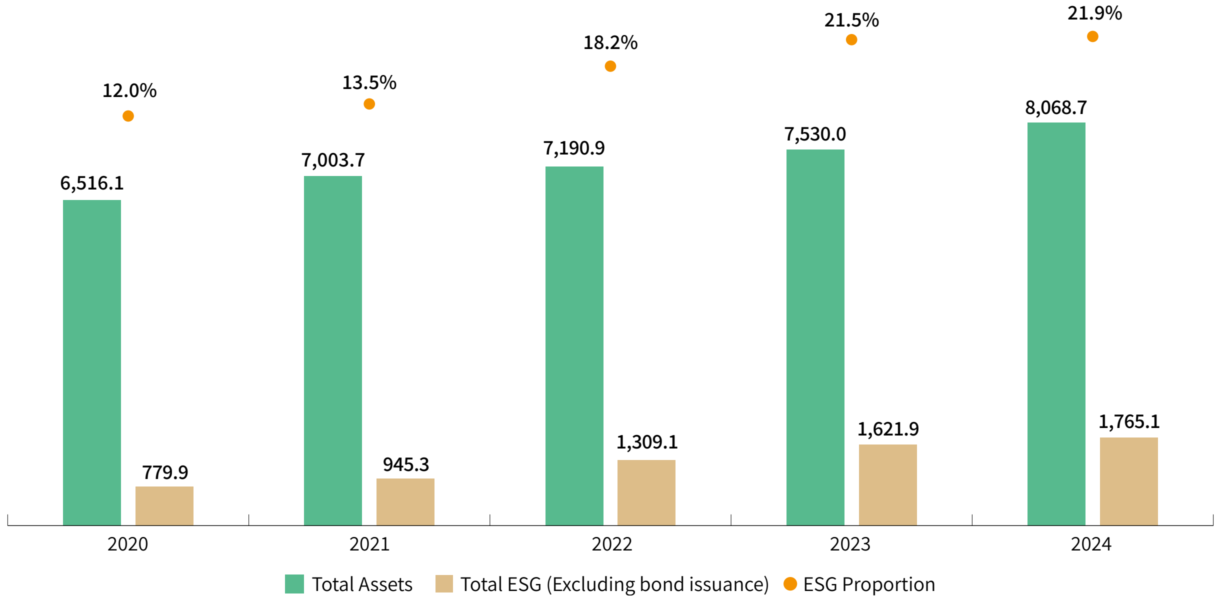
Unit: Trillion KRW

Type	Details	Amount
ESG Investment	Equity, Bond, Alternative Investment	945.5
ESG Loan	Corporate Loan, Individual Loan, PF	753.0
ESG Bond	Green, Social, Sustainable, Sustainability-linked	247.5
ESG Financial Product	Insurance, Deposit and savings, Card, Fund(Retail)	66.6

- By type, ESG investment(socially responsible investment) led at KRW 945.5 trillion, followed by ESG loans at KRW 753.0 trillion, ESG bonds at KRW 247.5 trillion, and ESG financial products at KRW 66.6 trillion. This indicates that domestic ESG finance maintains a structure centered on investment and lending.

Graph 2 Proportion of ESG Finance Volume to Total Assets at the End of 2024

Unit: Trillion KRW/%



- In 2024, the total ESG finance volume of domestic financial institutions(including NPS) accounts for 21.9%[1] of the total assets of KRW 8,068.7 trillion, maintaining a similar level to the previous year's proportion of 21.5% of total assets.

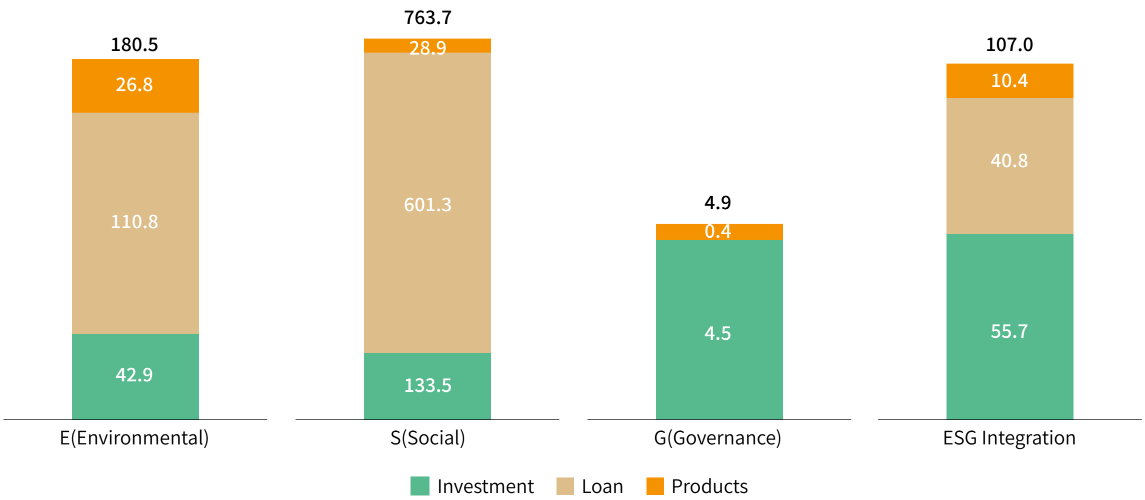
[1] As ESG bonds are an issuance item and do not constitute assets, they are excluded from the total ESG finance volume when calculating the 'proportion of ESG finance volume to total assets'

ESG Finance Volume by Pillar

* The NPS's reported total ESG finance and bond issuance were excluded from the analysis, as ESG classification could not be determined from the survey responses.

Graph 3 ESG Financial Volume by Pillar at the End of 2024

Unit: Trillion KRW



As of the end of 2024, Social(S) accounts for the majority of ESG finance at KRW 763.7 trillion(72.3%), followed by Environmental(KRW 180.5 trillion, 17.1%), ESG-integrated(KRW 107.0 trillion, 10.1%), and Governance(KRW 4.9 trillion, 0.5%).

E(Environmental) Volume KRW 180.5 Trillion | 17.1% of Total ESG Volume

- In the E(Environmental) pillar, loans accounted for the largest volume at KRW 110.8 trillion.
- Financial institutions' preference for safe assets, based on short-term repayment capacity and credit quality, may reinforce a loan-centric financing structure, thereby increasing the risk that capital is allocated to marginal efficiency gains in existing operations rather than to structural transformation.
- Therefore, to promote a substantial energy transition, it is necessary to structurally diversify green finance products—such as bonds, equity investments, and blended finance that shares risks by combining public and private capital—to encompass long-term, high-risk, and large-volume projects that fundamentally transform high-carbon industrial structures.

S(Social) Volume KRW 763.7 Trillion | 72.3% of Total ESG Volume

- Accounts for 72.3% of the total ESG finance.
- The public sector at KRW 497.0 trillion(65.1%) significantly exceeds the private sector(KRW 266.7 trillion, 34.9%), which is heavily influenced by the massive policy loans(KRW 432.6 trillion) supplied by the Korea Housing Finance Corporation(HF) within the public sector.
- Although S(Social) lending accounts for a significant share of ESG finance, there is currently a lack of established domestic standards to systematically classify and manage such activities. In practice, Korean financial institutions rely heavily on internal criteria(approximately 41.0% for lending), which contrasts with overseas markets that follow internationally recognized guidelines such as ICMA's Social Bond Principles(SBP) and Social Loan Principles(SLP). This divergence reduces comparability across financial institutions and heightens the risk of social washing.
- Therefore, to enhance the reliability and transparency of social finance in the future, there is an urgent need to establish a Korean Social Taxonomy(K-Social Taxonomy) that can clearly define and classify social finance activities.

G(Governance) & ESG Integration Volume KRW 4.9 Trillion and KRW 107.0 Trillion respectively | 0.5% and 10.1% of Total ESG Volume respectively

- The total volume of the G(Governance) pillar is KRW 4.9 trillion, accounting for 0.5% of total ESG finance.
- The ESG Integration pillar, consisting of two or more pillars such as E·S, E·G, S·G, or E·S·G, accounts for 10.1%(KRW 107.0 trillion) of the ESG volume. This is classified into the public sector at 55.6%(KRW 59.5 trillion) and the private sector at 44.4%(KRW 47.5 trillion).

Table 3 Classification by ESG Pillar as of the End of 2024

Unit: Trillion KRW

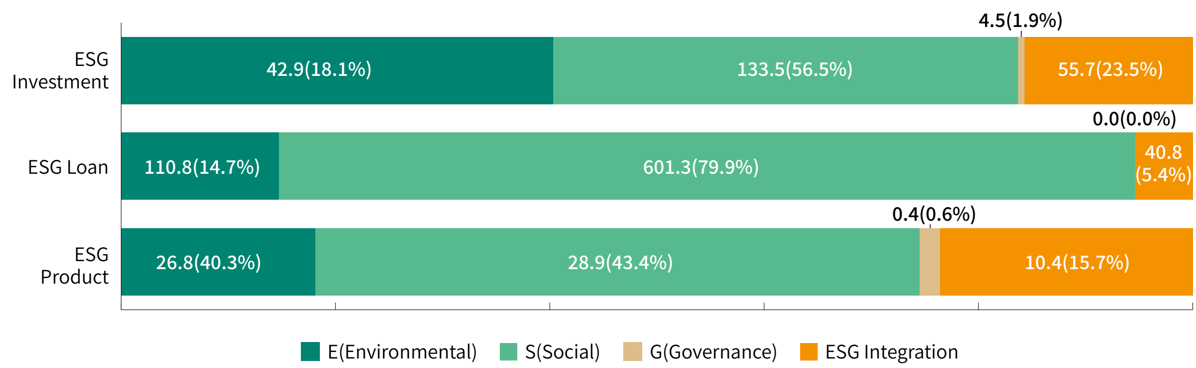
		Total	E(Environmental)				S(Social)				G(Governance)				ESG Integration			
			Investment	Loan	Product	Total	Investment	Loan	Product	Total	Investment	Loan	Product	Total	Investment	Loan	Product	Total
Public	Public Bank	140.3	3.9	62.2	1.2	67.3	18.7	35.0	0.2	53.9	0.0	0.0	0.0	0.0	1.3	16.9	0.8	19.0
	Pension Funds (excluding NPS)	10.8	0.9	0.0	2.9	3.7	3.5	0.0	0.0	3.5	0.3	0.0	0.0	0.3	2.6	0.0	0.4	3.3
	Others	488.1	5.8	1.0	4.4	11.1	5.0	432.6	1.9	439.5	0.2	0.0	0.0	0.2	23.9	12.6	1.0	37.2
	Subtotal	639.2	10.5	63.2	8.5	82.2	27.2	467.6	2.1	497.0	0.6	0.0	0.0	0.6	27.8	29.5	2.2	59.5
Private	Bank	284.4	6.9	36.8	3.2	46.9	69.8	123.7	19.8	213.2	2.0	0.0	0.4	2.4	12.2	7.6	2.2	22.0
	Life Insurance	52.8	12.5	5.1	0.0	17.6	22.3	3.7	3.0	29.1	0.6	0.0	0.0	0.6	2.0	3.6	0.0	5.6
	Non-Life Insurance	43.2	8.0	3.6	14.2	25.7	10.5	2.2	3.9	16.6	0.4	0.0	0.0	0.4	0.4	0.0	0.0	0.4
	Securities	22.1	4.6	1.4	0.9	6.9	3.3	0.7	0.2	4.2	0.4	0.0	0.0	0.4	4.7	0.0	5.8	10.6
	Asset Management	14.4	0.5	0.8	0.0	1.2	0.3	3.4	0.0	3.7	0.5	0.0	0.0	0.5	8.6	0.1	0.3	8.9
	Subtotal	416.9	32.3	47.6	18.4	98.3	106.2	133.7	26.8	266.7	3.9	0.0	0.4	4.3	27.9	11.3	8.3	47.5
Total		1,056.1	42.9	110.8	26.8	180.5	133.5	601.3	28.9	763.7	4.5	0.0	0.4	4.9	55.7	40.8	10.4	107.0
Total excluding HF		609.6	42.9	110.8	26.8	180.5	133.5	168.7	28.9	331.1	4.5	0.0	0.4	4.9	54.5	28.3	10.4	93.1

1. If two or more pillars among E, S, and G are combined, they are classified as Integration
2. HF: Korea Housing Finance Corporation
3. The 'NPS ESG volume' and 'ESG bond issuance' were excluded from the analysis as they could not be categorized by ESG pillar based on the survey responses.

Composition of ESG Pillars by Financial Product Type

Graph 4 Proportion of ESG Pillars by Type

Unit: Trillion KRW/%



- ESG Investment: Out of the total KRW 236.6 trillion, the S(Social) pillar accounts for KRW 133.5 trillion(56.5%), indicating that ESG portfolios remain heavily weighted toward social assets.
- ESG Loans: Out of the total KRW 753.0 trillion, 79.9%(KRW 601.3 trillion) belongs to the S(Social) pillar, which is the result of reflecting HF's retail loans(KRW 432.6 trillion). If HF's total loan amount(retail, corporate, and PF at KRW 445.2 trillion) is excluded, the remaining ESG loan balance of KRW 307.8 trillion is reorganized into S(Social) at 54.8%, E(Environmental) at 36.0%, and ESG Integration at 9.2%, with the Social pillar still maintaining the highest level.
- ESG Products: Out of the total KRW 66.6 trillion, the S(Social) pillar is the largest at 43.4%(KRW 28.9 trillion). Due to the nature of ESG products such as insurance, deposits and savings, credit cards, and funds(retail), the private financial sector accounts for the absolute majority at 81.8%.

ESG Financial Volume by Sector

Table 4 ESG Financial by Sector: Year-on-Year Comparison

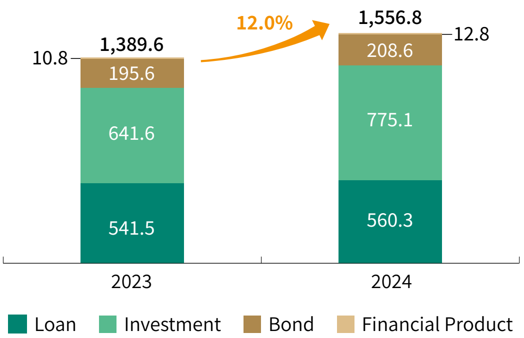
Unit: Trillion KRW

		ESG Total		ESG Investment		ESG Loan		ESG Bond		ESG Financial Product	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Public	Public Bank	177.0	157.4	23.8	17.8	114.2	106.6	36.7	30.5	2.3	2.5
	NPS	708.9	587.2	708.9	587.2	-	-	-	-	-	-
	HF	600.2	581.3	1.3	1.1	445.2	434.0	153.8	146.1	-	-
	Others	70.7	63.7	41.0	35.4	1.0	0.9	18.2	19.0	10.5	8.3
	Subtotal	1,556.8	1,389.6	775.1	641.6	560.3	541.5	208.6	195.6	12.8	10.8
Private	Bank	319.2	337.0	90.8	98.6	168.1	166.1	34.8	26.9	25.5	45.4
	Life Insurance	55.8	49.8	37.4	34.0	12.4	10.8	3.0	3.1	3.0	1.9
	Non-Life Insurance	43.7	40.7	19.3	18.6	5.8	5.8	0.5	0.3	18.1	16.1
	Securities	22.7	18.8	13.0	10.6	2.1	1.8	0.6	0.5	6.9	5.9
	Asset	14.4	12.5	9.9	8.2	4.2	4.0	-	-	0.3	0.2
	Subtotal	455.8	458.7	170.4	169.9	192.7	188.5	38.9	30.7	53.8	69.6
Total		2,012.6	1,848.3	945.5	811.5	753.0	730.0	247.5	226.4	66.6	80.4
Total excluding NPS		1,318.2	1,261.1	236.6	224.3	753.0	730.0	247.5	226.4	66.6	80.4

As of the end of 2024, the ESG finance volume in the public sector stood at KRW 1,556.8 trillion(77.4% of the total ESG finance volume), growing by 12.0% YoY and somewhat mitigating the downward pressure on the overall market amid the decline in the private sector.

Public Sector | Volume KRW 1,556.8 Trillion | 77.4% of Total ESG Finance Volume | 12.0% Year-on-Year Growth

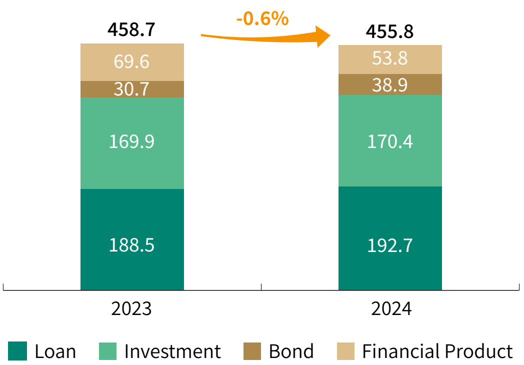
Graph 5 Growth rate of Public Sector



- As of the end of 2024, the total ESG finance volume in the public sector was KRW 1,556.8 trillion, with the NPS(KRW 708.9 trillion) and the HF(KRW 600.2 trillion) accounting for 83.3%, leading the public ESG finance.
- The public sector's growth rate in 2024 was 12.0%, which has somewhat slowed compared to the past. However, it is interpreted that the public sector maintained a limited but steady growth trend amid the stagnation and sluggishness of the private sector, partially cushioning the decline in the overall ESG finance volume.
- Meanwhile, the ESG finance volume of other public institutions (excluding NPS and HF) stood at KRW 247.7 trillion, recording a 12.0% YoY growth rate. This suggests that the growth trend is being maintained across the broader public sector, albeit to a limited extent, rather than being confined to specific large institutions.

Private Sector | Volume KRW 455.8 Trillion | 22.6% of Total Finance Volume | -0.6% Year-on-Year Decrease

Graph 6 Growth rate of Private Sector

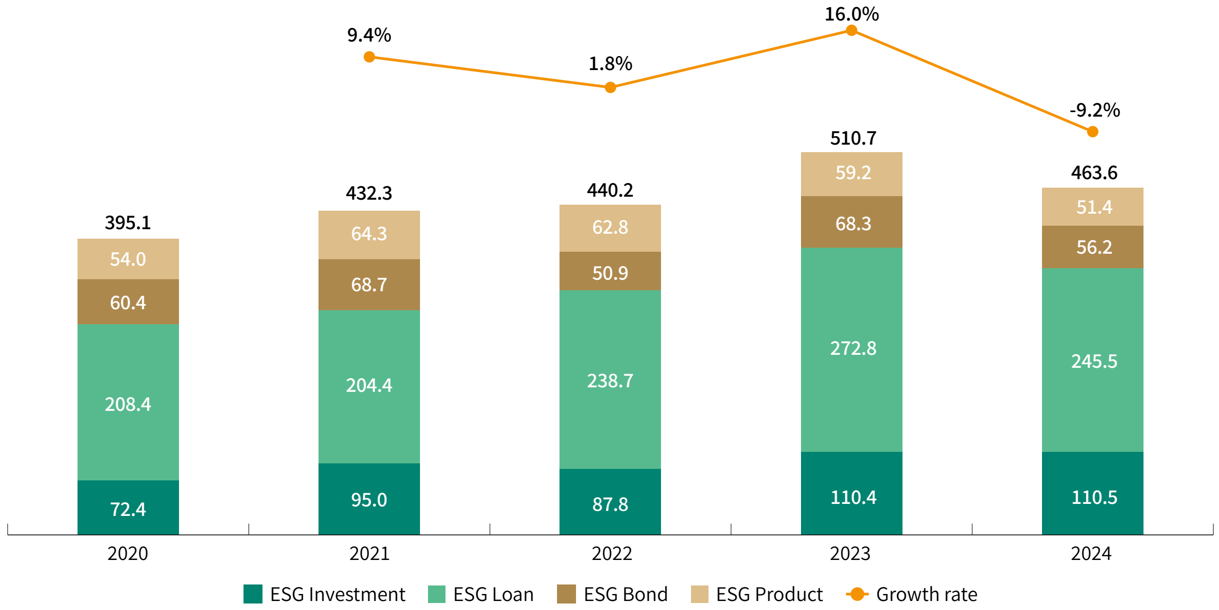


- Banks, which account for the largest share(70.0%) in the private sector, decreased by 5.3% YoY, driving the downward trend in the private sector.
- In particular, the banking sector's ESG investments(equities, bonds, alternative investments, etc.) and ESG financial products(deposits and installment savings, insurance, retail funds, etc.) declined by 7.9% and 43.8%, respectively, inducing the overall growth slowdown in the private sector. This is attributed to banks focusing on stabilizing their existing portfolios rather than expanding them, due to the declining profitability of ESG products.
- On the other hand, life insurance, non-life insurance, securities, and asset management recorded growth rates of 12.0%, 7.4%, 20.7%, and 15.2%, respectively, confirming the relative growth trend of the non-banking financial sector.

Newly Executed Volume of ESG Finance[2]

Graph 7 Annual Trends in Newly Executed ESG Finance

Unit: Trillion KRW/%



- In 2024, the newly executed amount of ESG finance totaled KRW 463.6 trillion(a 9.2% decrease YoY).
- By type, it consists of(i) ESG loans at KRW 245.5 trillion(53.0% of the total newly executed amount),(ii) ESG investment at KRW 110.5 trillion(23.8%),(iii) ESG bonds at KRW 56.2 trillion(12.1%), and(iv) ESG products at KRW 51.4 trillion(11.1%).
- The newly executed amount of ESG loans decreased by 10.0% YoY to KRW 245.5 trillion. This is attributed to the HF reducing its loans in line with the termination of certain special policy mortgages and the normalization of funding support stance which led to lending declining to KRW 102.3 trillion in 2024(–41.7% YoY).
- The newly executed volumes of ESG bonds and ESG products also decreased by 17.8% and 13.3% YoY, respectively. In the bond sector, this is primarily attributed to a decline in the new issuance of social bonds(down 25.0% YoY), which account for 83.3% of total ESG bond issuance. For ESG products, the sluggish execution of deposits and installment savings(down 52.0%) is analyzed as the main cause.
- ESG investment grew by a mere 0.1% in 2024, entering a somewhat stagnant phase following a significant surge of 25.7% in 2023. This is attributed to slowdown in the pace of ESG investment expansion, driven by additional costs for verification and post-management along with uncertainties regarding standards, in a situation where ESG has yet to demonstrate short-term profitability compared to general investments.

[2] The National Pension Service(NPS) did not provide its newly executed amount and was therefore excluded from the analysis.

Current Status of ESG Finance by Private Financial Group

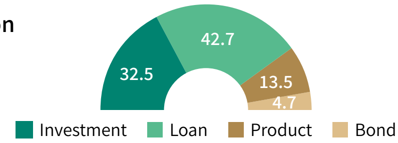
(Listed in order of ESG finance volume)

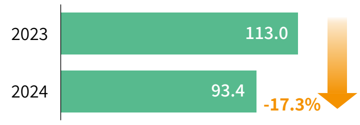
* As ESG bond issuance does not constitute an asset, it is excluded from the total ESG finance volume when calculating the 'proportion of ESG finance volume to total assets'

NongHyup Financial Group

National Agricultural Cooperative Federation(NACF) | NongHyup Bank | NongHyup Life Insurance | NongHyup Non-Life Insurance | NH Investment & Securities | NH-Amundi Asset Management

Total ESG Finance Volume	KRW 93.4 trillion
Total Assets	KRW 1,452.3 trillion
Proportion	6.1%

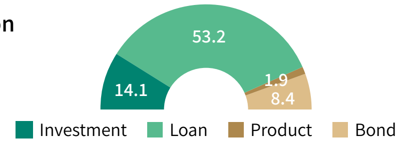


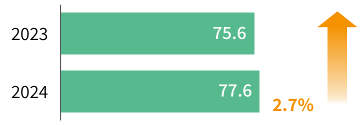


Shinhan Financial Group

Shinhan Bank | Shinhan Life Insurance | Shinhan Securities | Shinhan Asset Management | Jeju Bank

Total ESG Finance Volume	KRW 77.6 trillion
Total Assets	KRW 824.1 trillion
Proportion	8.4%

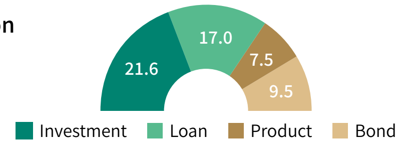


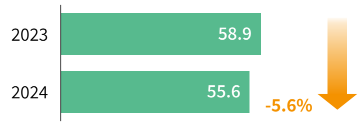


KB Financial Group

KB Kookmin Bank | KB Life Insurance | KB Insurance | KB Securities

Total ESG Finance Volume	KRW 55.6 trillion
Total Assets	KRW 754.9 trillion
Proportion	6.1%

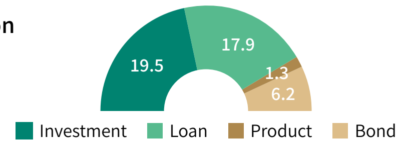


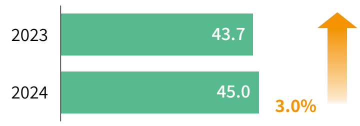


Hana Financial Group

Hana Bank | Hana Securities | Hana Asset Management

Total ESG Finance Volume	KRW 45.0 trillion
Total Assets	KRW 640.7 trillion
Proportion	5.1%

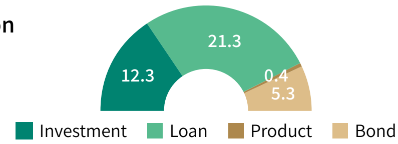


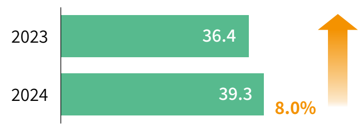


WOORI FINANCIAL GROUP

Woori Bank | Woori Asset Management

Total ESG Finance Volume	KRW 39.3 trillion
Total Assets	KRW 469.5 trillion
Proportion	7.3%

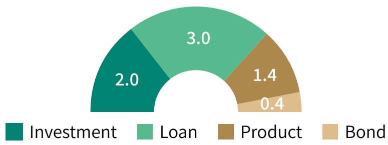


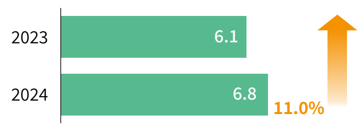


iM Financial Group

iM Bank | iM Life Insurance | iM Securities | iM Asset Management

Total ESG Finance Volume	KRW 6.8 trillion
Total Assets	KRW 139.4 trillion
Proportion	4.6%





4

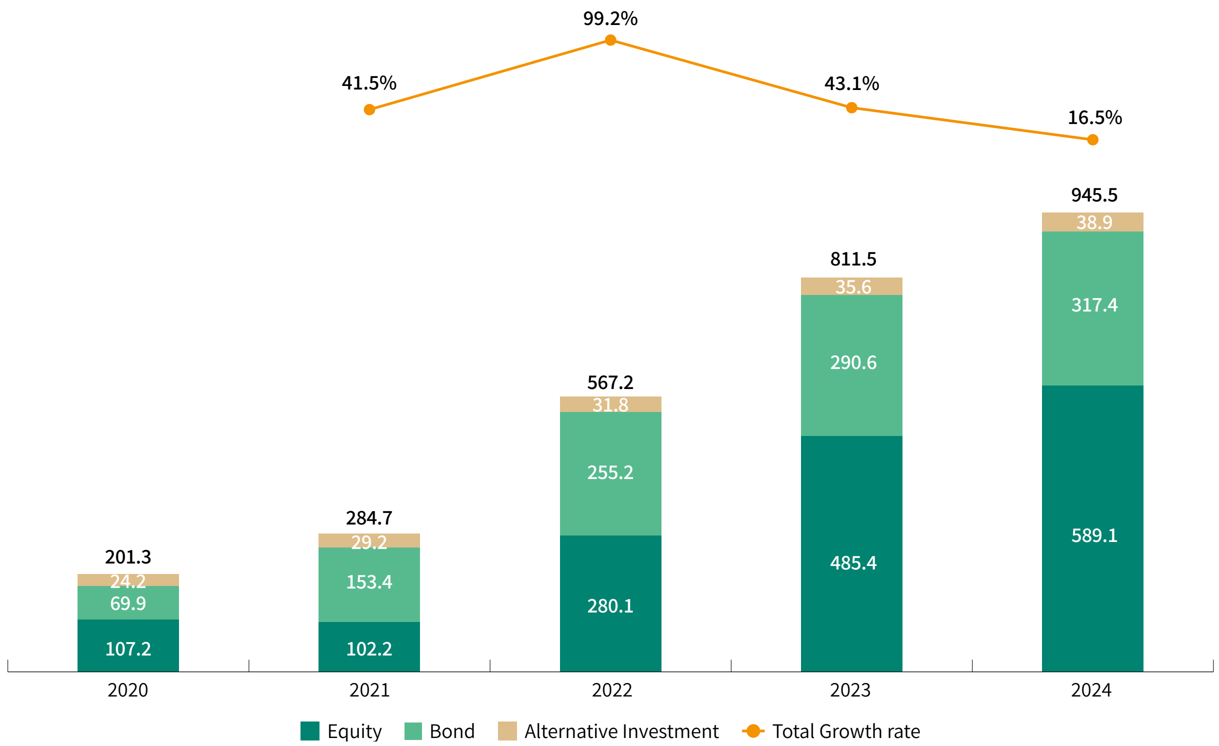
Breakdown of ESG Finance by Type

4 Breakdown of ESG Finance by Type

ESG Investment

Graph 8 Annual Trend in ESG Investment Volume

Unit: Trillion KRW/%

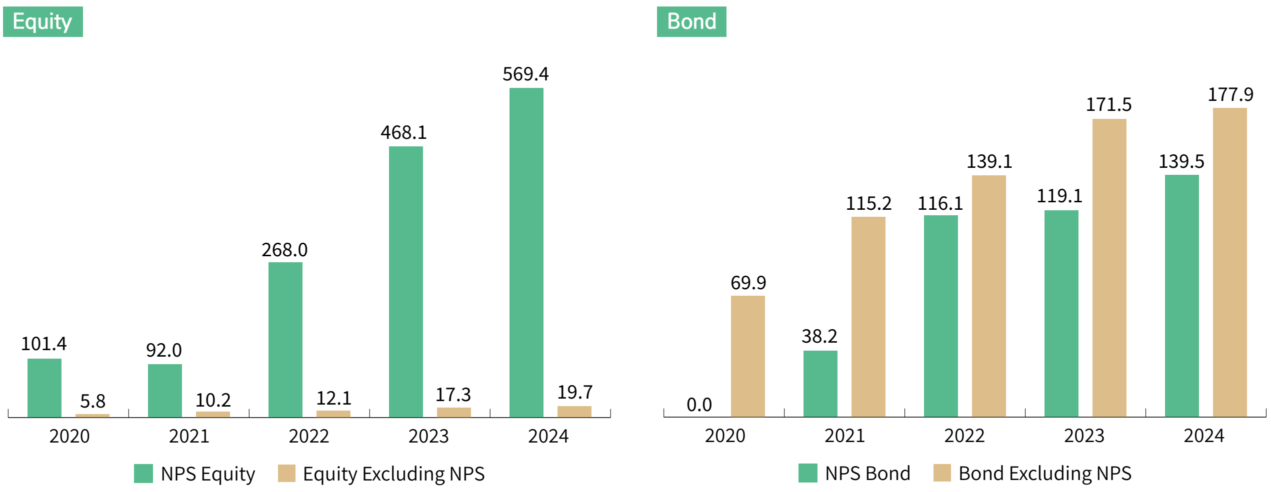


In 2024, the volume of ESG investments reached KRW 945.5 trillion, representing a 16.5% YoY growth (an increase of KRW 134.0 trillion). It accounts for the largest share at 47.0% of the total domestic ESG finance volume.

- The volume of ESG investments has grown continuously, expanding approximately 4.7 times over five years from KRW 201.3 trillion in 2020 to KRW 945.5 trillion in 2024. However, the growth margin shows a gradual decline.
- This is interpreted as a base effect driven by the fading of the one-off increase effect from the expansion of the NPS responsible investment scope, as well as the ESG investment market entering a mature and stable phase.

Graph 9 ESG Investment Trends: NPS vs Others

Unit: Trillion KRW



- Equity investments show an expanding trend centered around the NPS. The investment volume of the NPS increased from KRW 468.1 trillion in 2023 to KRW 569.4 trillion(+21.6%) in 2024, accounting for 96.7% of the total ESG equity investment volume. However, the growth rate sharply declined YoY(from 74.7% to 21.6%). This is the result of a base effect reflecting the inclusion of the NPS's directly managed overseas equities(KRW 138.5 trillion) into ESG investments in 2023.
- ESG equity investments excluding the NPS maintain a limited growth trend. The investment volume expanded from KRW 17.3 trillion in 2023 to KRW 19.7 trillion in 2024, but the growth margin remains at a relatively insignificant level.
- The ESG bond investment volume increased by 9.2% YoY overall, reflecting the NPS(+KRW 20.4 trillion) and institutions excluding the NPS(+KRW 6.4 trillion). However, the growth margin has slowed compared to the past(13.8% in 2023, 66.4% in 2022). This is analyzed as a result of ESG bonds losing relative priority due to burdens such as additional costs and complex procedures. Meanwhile, the investment proportion of general and government bonds expanded, driven by their yield competitiveness amid the prolonged high-interest-rate environment. In particular, the shrinking scale of the new ESG bond issuance market also contributed to the slowdown in growth.

Table 5 Comparison of New ESG Bond Market Status[3]

Unit: Cases/Trillion KRW

Year	Number of ESG Bonds Issued				Total Number of Issuing Institutions	Newly Listed Amount
	Green Bond	Social Bond	Sustainable Bond	Sustainability-Linked Bond		
2023	39	48	13	1	90	75.5
2024	42	56	10	2	91	64.0

[3] Reprocessed data from the Korea Exchange(KRX) ESG Bond Information Platform(including corporate issuance volume)

ESG Investment by Sector

Table 6 ESG Investment Volume by Sector

Unit: Trillion KRW

		ESG Investment		Equity		Bond		Alternative Investment	
		2023	2024	2023	2024	2023	2024	2023	2024
Public	Public Bank	17.8	23.8	2.0	3.4	15.1	19.2	0.8	1.2
Public	Pension Funds (excluding NPS)	593.8	716.6	469.9	571.2	123.5	144.9	0.4	0.4
Public	Others	30.0	34.7	6.0	6.9	18.6	21.5	5.4	6.3
Public	Subtotal	641.6	775.1	477.8	581.4	157.2	185.6	6.6	8.0
Private	Bank	98.6	90.8	0.4	0.3	93.9	85.6	4.3	4.8
Private	Life Insurance	34.0	37.4	0.5	0.5	21.3	23.9	12.2	13.0
Private	Non-Life Insurance	18.6	19.3	0.1	0.2	8.3	8.9	10.2	10.3
Private	Securities	10.6	13.0	1.0	0.9	7.5	9.5	2.0	2.6
Private	Asset	8.2	9.9	5.5	5.8	2.4	3.9	0.2	0.2
Private	Subtotal	169.9	170.4	7.6	7.7	133.4	131.7	29.0	30.9
Total		811.5	945.5	485.4	589.1	290.6	317.4	35.6	38.9

Public Sector Volume: KRW 775.1 Trillion | 82.0% of Total ESG Investment Volume | 20.8% YoY Growth Rate

- The ESG investment volume in the public sector stood at KRW 775.1 trillion in 2024, accounting for a high proportion of approximately 82.0% of total ESG investments.
- Pension funds, including the NPS, account for approximately 92.5%.
- The proportion by type is in the order of equities(75.0%), bonds(23.9%), and alternative investments(1.1%). Following the rapid growth of the NPS's equity volume in 2023, the equity sector has formed the core of ESG investments.

Private Sector Volume: KRW 170.4 Trillion | 18.0% of Total ESG Investment Volume | 0.3% YoY Growth Rate

- The ESG investment volume in the private sector stood at KRW 170.4 trillion in 2024, maintaining a similar level to the previous year, with bonds accounting for approximately 77.3% of total private ESG investments.
- While the proportion of bond investments centered around the banking sector is the highest(77.3%), the proportions of equities(4.5%) and alternative investments(18.2%) remain at relatively limited levels.

Table 7 ESG Investment Volume by Pillar[4]

Unit: Trillion KRW

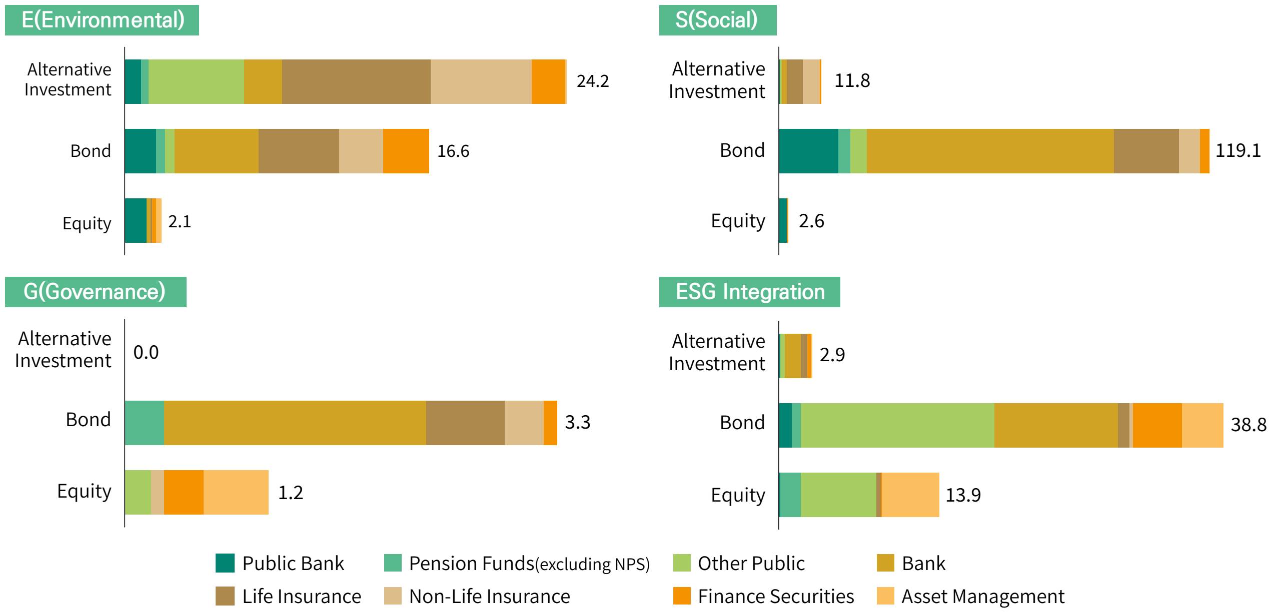
		E(Environmental)				S(Social)				G(Governance)				ESG Integration			
		Subtotal	Equity	Bond	Alternative Investment	Subtotal	Equity	Bond	Alternative Investment	Subtotal	Equity	Bond	Alternative Investment	Subtotal	Equity	Bond	Alternative Investment
Public	Public Bank	3.9	1.2	1.7	0.9	18.7	2.1	16.4	0.2	0.0	0.0	0.0	0.0	1.3	0.1	1.1	0.1
Public	Pension Funds (excluding NPS)	0.9	0.0	0.5	0.4	3.5	0.0	3.4	0.0	0.3	0.0	0.3	0.0	2.6	1.8	0.8	0.0
Public	Others	5.8	0.0	0.5	5.2	5.1	0.0	4.5	0.6	0.2	0.2	0.0	0.0	23.9	6.6	16.9	0.4
Public	Subtotal	10.5	1.2	2.8	6.6	27.3	2.1	24.3	0.9	0.6	0.2	0.3	0.0	27.8	8.5	18.8	0.5
Private	Bank	6.9	0.2	4.6	2.1	69.8	0.1	68.3	1.4	2.0	0.0	2.0	0.0	12.2	0.0	10.8	1.4
Private	Life Insurance	12.5	0.1	4.4	8.1	22.3	0.0	17.9	4.4	0.6	0.0	0.6	0.0	2.0	0.4	1.0	0.6
Private	Non-Life Insurance	8.0	0.0	2.4	5.5	10.5	0.1	5.8	4.7	0.4	0.1	0.3	0.0	0.4	0.0	0.3	0.0
Private	Securities	4.6	0.2	2.5	1.8	3.3	0.3	2.6	0.4	0.4	0.3	0.1	0.0	4.7	0.1	4.3	0.3
Private	Asset	0.5	0.3	0.0	0.1	0.3	0.0	0.2	0.0	0.5	0.5	0.0	0.0	8.6	5.0	3.6	0.1
Private	Subtotal	32.4	0.8	13.9	17.6	106.2	0.5	94.9	10.9	3.9	0.9	3.0	0.0	27.9	5.4	20.1	2.4
Total		42.9	2.1	16.6	24.2	133.5	2.6	119.1	11.8	4.5	1.2	3.3	0.0	55.7	13.9	38.8	2.9

[4] The NPS was excluded from the analysis as it does not categorize by E/S/G but manages them solely under ESG Integration

ESG Investment by Pillar

Graph 10 ESG Investment Volume by Pillar

Unit: Trillion KRW



E(Environmental)

Volume: KRW 42.9 Trillion | 18.1% of Total ESG Investment | Public: KRW 10.5 Trillion | Private: KRW 32.4 Trillion

- ESG investment in the E(Environmental) pillar totals KRW 42.9 trillion, with the private sector(KRW 32.4 trillion) exceeding the public sector(KRW 10.5 trillion) by approximately 3.1 times.
- By institution, Kyobo Life Insurance(KRW 4.0 trillion) holds the largest investment volume in the E(Environmental) pillar, followed by Samsung Life Insurance(KRW 2.9 trillion), the Korean Federation of Community Credit Cooperatives(KFCC) and Samsung Fire & Marine Insurance(KRW 2.3 trillion each), and the Industrial Bank of Korea(IBK)(KRW 2.1 trillion).
- The life insurance sector accounts for the largest share of the total E(Environmental) volume at 29.1%(KRW 12.5 trillion), of which 57.6%(KRW 7.2 trillion) is heavily invested in renewable energy projects such as solar and wind power.
- It consists of equities, bonds, and alternative investments. The reason for the high proportion of bonds is analyzed to be that investments in the E(Environmental) pillar are centered around large-scale infrastructure projects like solar and wind power, and these investments are executed through bonds, which offer easier risk management compared to equity-centric investments.

S(Social)

Volume: KRW 133.5 Trillion | 56.5% of Total ESG Investment | Public: KRW 27.3 Trillion | Private: KRW 106.2 Trillion

- ESG investment in the S(Social) pillar totals KRW 133.5 trillion, recording the largest volume among single pillars. Of this, the private sector(KRW 106.2 trillion) is approximately 3.9 times larger than the public sector(KRW 27.3 trillion).
- In the S(Social) pillar, the banking sector's investment proportion stands out at 52.3%(KRW 69.8 trillion). By institution, the investment volumes are prominent in the order of KB Kookmin Bank(KRW 15.6 trillion), NongHyup Bank(KRW 14.8 trillion), Hana Bank(KRW 14.5 trillion), the Industrial Bank of Korea(IBK)(KRW 13.3 trillion), and Shinhan Bank(KRW 8.8 trillion).
- Bond investments dominate the portfolio at KRW 119.1 trillion (89.2%), led by housing supply (KRW 43.3 trillion), followed by social infrastructure support (KRW 18.8 trillion) and job creation (KRW 13.3 trillion).

G(Governance) & ESG Integration [5]

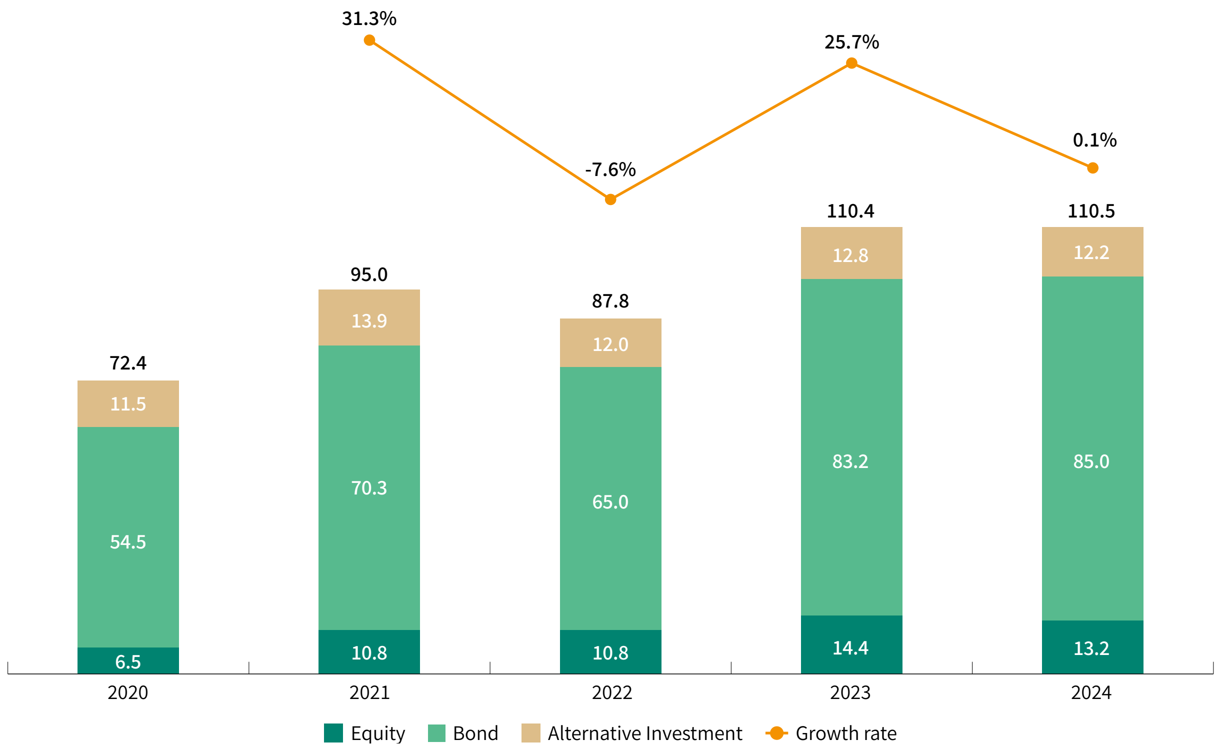
Volume: KRW 4.5 Trillion and KRW 55.7 Trillion | 1.9% and 23.5% of Total ESG Investment | Public: KRW 0.6 Trillion and KRW 27.8 Trillion | Private: KRW 3.9 Trillion and KRW 27.9 Trillion

- ESG investment in the G(Governance) pillar totals KRW 4.5 trillion, accounting for the smallest share at a mere 1.9% of total ESG investments, demonstrating a small-volume investment structure limited to equities(KRW 1.2 trillion) and bonds(KRW 3.3 trillion).
- Investment in the ESG Integration pillar totals KRW 55.7 trillion(23.5%), showing similar volumes of public(KRW 27.8 trillion) and private(KRW 27.9 trillion) funds, and is distributed across both equities and bonds.

[5] When a financial institution classifies an investment by combining two or more of Environmental(E), Social(S), and Governance(G), it is categorized as ESG Integration.

Graph 11 Annual Trend in New ESG Investment Volume [6]

Unit: Trillion KRW/%



In 2024, the volume of new ESG investments totaled KRW 110.5 trillion, increasing by a mere 0.1% YoY, remaining virtually stagnant.

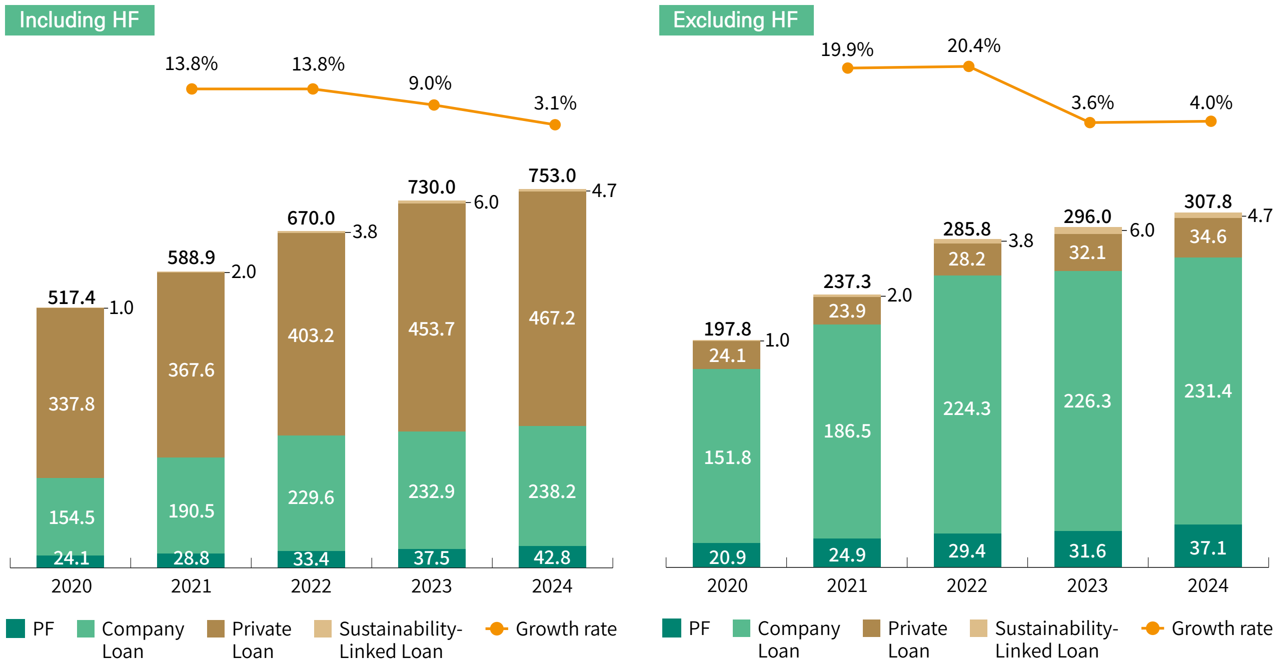
- The volume of new ESG investments increased by approximately 1.5 times over five years, from KRW 72.4 trillion in 2020 to KRW 110.5 trillion in 2024. However, the growth rate in 2024 was 0.1%, showing a significant slowdown compared to the previous year(25.7%) and indicating a virtually stagnant state.
- This growth slowdown is attributed to a base effect from the sharp increase(+25.7%) in new ESG bond investments, which reached KRW 83.2 trillion in 2023 driven by the expansion of social bonds. New ESG bond investments account for the majority(76.9%) of total new investments.

[6] The NPS was excluded from the analysis as it did not respond to the survey regarding new ESG investments.

ESG Loan

Graph 12 Annual Trends in ESG Loan Volume

Unit: Trillion KRW



In 2024, the Volume of ESG loans Reached KRW 753.0 Trillion; Overall Growth Stagnated Due to Slowdown in HF Loan Growth

Overall Status of ESG Loans

- The ESG loan volume accounts for 37.4% of the total domestic ESG finance volume, taking up the second-largest proportion after ESG investment.
- As of the end of 2024, the total ESG loan volume stood at KRW 753.0 trillion, consisting of retail loans at KRW 467.2 trillion(62.0%), corporate loans at KRW 238.2 trillion(31.6%), project financing(PF) at KRW 42.8 trillion(5.8%), and sustainability-linked loans at KRW 4.7 trillion(0.6%).
- The loan balance of HF, which accounts for the highest proportion of ESG loans, recorded KRW 445.2 trillion(59.1% of the total) in 2024, growing by a mere 2.6% year-on-year(YoY). Growth faltered as policy mortgages, such as the Bogeumjari Loan, which saw an increase in supply due to special expansions in 2023, were scaled back in 2024.

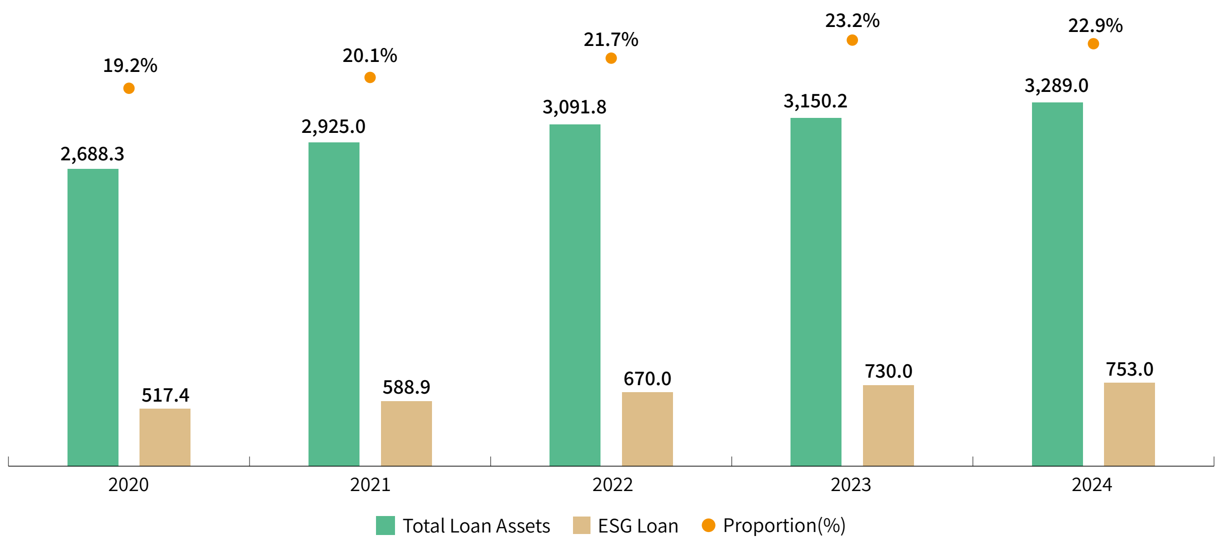
Status of ESG Loans Excluding HF

- Excluding HF[7], which provides policy loans, the overall ESG loan market size in 2024 was KRW 307.8 trillion, showing a slight YoY growth of 4.0%. The growth pace of the private-centric ESG loan market also remained limited.
- Analyzed by detailed type, it consists of corporate loans at KRW 231.4 trillion(75.2%), PF at KRW 37.1 trillion(12.1%), retail loans at KRW 34.6 trillion(11.2%), and sustainability-linked loans at KRW 4.7 trillion(1.5%).
- Sustainability-linked loans recorded KRW 4.7 trillion, a KRW 1.3 trillion drop from KRW 6.0 trillion in the previous year. Currently, the absence of specific guidelines for sustainability-linked loans in Korea has led to varying standards among financial institutions and high concerns over greenwashing. Furthermore, the absence of independent third-party verification and standardized evaluation systems has hindered the objective assessment of ESG performance. Consequently, financial institutions appear to have reduced the supply of sustainability-linked loans as a proactive risk management measure.

[7] In 2024, the ESG loans of the HF amounted to KRW 445.2 trillion, consisting of private loans at KRW 432.6 trillion(97.2% of the total), corporate loans at KRW 6.9 trillion(1.5%), and PF at KRW 5.7 trillion(1.3%). HF's private loans are centered around policy mortgages such as the Bogeumjari Loan, Housing Finance Credit Guarantee, Conforming Loan, Didimdol Loan for Homeownership, and Reverse Mortgage Guarantee. Given that its founding purpose is the stable supply of housing finance, it possesses a structural characteristic of being more directly influenced by changes in real estate policies than by the S(Social) sector goals of ESG. Considering the nature and scale of these HF loans(59.1% of total ESG loans), this report analyzes HF loans separately.

Graph 13 Annual Proportion of ESG Loans to Total Loan Assets

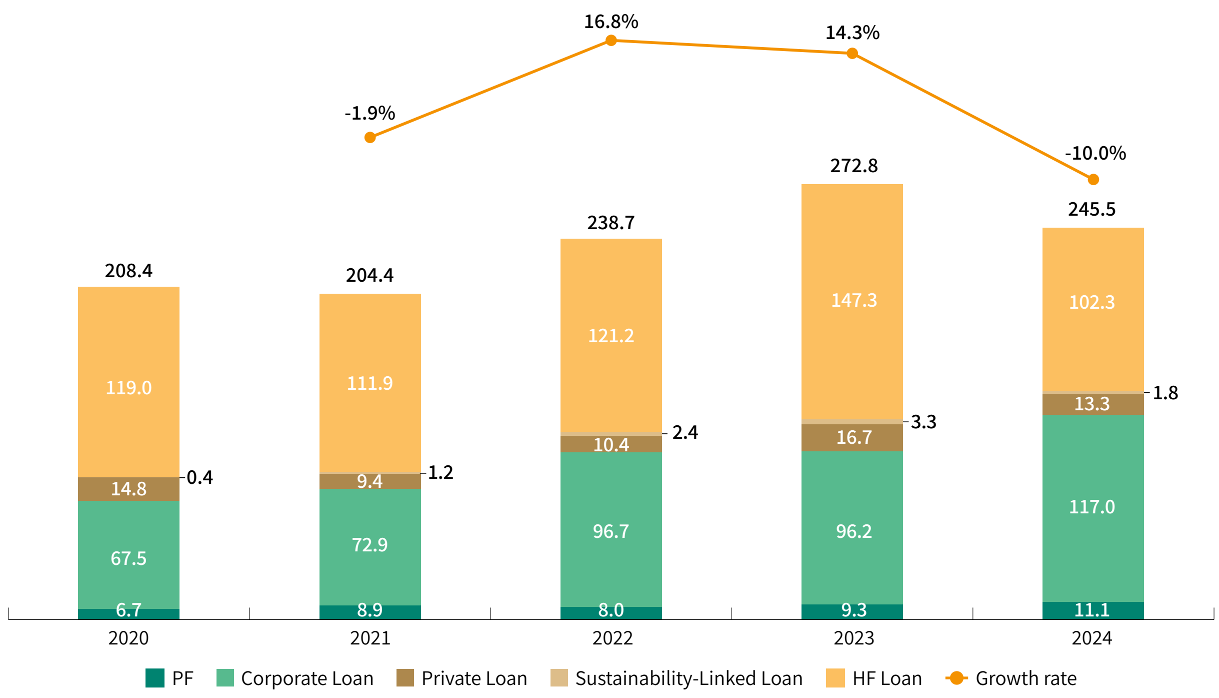
Unit: Trillion KRW/%



- In 2024, the proportion of ESG loans to the total loan assets of the responding institutions stood at 22.9%, a slight decrease from the previous year(23.2%).

Graph 14 Trends in New ESG Loans by Product

Unit: Trillion KRW/%



- The total volume of newly executed ESG loans in 2024 amounted to KRW 245.5 trillion, representing a 10.0% decrease YoY.
- The primary cause of this is the sharp drop in newly executed loans from KRW 147.3 trillion to KRW 102.3 trillion, as HF's Special Bogeumjari Loan and long-term Conforming Loans—which accounted for 54.0% of all newly executed ESG loans in 2023—were terminated or scaled back in 2024.
- On the other hand, the volume of newly executed loans excluding HF reached KRW 143.2 trillion, demonstrating a 12.4% growth compared to the previous year(KRW 125.5 trillion). This growth was driven by a KRW 20.8 trillion YoY increase in corporate loans from major policy financial institutions and private financial institutions.

ESG Loan by Pillar

Table 8 Volume of ESG Loan by Pillar

Unit: Trillion KRW

		Total	E(Environment)	S(Social)	G(Governance)	ESG Integration
Public	Public Bank	114.2	62.2	35.0	-	16.9
	HF	445.2	-	432.6	-	12.6
	Others(Excluding HF)	1.0	1.0	0.0	-	-
	Subtotal	560.3	63.2	467.6	-	29.5
Private	Bank	168.1	36.8	123.7	-	7.6
	Life Insurance	12.4	5.1	3.7	-	3.6
	Non-Life Insurance	5.8	3.6	2.2	-	0.0
	Securities	2.1	1.4	0.7	-	-
	Asset Management	4.2	0.8	3.4	-	0.1
	Subtotal	192.7	47.6	133.7	-	11.3
Total		753.0	110.8	601.3	-	40.8
HF Total Excluding HF		307.8	110.8	168.7	-	28.3

Composition of ESG Loans by Pillar: A Structure Centered on the S(Social) Pillar and Public Finance

E(Environmental)

- Out of the total KRW 110.8 trillion, public finance accounts for more than half at KRW 63.2 trillion(57.0%), structured primarily around public banks(KRW 62.2 trillion).
- The major executing institutions are the Korea Development Bank(KDB) at KRW 32.9 trillion, followed by the Export-Import Bank of Korea(KEXIM) at KRW 20.7 trillion, and the Industrial Bank of Korea(IBK) at KRW 8.7 trillion. Public finance commonly supports the environmental sector through policy finance(e.g., innovative growth industry support funds aimed at reducing greenhouse gas emissions, export base fund loans to promote sustainability, and local subsidiary business fund loans).
- Private finance accounts for 43.0%(KRW 47.6 trillion). The major executing institutions are NongHyup Bank at KRW 12.9 trillion, KB Kookmin Bank at KRW 8.9 trillion, and Woori Bank at KRW 5.6 trillion.

S(Social)

- Out of the total KRW 601.3 trillion, HF loans account for KRW 432.6 trillion(71.9%), making up much of the S(Social) pillar.
- Excluding HF, the public finance sector stands at KRW 35.0 trillion. It is structured around public banks providing business loans for micro-enterprises(banks' own funds) and funds for employment expansion support and local economy revitalization(policy fund execution products).
- The private finance sector accounts for KRW 133.7 trillion(22.2%), with banks taking up the largest share at 92.5%(KRW 123.7 trillion). The major executing institutions are Shinhan Bank at KRW 44.8 trillion, NongHyup Bank at KRW 27.2 trillion, and Woori Bank at KRW 15.0 trillion, providing credit technology evaluation loans, new growth and job creation fund loans, and Jeonse(deposit-based lease) loans.

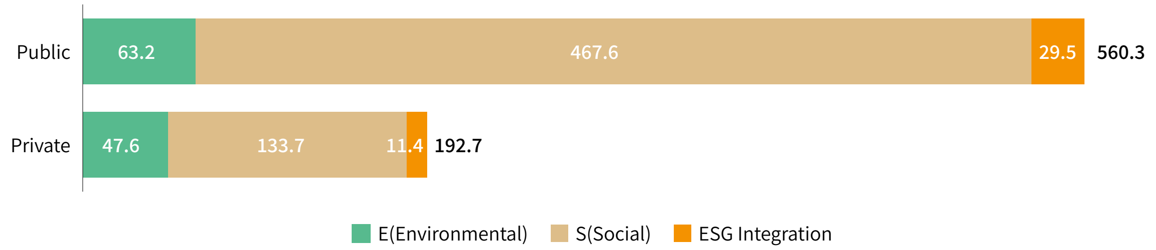
G(Governance) & ESG Integration

- The total volume of ESG Integration loans is KRW 40.8 trillion, with KRW 29.5 trillion(72.3%) provided by public finance and KRW 11.3 trillion(27.7%) by private finance.
- HF's corporate loans and project financing(PF) account for the largest share at 30.8%(KRW 12.6 trillion) of ESG Integration loans. This supports the creation of sustainable cities and settlements through the Housing Finance Credit Guarantee, comprehensively contributing to both the E(Environmental) and S(Social) pillars.
- There are no loans exclusively in the G(Governance) pillar, indicating a virtual absence of loan products directly aimed at improving corporate governance.

ESG Loans by Sector

Graph 15 Breakdown of ESG Pillars by Sector

Unit: Trillion KRW



The KRW 753.0 trillion in ESG loans in 2024 consists of the public sector at KRW 560.3 trillion(74.4%) and the private sector at KRW 192.7 trillion(25.6%).

The HF accounts for 92.5%(KRW 432.6 trillion) of loans in the S(Social) pillar.

Public

- Total Volume: KRW 560.3 trillion driven by HF, the S(Social) pillar accounts for the largest share at 83.5%, followed by the E(Environmental) pillar at 11.3%, and ESG Integration at 5.3%.
- Excluding HF, The public sector totals KRW 115.2 trillion. The E(Environmental) pillar takes the largest share at 54.9%(KRW 63.2 trillion), followed by the S(Social) pillar at 30.4%(KRW 35.0 trillion), and ESG Integration at 14.7%(KRW 16.9 trillion). Loan funds are being provided to the environmental sector centered around public banks.

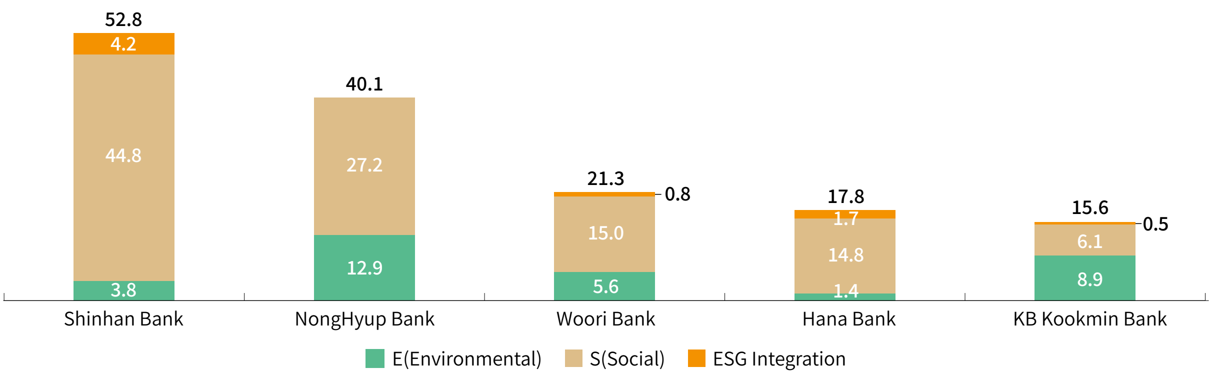
Private

- Total Volume: KRW 192.7 trillion. The S(Social) pillar accounts for the largest share at 69.4%, followed by the E(Environmental) pillar at 24.7%, and ESG Integration at 5.9%.
- In private finance, the S(Social) pillar, which is centered around loan products aimed at job creation and housing supply, takes up the largest proportion. Conversely, private finance participation in the E(Environmental) pillar remains limited while reliance on public finance remains high suggesting that the influx of private capital is insufficient for expanding eco-friendly and transition investments.

Analysis of Top Private ESG Lenders by Pillar

Graph 16 ESG Loan Volume by Pillar for the Top 5 Private Financial Institutions

Unit: Trillion KRW

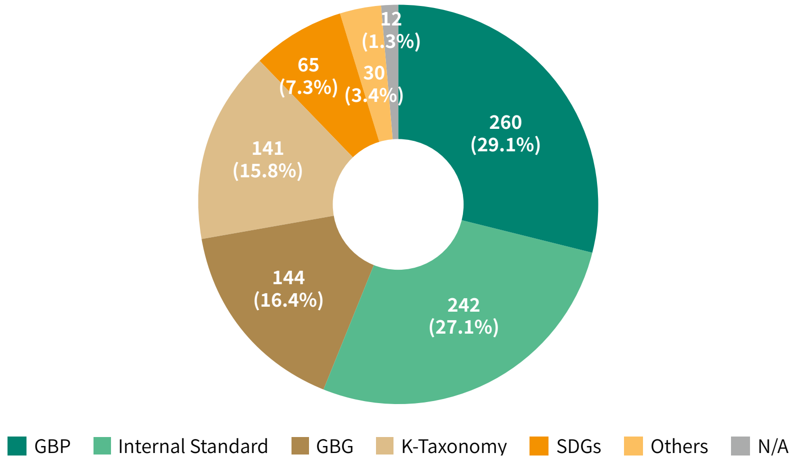


- In 2024, the top five private institutions for ESG loans were Shinhan Bank(KRW 52.8 trillion), NongHyup Bank(KRW 40.1 trillion), Woori Bank(KRW 21.3 trillion), Hana Bank(KRW 17.8 trillion), and KB Kookmin Bank(KRW 15.6 trillion).
- The ESG loans of the five major commercial banks are largely composed of existing socially oriented lending–such as inclusive finance, SME support, Jeonse financing, and job creation funding–resulting in a high share of the Social(S). This reflects the structural characteristics of banks' core portfolios, which focus on supporting low-income and vulnerable groups as well as regional economic development, alongside the absence of a formal classification framework for the Social(S) category, making it easier to reclassify such lending as social finance.

ESG Loan Classification Framework

Graph 17 Classification Framework for E(Environmental) Loans

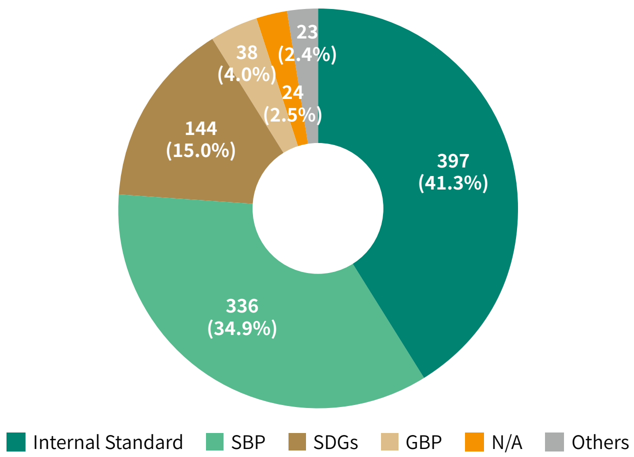
Unit: Cases(%)



- Among the taxonomies applied to the total 894 loans in the E(Environmental) pillar as of the end of 2024, the Green Bond Principles(GBP) of the International Capital Market Association(ICMA) accounted for the most with 260 cases(29.1%). This was followed by internal standards with 242 cases(27.1%), the K-Green Bond Guidelines(K-GBG) with 144 cases(16.1%), the K-Taxonomy with 141 cases(15.8%), the UN's Sustainable Development Goals(SDGs) with 65 cases(7.3%), and others in that order.
- The low utilization rate of the K-Taxonomy is the result of a combination of complex screening procedures, low international compatibility, and a lack of third-party verification infrastructure. However, as this dataset reflects the status as of end of 2024, it does not incorporate the implementation of the Green Credit Management Guidelines announced in December 2024. Accordingly, the utilization of the K-Taxonomy is expected to increase as the guidelines are further expanded.
- While financial institutions are actively utilizing the GBP, an international standard, the proportion of applying internal standards remains high at 27.1%. Due to differences in interpretation and scope of application among institutions, classification results may differ even for the same type of environmental loan. This is pointed out as a structural limitation that hinders comparability and statistical consistency across the market and makes greenwashing risk management difficult.

Graph 18 Classification Framework for Social(S) Loans

Unit: Cases(%)

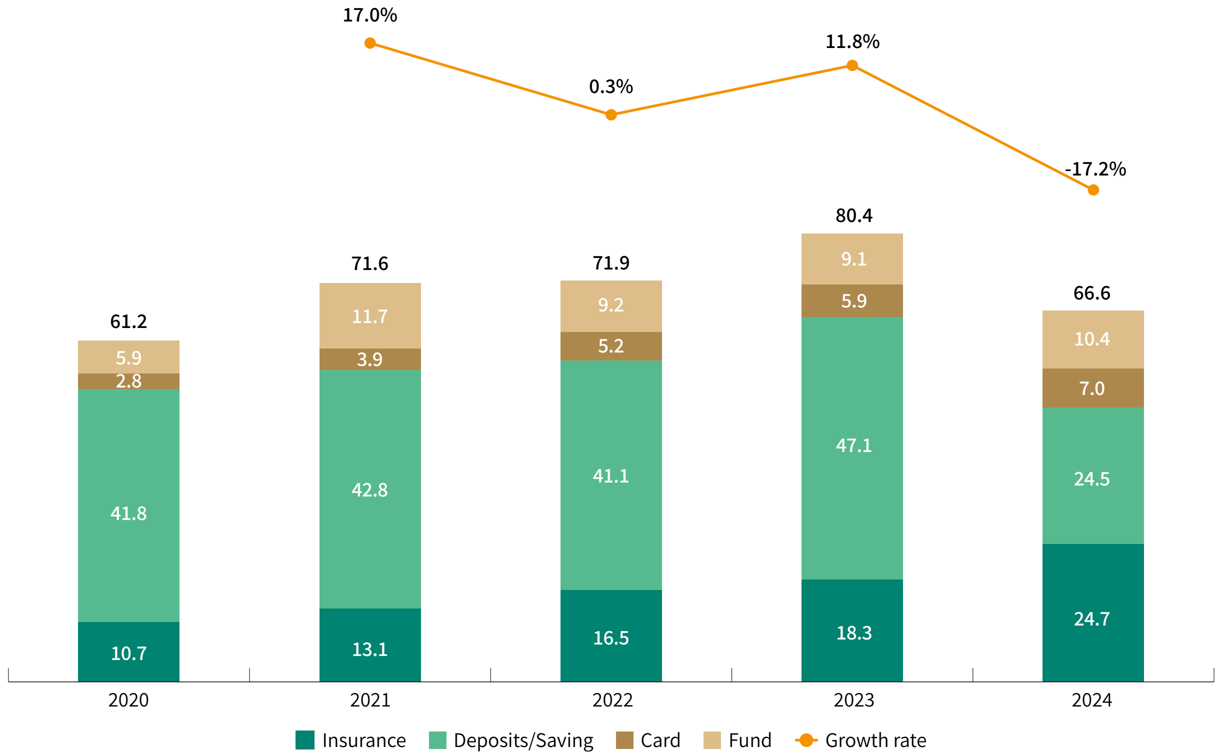


- Among the taxonomies applied to the total 962 loans in the S(Social) pillar as of the end of 2024, internal standards were the most adopted with 397 cases(41.3%).
- This was followed by the Social Bond Principles(SBP) of the ICMA with 336 cases(34.9%), the UN's SDGs with 144 cases(15.0%), the GBP with 38 cases(4.0%), 'no internal standards or not applicable' with 24 cases(2.5%), and others.
- Due to the absence of a social taxonomy, many financial institutions are applying their own internal standards.

ESG Financial Product

Graph 19 Annual Trend of ESG Financial Products Volume

Unit: Trillion KRW/%



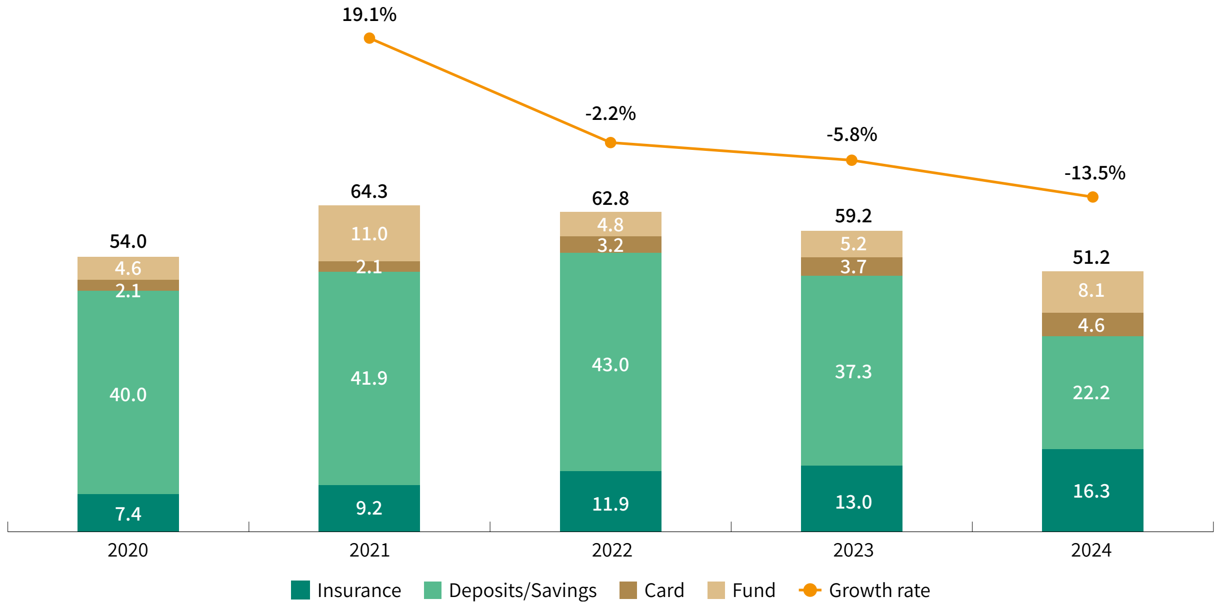
ESG financial products refer to financial products that encourage ESG-related practices by offering preferential interest rates, insurance premium discounts, or mileage accumulation in connection with the subscriber's ESG-related activities.

- In 2024, the volume of ESG financial products stood at KRW 66.6 trillion, plummeting by 17.2% YoY and marking the first downward turn in the growth trend over the past five years.
- By type, it consists of insurance at KRW 24.7 trillion(37.1%), deposits and installment savings at KRW 24.5 trillion(36.8%), funds at KRW 10.4 trillion(15.6%), and credit cards at KRW 7.0 trillion(10.5%). Among these, the volume of deposits and installment savings plummeted by 52.0% YoY, driving the overall decline in ESG financial products.
- This is attributed to a 43.1% YoY decrease in the deposit and installment savings balance of NongHyup Bank, which accounts for 48.5% of total deposits and installment savings. In particular, the reduction of NongHyup Bank's flagship product, the 'NH Plus and Sharing Time Deposit[8],' is analyzed to have acted as the primary factor.
- ESG financial products have a private-centric structure, with the private sector taking up KRW 53.8 trillion(approximately 80.8% of the total ESG financial product volume) and leading market formation, while the public sector plays a supplementary role at KRW 12.8 trillion(19.2%).

[8] The 'NH Plus and Sharing Time Deposit' is a representative social finance deposit product operated by NongHyup Bank with the aim of realizing the S(Social) value of supporting rural pillars and local communities. It is a time deposit product that promotes local economic revitalization and mutual growth by utilizing deposited funds in rural pillars and related regional development sectors. Notably, this product accounts for an exceptionally high proportion, making up approximately 75.2% of NongHyup Bank's total deposit and installment savings products, and is evaluated as a core product that reflects the cooperative identity and region-based financial role of the NACF(National Agricultural Cooperative Federation).

Graph 20 Annual Trends in New ESG Financial Product

Unit: Trillion KRW/%



- As of the end of 2024, the newly executed volume of ESG financial products totaled KRW 51.2 trillion, consisting of deposits and installment savings at KRW 22.2 trillion, insurance at KRW 16.3 trillion, funds at KRW 8.1 trillion, and credit cards at KRW 4.6 trillion.
- The newly executed volume decreased by 13.5% YoY. This is analyzed that a result of a contraction in the new execution of ESG deposits and installment savings across the banking sector, as declining deposit interest rates reduced their attractiveness in yield. In particular, the primary cause is identified as a 45.2% YoY reduction in the deposit and installment savings amount of NongHyup Bank, which accounts for over 60.0% of the newly executed volume.

ESG Financial Products by Pillar

Table 9 Breakdown of ESG Financial Product Volume by Pillar

Unit: Trillion KRW

Sector	Total	E(Environmental)	S(Social)	G(Governance)	ESG Integration
Public	12.7	8.4	2.1	0	2.2
Private	53.8	18.4	26.8	0.4	8.2
Total	66.6	26.8	28.9	0.4	10.4

- The S(Social) and E(Environmental) pillars account for almost similar proportions at KRW 28.9 trillion(43.4% of the total ESG financial product volume) and KRW 26.8 trillion(40.3%), respectively.
- In the S(Social) pillar, the private sector holds an overwhelming majority at 92.7%(KRW 26.8 trillion) compared to the public sector's 7.3%(KRW 2.1 trillion). This is the result of reflecting NongHyup Bank's deposit and installment savings products(e.g., the NH Plus and Sharing Deposit and the Hometown Support Donation, etc.).
- In the E(Environmental) pillar as well, the proportion of the private sector(68.6%) is significantly higher than that of the public sector. Within the private sector, the insurance sector represents the largest volume(KRW 14.2 trillion) as non-life insurance actively launch and expand various insurance products that encourage eco-friendly driving and carbon reduction behaviors.

Breakdown of ESG Financial Product by Type

As of the end of 2024, ESG financial products consisted of insurance(KRW 24.7 trillion), deposits and installment savings(KRW 24.5 trillion), retail funds(KRW 10.4 trillion), and cards(KRW 7.0 trillion).

ESG Insurance

- ESG insurance are products offering special riders based on the subscriber's activities(e.g., premium refund riders based on driving distance records) and products providing coverage to target groups who typically have difficulty getting insured.
- As of the end of 2024, the top institutions in terms of insurance balance are Samsung Fire & Marine Insurance(KRW 4.7 trillion), DB Insurance(KRW 4.6 trillion), and Hanwha Life(KRW 2.4 trillion) in that order.
- ESG insurance products are mainly operated around premium discounts based on driving distance records and insurance products related to the New Deal projects.

ESG Deposits/Savings

- ESG deposits and installment savings are products that align with ESG purposes or offer preferential interest rates based on the subscriber's activities.
- As of the end of 2024, the top institutions in terms of deposit and installment savings balance are NongHyup Bank(KRW 11.4 trillion), Korea Post(KRW 4.3 trillion), and KB Kookmin Bank(KRW 3.7 trillion) in that order.

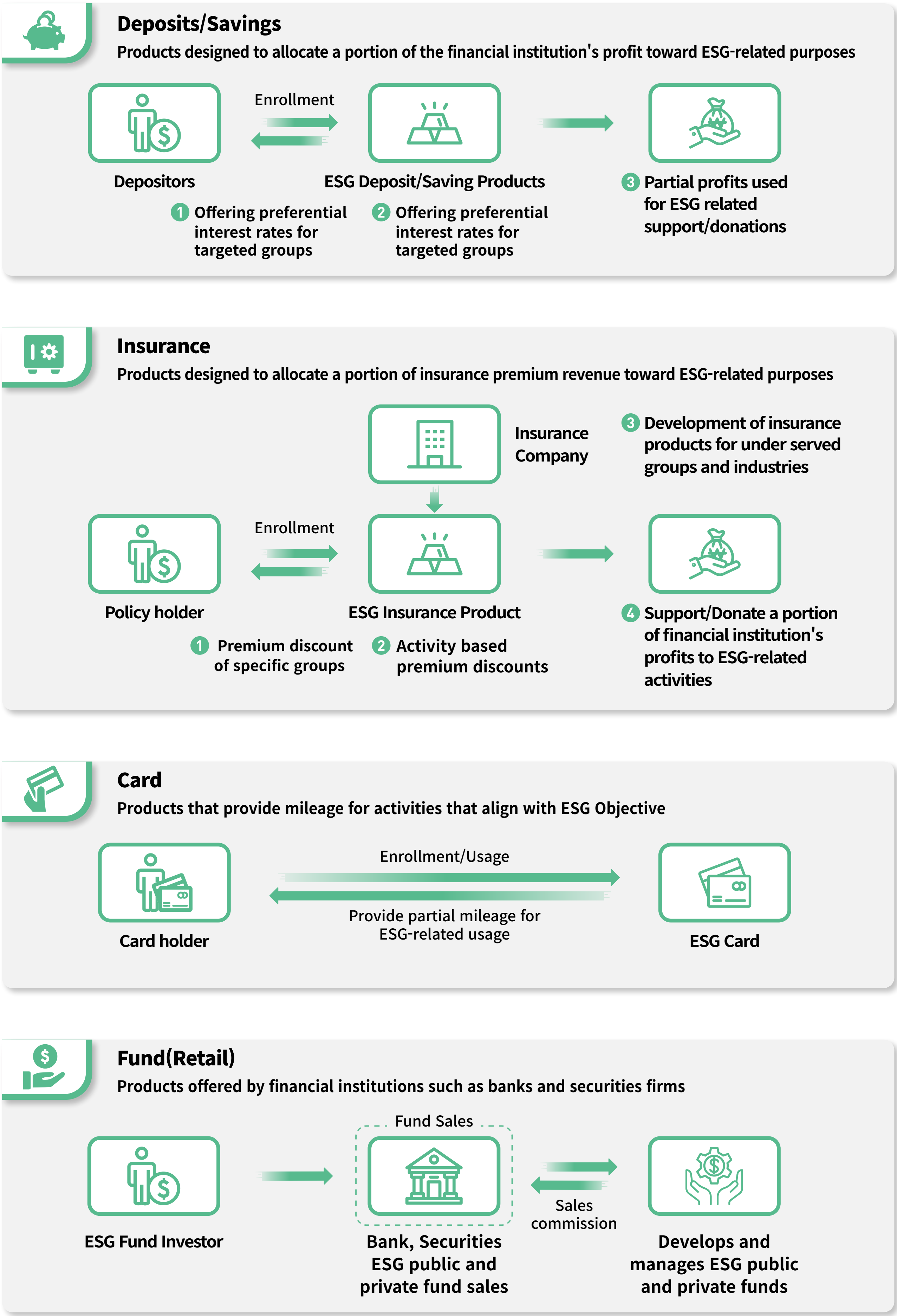
ESG Fund(Retail)

- ESG Funds are public and private fund products that construct portfolios considering ESG factors and are sold through financial institutions such as banks and securities.
- As of the end of 2024, the top institutions in terms of fund balance are Mirae Asset Securities(KRW 3.9 trillion), Shinhan Bank(KRW 0.9 trillion), and BNK Securities(KRW 0.5 trillion) in that order.

ESG Card

- ESG cards are financial products that offer discount benefits or mileage accumulation when the cardholder uses them for ESG-related activities.
- As of the end of 2024, the top institutions in terms of card balance are Busan Bank(KRW 1.8 trillion), Korea Post(KRW 1.6 trillion), and the Industrial Bank of Korea(IBK)(KRW 0.7 trillion) in that order.
- ESG cards are mainly operated around products that provide point accumulation and discounts when used for ESG-related consumption.

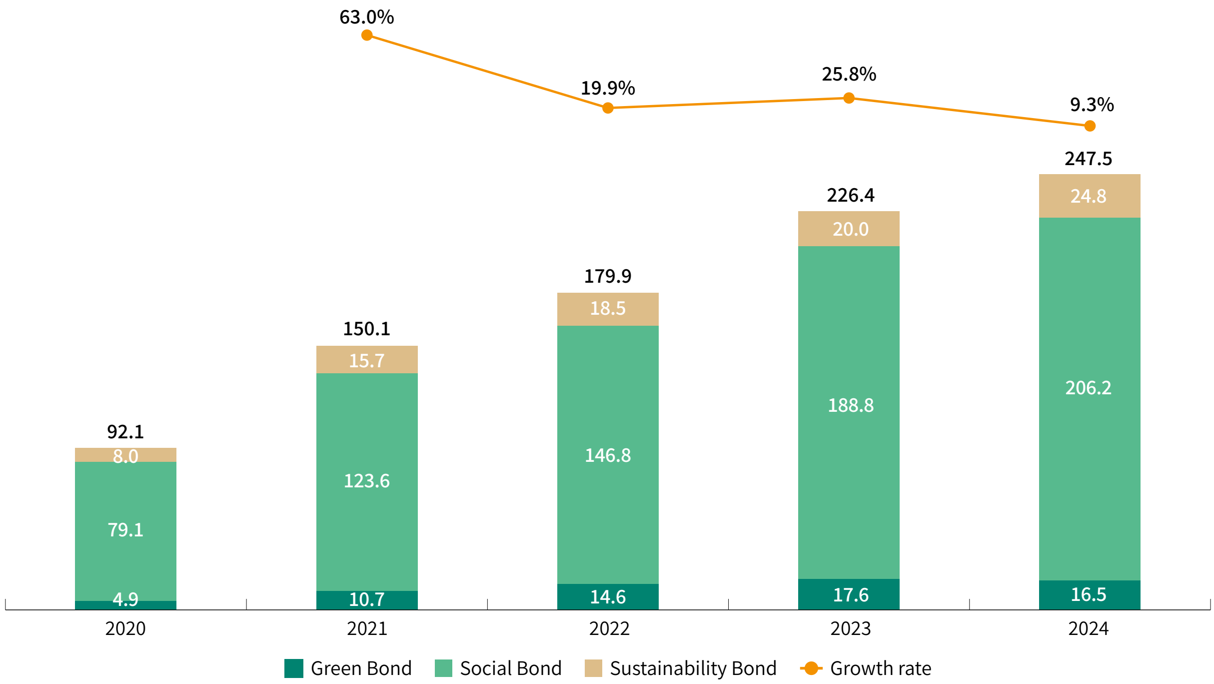
Picture 1 Detailed Overview of ESG Financial Product by Type



ESG Bond Issuance

Graph 21 Annual Trend in ESG Bond Issuance Volume

Unit: Trillion KRW/%



ESG bond issuance refers to the issuance of special-purpose bonds to raise funds required for projects aimed at E(Environmental), S(Social), and G(Governance)-related goals.

- In 2024, the volume of ESG bond issuance stood at KRW 247.5 trillion, representing a 9.3% YoY.
- By type, it consists of green bonds at KRW 16.5 trillion(6.7%), social bonds at KRW 206.2 trillion(83.3%), and sustainability bonds at KRW 24.8 trillion(10.0%).
- In the case of sustainability-linked bonds, there was no history of issuance identified during the survey, and it is understood that there was no actual issuance by financial institutions this year either.[9]
- Social bonds accounted for the largest portion of the total ESG bond issuance volume. This is due to the volume of social bonds issued by HF to support the supply of housing for low-income earners, which reached KRW 153.6 trillion in 2024, a 5.1% increase YoY.
- In 2024, the total number of ESG bond issuances was 1,453. Among them, social bonds accounted for 1,341, making up 92.3% of the total issuances. Green bonds and sustainability bonds accounted for 56 issuances(3.9%) each.
- The most frequently applied principle at the time of bond issuance was the Social Bond Principles(SBP) for social bonds, taking up 1,171 cases(89.0% of the issuances). For green bonds, internal standards were the most applied with 22 cases(39.3%), and for sustainability bonds, the Sustainability Bond Guidelines(SBG) accounted for 19 cases(34.0%).
- For green bonds, there were 13 cases that applied the K-Taxonomy, an increase of 2 cases YoY.

Table 10 Breakdown of ESG Bonds

Type	Details
Green Bond	Bonds issued to finance environmental improvements and climate change mitigation efforts
Social Bond	Bonds issued to finance projects that generate social value, such as infrastructure development, job creation, and other community focused initiatives
Sustainable Bond	Bonds issued to support environmental and social development initiatives
Sustainability-Linked Bond	Linking bond interest rates to ESG performance targets

[9] In the case of sustainability-linked bonds, Hyundai Capital had a history of issuance in 2023, but it was excluded as it was not included in the survey responses.

Breakdown of ESG Bond Issuance by Sector

Table 11 Classification of ESG bond Issuance by Sector

Unit: Trillion KRW

Sector	2023 Total	2024 Total	Green Bond		Social Bond		Sustainability Bond		Sustainability-Linked Bond	
			2023	2024	2023	2024	2023	2024	2023	2024
Public	195.7	208.6	13.7	11.8	180.0	194.2	2.0	2.6	0.0	0.0
Private	30.7	38.9	3.9	4.7	8.8	12.0	18.0	22.2	0.0	0.0
Total	226.4	247.5	17.6	16.5	188.8	206.2	20.0	24.8	0.0	0.0

Public

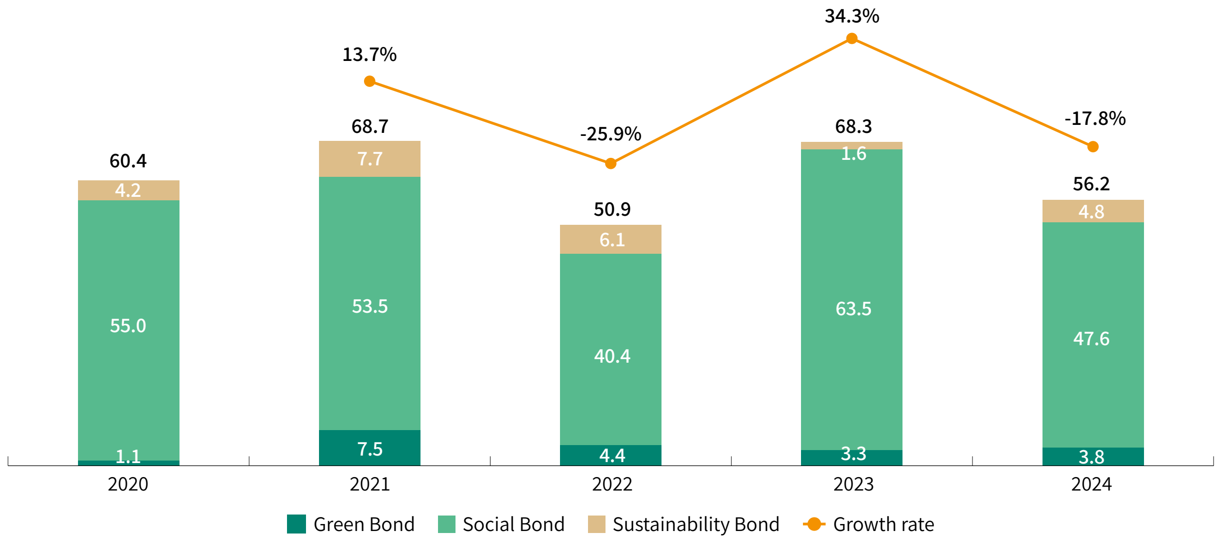
- The volume of ESG bond issuance in the public sector stood at KRW 208.6 trillion as of the end of 2024, an increase of 6.6% YoY.
- By bond type, it consists of social bonds at KRW 194.2 trillion(93.1%), green bonds at KRW 11.8 trillion(5.7%), and sustainability bonds at KRW 2.6 trillion(1.2%). Notably, 74.6% of the social bonds were issued by HF for the purpose of raising funds for housing supply(KRW 153.8 trillion).

Private

- As of the end of 2024, the balance of bond issuance in the private sector reached KRW 38.9 trillion.
- By bond type, it consists of sustainability bonds at KRW 22.2 trillion(57.2%), social bonds at KRW 12.0 trillion(30.8%), and green bonds at KRW 4.7 trillion(12.1%).
- Sustainability bonds, which hold the highest proportion, are predominantly issued by Woori Bank and Hana Bank. It is identified that Woori Bank issued KRW 5.1 trillion(22.8% of the total) to raise funds for housing supply and SME financing, while Hana Bank issued KRW 3.8 trillion(17.1%) to raise funds for job creation, socioeconomic advancement, and empowerment.

Graph 22 Annual Trends in New ESG Bond Issuance Volume

Unit: Trillion KRW/%

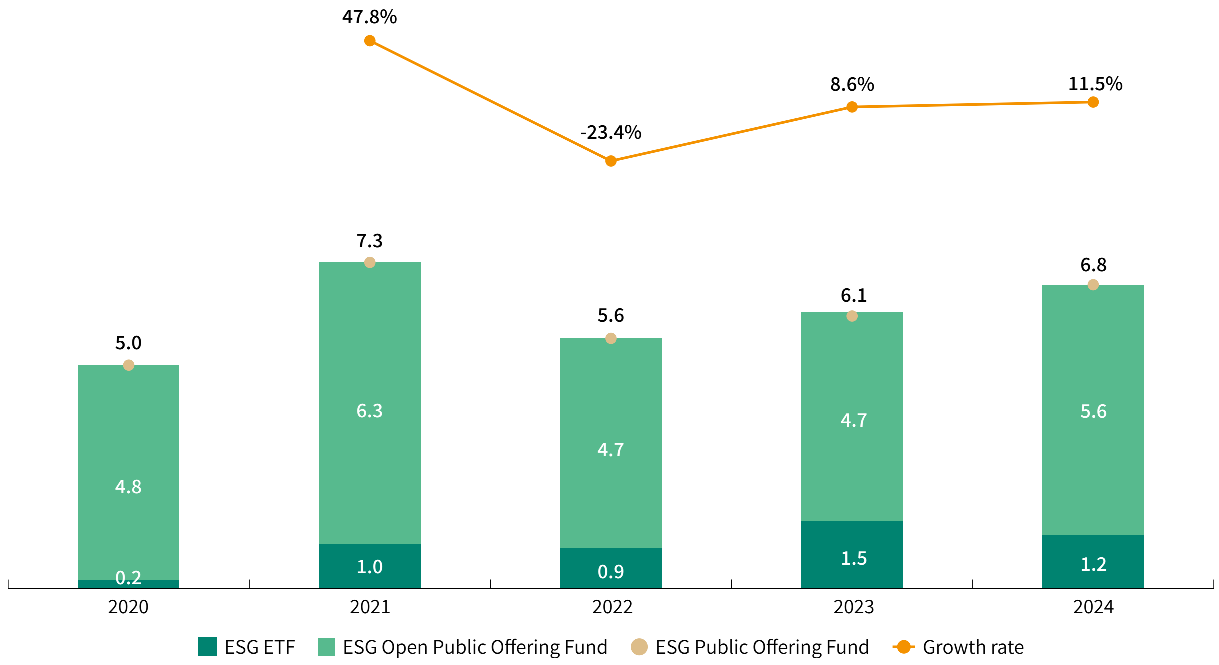


- As of the end of 2024, the newly issued volume of ESG bonds amounted to KRW 56.2 trillion.
- It consists of social bonds at KRW 47.6 trillion(84.7% of the total newly issued ESG bond volume), green bonds at KRW 3.8 trillion(6.8%), and sustainability bonds at KRW 4.8 trillion(8.5%).
- The newly issued volume of ESG bonds decreased by 17.8% YoY as of the end of 2024. This is because the social bond issuance volume by HF, which accounts for 84.7% of the total, decreased by approximately 36.8% YoY.
- However, excluding HF's social bond issuance, the newly issued ESG bond volume totaled KRW 27.7 trillion, demonstrating a 20.4% increase YoY. This indicates an upward trend in overall ESG bond issuance, as green bonds(17.3%), social bonds(70.0%), and sustainability bonds(13.7%) all saw YoY increases.

ESG Public Offering Fund[10]

Graph 23 ESG Public Offering Fund Growth in Korea

Unit: Trillion KRW/%



- In 2024, the domestic publicly offered ESG fund market stood at KRW 6.8 trillion, accounting for 1.6% of total publicly offered funds(KRW 429.0 trillion).
- In 2024, the total publicly offered fund market increased by 24.6% YoY, while publicly offered ESG funds recorded a growth of 11.5%(KRW 0.7 trillion).

Market Share of Asset Management

Table 12 ESG Public Offering Fund Market Share by Asset Management

Unit: %

	Korea Investment Management	Samsung Asset Management	Midas Asset Management	NH-Amundi Asset Management	KB Asset Management	Kiwoom Asset Management	Eugene Asset Management	Shinhan Asset Management	Hanwha Asset Management	Mirae Asset Global Investment
2023	11.4	11.4	15.4	9.5	6.9	6.7	3.3	6.1	12.1	3.2
2024	31.6	13.5	10.6	8.0	5.6	4.9	4.5	4.2	3.3	2.4

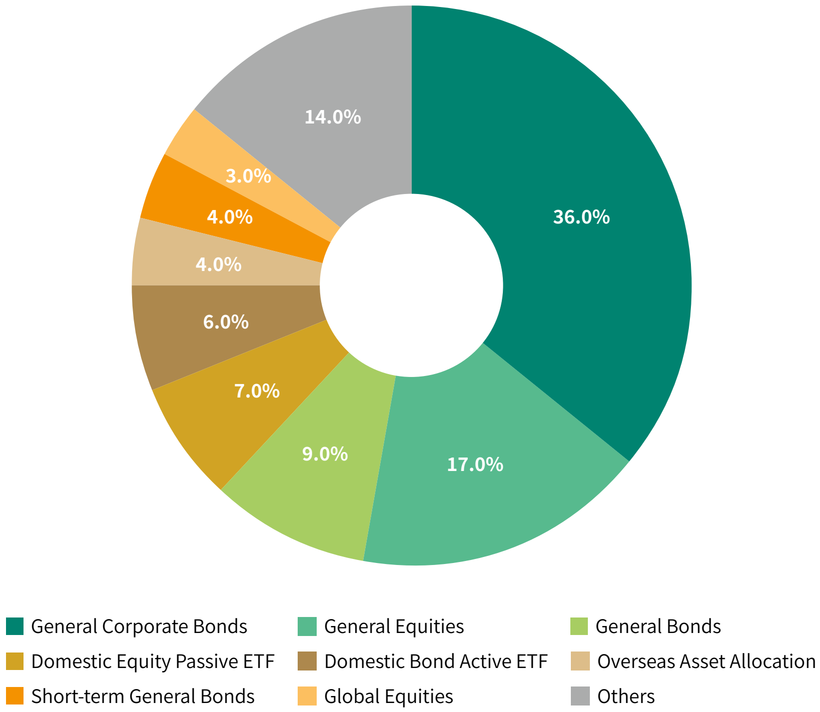
- Regarding the market share of publicly offered ESG funds by asset management company, Midas Asset Management and Hanwha Asset Management held the largest shares in 2023 at 15.4% and 12.1%, respectively. In 2024, Korea Investment Management and Samsung Asset Management topped the list with 31.6% and 13.5%, respectively.

[10] ESG Public Offering Fund is written based on data from the Korea Fund Ratings

Distribution of ESG Public Funds by Type and Top Performing Funds

Graph 24 Breakdown of ESG Public Offering Funds by Type

Unit: %



- As of 2024, the AUM(Assets Under Management) of publicly offered ESG funds was highest in domestic bond types, followed by domestic equity and domestic ETF. By detailed category, general corporate bonds(36.0%) and general equities(17.0%) accounted for half of the total publicly offered ESG funds. These were followed by general bonds(9.0%), domestic equity passive ETFs(7.0%), and domestic bond active ETFs(6.0%) at the top. Among publicly offered ESG funds, the "Korea Investment Credit Focus ESG 1(Bond)," a domestic general corporate bond fund, and the "Midas Responsible Investment(Equity)," a domestic general equity fund, ranked at the top in terms of volume with KRW 1.9 trillion and KRW 0.5 trillion, respectively. In addition, ETFs such as the "Samsung KODEX ESG Comprehensive Bond(A- or higher) Active(Bond) ETF"(KRW 0.3 trillion) and the "KB RISE ESG Social Responsibility Investment(Equity) ETF"(KRW 0.2 trillion) also took the top spots.
- A review of the 1-year performance of publicly offered ESG funds in 2024 reveals that the "Midas Global Leaders Growth Equity(UH)"(67.3%) and "Midas Global Leaders Growth Equity(H)"(50.7%), which belong to the mixed/other sector types, and the "Shinhan SOL US S&P 500 ESG [Equity] ETF"(43.1%), an overseas equity passive ETF, reached the very top in performance, outperforming the average returns of their respective categories.
- The "Daol BNY US Fallen Angel High Yield [Feeder](H)(Bond - Fund of Funds)," a global high-yield bond fund, and the "Daol Shareholder Return(Equity)," a general equity fund, recorded AUMs of KRW 12.6 billion and KRW 3.3 billion, respectively, as of the end of 2024. They ranked highest in terms of volume among newly established ESG funds in 2024.

5

ESG Financial Issues Report

5 ESG Financial Issues Report

Sustainability-Linked Products and Transition Finance

What are Sustainability-Linked Financial Products?

Sustainability-linked products are "target-based" financial instruments where ESG factors are integrated into financial conditions, adjusting terms such as interest rates based on whether a company achieves its predefined Key Performance Indicators(KPIs) and Sustainability Performance Targets(SPTs). These primarily consist of Sustainability-Linked Loans(SLL) and Sustainability-Linked Bonds(SLB). They are differentiated from green, social, and sustainability bonds, as well as green/social credit, which restrict the use of proceeds to specific projects, in that they allow for the flexible use of funds(general corporate purposes).

Table 13 Similarities and Differences between SLL and SLB

Category	Similarities	Differences	
		SLL	SLB
Definition & Structure	No restriction on use of proceeds; Setting KPIs/SPTs, external verification and reporting obligations; Compliance with ICMA SLP/SLBP* principles	Bank loans(bank funds); Centered on floating rates, revolving credit possible	Fundraising through capital market bond issuance, mainly fixed rates(coupons)
Incentives	Penalties upon failure to achieve SPTs(coupon/ interest rate step-ups, etc.); Induces ESG improvement through performance linkage	Interest rate margin adjustment; Bank relationship-centric	Coupon step-ups are typical upon failure to achieve SPTs
Market Characteristics	Centered on ESG performance, distinguished from green/sustainability bonds	Relatively active in the domestic market, high corporate accessibility	Centered on the global issuance market, mid-to-long-term structure
Reporting/ Verification	Obligation for annual SPT progress reporting and external verifier review	Internal/external reporting based on loan agreements	Emphasizes disclosure to investors

*ICMA: International Capital Market Association, SLLP: Sustainability-Linked Loan Principles, SLBP: Sustainability-Linked Bond Principles

The core of the ICMA's Sustainability-Linked Loan Principles(SLLP) and Sustainability-Linked Bond Principles(SLBP) is for companies to set material ESG transition goals as ambitious KPIs and SPTs, and to incur actual financial disadvantages(margin/ coupon adjustments) if these are not met, while transparently reporting and verifying the process and results. Although the detailed standards by product(e.g., KPI linkage method, SPT fixity) have slight differences as shown below, this fundamental philosophy remains the same.

Table 14 Key Principles of SLLP and SLBP

Category	SLLP	SLBP
KPI	Linked to corporate-wide CSR/ESG strategy + consultation with financial institutions(customized)	Selected from industry standard KPI pools(ICMA Registry) + verification by open market investors(standardized)
SPT	Setting ambitious SPTs compared to the baseline year, aiming for substantial improvement in the ESG profile	Setting ambitious SPTs consistent with mid-to-long-term strategies, explaining alignment with external benchmarks/scenarios(e.g., Paris Agreement trajectories)
Performance-linked Mechanism	Loan interest rate adjustment(step-up / step-down) based on KPI achievement	Coupon step-ups or financial penalties upon KPI non-achievement
Reporting	Regular disclosure(typically annually) of KPI performance and SPT achievement	Regular disclosure of KPI performance and SPT achievement
Verification	Independent external verification recommended (de facto mandatory in the market)	Independent external verification agencies must regularly verify KPI performance and SPT achievement, and the results must be disclosed

Source: Extracted/adapted from the ICMA webpage "Sustainability-Linked Loan Principles(SLLP)" and "Sustainability-Linked Bond Principles(SLBP)

In the global SLL and SLB markets in 2024, divergent trends are observed by product type. Although exact assertions regarding scale are difficult due to significant variations among institutions depending on calculation standards and scope, SLBs have been showing a gradual shrinking trend in issuance volume since peaking in 2021. Furthermore, multiple international organizations and market reports assess that SLB issuance has slowed down in 2024 compared to the previous year.[11] On the other hand, SLLs are demonstrating a relatively robust trend, maintaining a scale of hundreds of billions of dollars as of the first half of 2024 and accounting for a meaningful proportion of the overall sustainable loan market.[12]

The market points out issues of declining investor confidence as the background for the slowdown in SLB issuance, citing ▲ a lack of ambition in KPIs and SPTs, and ▲ structures where financial penalties are only limitedly reflected upon underperformance. On the other hand, in the case of SLLs, it is analyzed that short-term incentive effects arising from annual interest rate adjustment structures, along with the absorption of corporate refinancing and working capital demand through sustainability-linked loans, have contributed to a certain extent to the expansion of issuance.

Current Status of Sustainability-Linked Financial Products among Domestic Financial Institutions

Graph 25 Annual Balance of Sustainability-Linked Loans

Unit: Trillion KRW/%

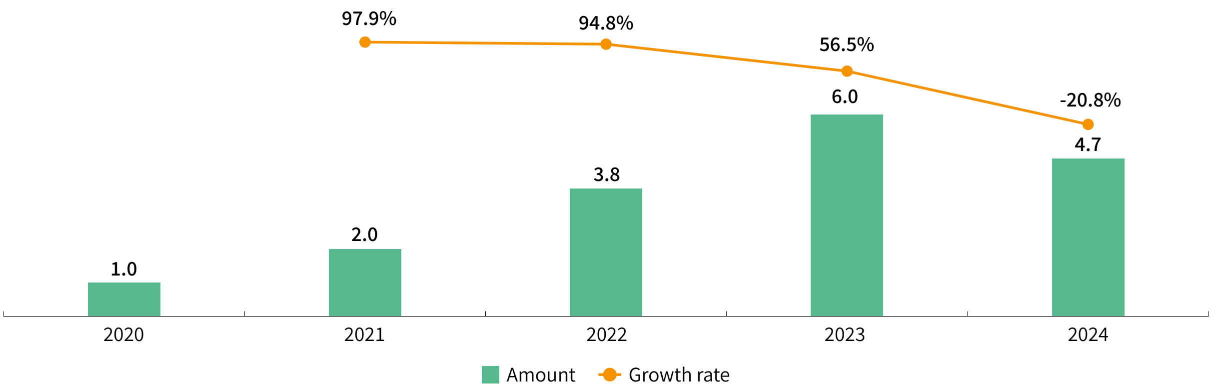


Table 15 Details of Sustainability-Linked Loans by Institution

Institution	Domestic/Overseas	Loan Product / Project Name	Loan Amount(KRW Trillion)
Shinhan Bank	Domestic	(Product) ESG Excellent Mutual Growth Support Loan	2.61
Jeonbuk Bank	Domestic	-	0.91
Industrial Bank of Korea(IBK)	Domestic	ESG Management Success Support Loan	0.53
KB Kookmin Bank	Domestic	KB Green Wave_ESG Excellent Enterprise Loan	0.53
Korea Development Bank(KDB)	Overseas	MISC Berhad VLEC 6 Vessels Ship Finance	0.12
KEXIM	Domestic	Overseas Business Fund Loan	0.02
Total			4.72

Only 11 financial institutions operate sustainability-linked loans, with the total balance dropping by 20.8% YoY to a mere KRW 4.7 trillion. Hyundai Capital is the only domestic financial institution to issue sustainability-linked bonds.

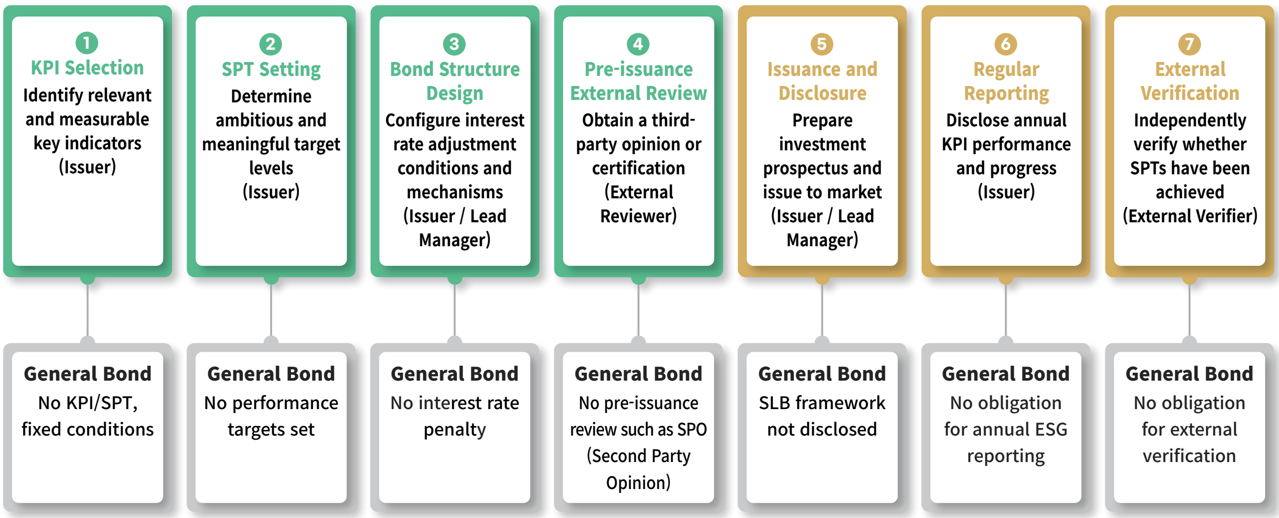
Out of the 167 domestic financial institutions that responded to the survey in this report, it was found that only 11 institutions[13](8 banks and 3 securities companies) are operating sustainability-linked products. This indicates that these products are still utilized limitedly across the overall domestic financial market.

[11] OECD(2024), Global Outlook on Sustainable Finance
[12] Climate Bonds Initiative(2024), Sustainable Debt Global State of the Market/AFME(2024), Sustainable Finance Market Update
[13] Hyundai Capital issued sustainability-linked bonds but was excluded from the count as it did not respond to the survey.

The growth rate also remains stagnant. As of the end of 2024, sustainability-linked products consisted of 6 SLL cases with a balance of KRW 4.7 trillion, representing a decrease of approximately 20.8% YoY. This balance is held by 6 banks; it was analyzed that 2 of the banks and the securities that reported operating sustainability products do not currently hold any balances. Meanwhile, according to the Korea Exchange(KRX), Hyundai Capital is the only financial institution to have issued SLBs, maintaining an outstanding balance of KRW 0.4 trillion(issued between 2023 and 2025).

The decrease in the volume of sustainability-linked products in 2024 is interpreted as the result of a combination of the overall growth slowdown in ESG finance, the uncertainty of transition finance standards, the conservative shift in credit strategies due to high interest rates, and the limitations of pilot product structures. In particular, Sustainability-Linked Bonds(SLBs) accelerated the market contraction as their scope of utilization was limited by high issuance costs and complex procedures[14]. This indicates that sustainability-linked products have entered an adjustment phase following a temporary proliferation.

Picture 2 Differences between Sustainability-Linked Bond(SLB) Issuance Procedures and General Bonds



In this situation where policy signals and institutional standards for transition finance are not sufficiently established, the incentives for financial institutions to actively expand sustainability-linked products appear to be limited. Indeed, out of 156 institutions that responded they do not operate sustainability financial products, only 12 stated they have plans to introduce them in the future, starkly demonstrating the market's low level of expectations.

Table 16 Current Status of Screening Criteria for Sustainability-Linked Products among Private Banks

Institution	ESG Targets Set by the Company	Company's Financial Soundness and Business Stability	Company's Credit Status	Alignment with the Product Issuing Institution's ESG Management Strategy	Others
KB Bank	○	○	○		
NongHyup Bank	○	○	○		
Shinhan Bank	○	○	○	○	
Woori Bank	○	○	○		○
Hana Bank	○	○	○	○	○

As such, while the domestic sustainability-linked product market simultaneously experiences a lack of policy foundation and market contraction, it seems these products are not yet fully recognized as a means of transition finance. However, as shown in the table above, positive changes are emerging, centered around private banks, to distinguish sustainability-linked products from existing credit.

The five private banks operating sustainability-linked products commonly responded that, in addition to traditional credit evaluation factors such as "financial soundness and business stability" and "credit status," they also reflect "the ESG targets or strategies of the company or the product issuing institution" as a key screening criterion. This can be interpreted as an attempt to gradually internalize the intent of sustainability-linked products into the screening system through ESG performance linkage, going beyond simple financial and credit risk management.

[14] Among the issuance procedures for SLBs, establishing the KPI/SPT framework(proving the level of ambition) and ex-post external verification(ongoing costs) are considered the most demanding hurdles.

This trend is meaningful in that private financial institutions are showing a direction to integrate ESG factors into credit screening for regulatory response and mid-to-long-term risk management. It is evaluated as a positive signal that sustainability-linked products can develop into a transition finance tool.

Limitations and Policy Implications of Sustainability-Linked Products

Currently, domestic sustainability-linked products are failing to establish themselves as core financial instruments for driving transition finance. This trend is largely attributed to a significant mismatch between perceived risks and rewards. From the perspective of financial institutions, interest rate incentives often fail to justify the extensive administrative costs—including KPI setting, performance measurement, and post-monitoring—as well as the reputational risks of greenwashing that arise from ill-defined transition standards. In other words, there is a structural dilemma: the more strictly screening and management standards are applied, the more costs and responsibilities the financial institutions bear, whereas if the standards are insufficient, the risk of greenwashing increases.

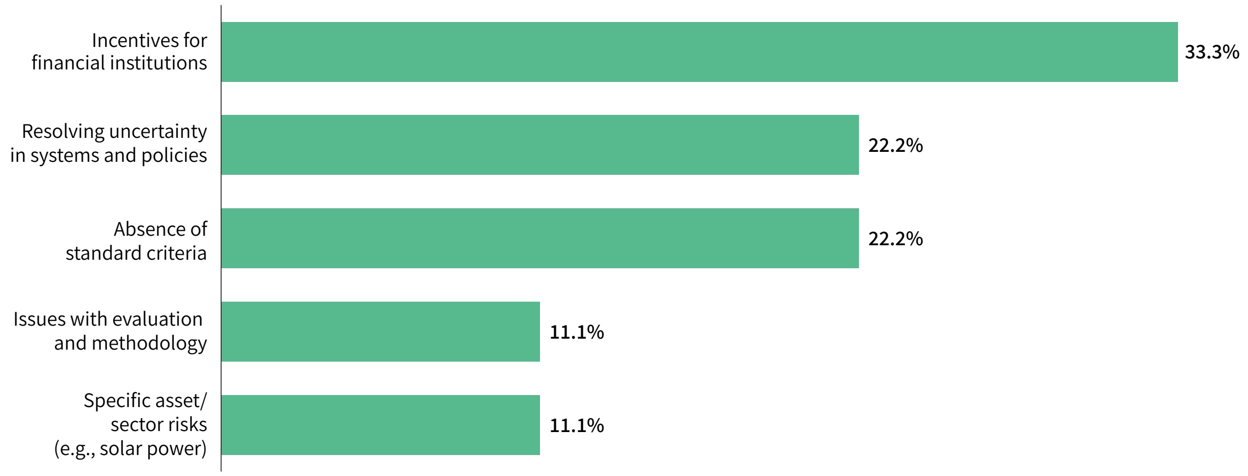
Reflecting this awareness of the problem, financial institutions most frequently cited "incentives for financial institutions" as the necessary support to vitalize sustainability-linked products, followed by "resolving uncertainty in systems and policies related to transition finance." Conversely, limitations in evaluation and methodology for transition performance or risks in specific assets/sectors were perceived as relatively lower priorities. This indicates that the core bottleneck in the market lies in institutional and economic incentive structures rather than technical issues.

SLLs and SLBs are structured to adjust financial conditions based on corporate transition performance, making them products inherently highly aligned with transition finance. However, in the domestic market, definitions, scopes of application, and performance evaluation standards for transition finance are not clearly established, hindering their utility as strategic transition finance tools for financial institutions. As a result, sustainability-linked products are perceived as pilot products with high reputational risks and ex-post management burdens rather than core tools for transition finance, and their market expansion is judged to be limited as well.

Therefore, to redefine sustainability-linked products as core instruments of transition finance, policy clarity centered on transition finance guidelines, standardized screening criteria for transition performance and KPIs, and incentive and risk-sharing structures that can compensate for the risks and costs of financial institutions must be implemented in parallel. This will be a key condition for transforming the current market contraction not into a failure, but into a phase of structural adjustment for building a transition finance system.

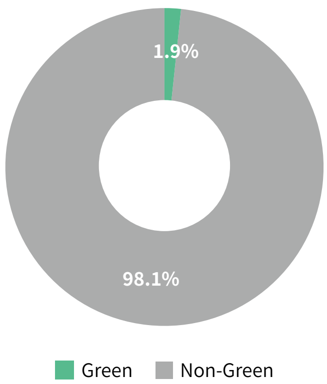
Graph 26 Support Needed to Operate Sustainability-Linked Products

Unit: %



One Year After the Announcement of the Green Credit Management Guidelines: How Well Have They Settled in the Financial Sector?

Graph 27 Proportion of Green Loans in Total Loan Assets of Private Banks



*The loan volume is based on data as of the end of 2024, representing figures prior to the enforcement of the 「Green Credit Management Guidelines」

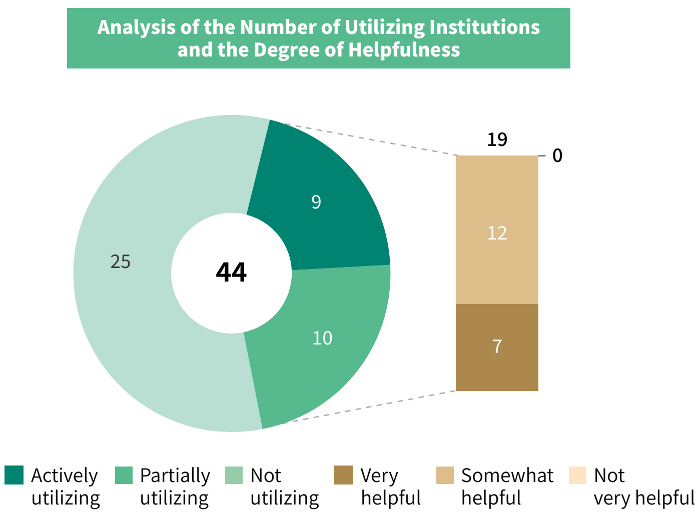
As of the end of 2024, the outstanding balance of green loans of the 14 private banks that responded to the survey in this report stood at KRW 36.8 trillion, accounting for a mere 1.9% of their total loan assets. This indicates that Green Credit in the domestic financial sector is still in its nascent stages.

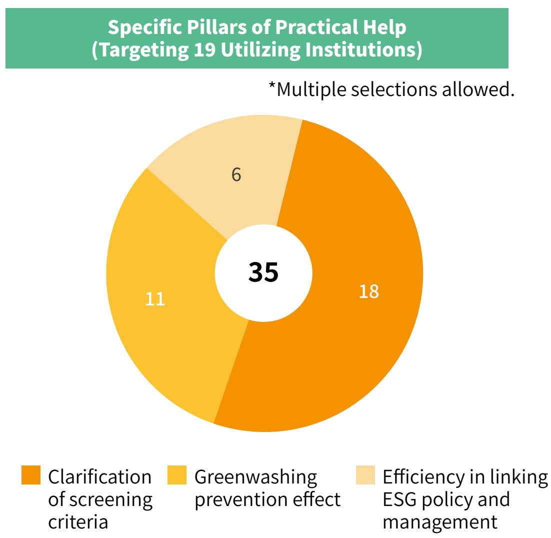
Under these circumstances, in December 2024, the Financial Services Commission(FSC), the Ministry of Environment(ME), and the Financial Supervisory Service(FSS) announced the 「Green Credit Management Guidelines」 mandating financial institutions to systematically manage environmental and climate risks as well as greenwashing by utilizing the K-Taxonomy at the credit screening stage. This can be evaluated as an institutional attempt to expand green finance from being centered on bonds and funds to overall credit assets, and to transition it into a quantifiable and manageable system.

Since domestic Green Credit products are primarily handled by banks and insurance companies that possess credit functions and long-term fund supply capabilities, an analysis was conducted on the current application status, limitations, and future policy and system improvement tasks of the 「Green Credit Management Guidelines」 targeting 44 banks and insurance companies among the responding financial institutions.

Current Utilization Status by Financial Institutions: The Gap Between Perception and Execution

Graph 28 Utilization of the Green Credit Management Guidelines



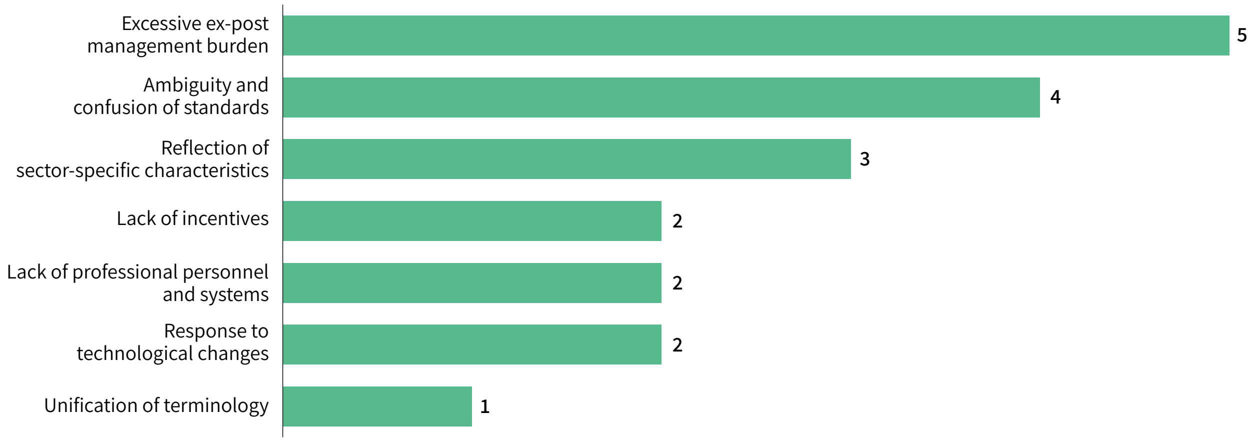


According to the survey analysis results, out of the total 44 institutions, 19 institutions(43.2%) are "actively utilizing" or "partially utilizing" the 「Green Credit Management Guidelines」 while 25 institutions, which is more than half, still responded that they are "not utilizing" them. In other words, it is judged that many financial institutions remain at the internal review stage or are taking a wait-and-see approach to whether the system will settle.

As a result of surveying the "degree of helpfulness in practice" among the 19 utilizing institutions(those that responded to "actively utilizing" and "partially utilizing"), 7 institutions responded to "very helpful" and 12 responded "somewhat helpful." Furthermore, regarding the "specific pillars of practical help" where multiple selections were possible, "clarification of screening criteria"(18 cases) and "greenwashing prevention effect"(11 cases) were cited as the primary effects. As an additional opinion, some institutions reported that while they operate their screening processes reflecting the guideline standards, the strengthening of green finance standards has conversely led to cases where loan accessibility for small and medium-sized enterprises(SMEs) is lowered.

「Operational Limitations of the "Green Credit Management Guidelines" in the Financial Field」

Graph 29 Pillars Requiring the Most Improvement



The 19 utilizing financial institutions pointed out "excessive ex-post management burden" and "ambiguity and confusion of standards" as the first and second priorities, respectively, for "pillars requiring the most improvement" in the 「Green Credit Management Guidelines」. Regarding the "excessive ex-post management burden," some financial institutions explained, "In the case of a 5-year Project Financing(PF) loan, up to six inspections are required, causing an excessive administrative burden not only for the financial institutions but also for the borrowers."

Meanwhile, regarding the "ambiguity and confusion of standards," specific issues were raised: ▲ confusion in application standards between the K-Taxonomy and existing ESG evaluation systems, ▲ unclear classification criteria for certain activities such as LNG, and ▲ problems in distinguishing application criteria between general corporate loans and PF. Along with this, the absence of incentives to induce the expansion of Green Credit, and the lack of professional personnel and systems to support it, were also mentioned as major difficulties in the field.

The improvement demands from financial institutions are interpreted as being based on the awareness that practical applicability must be considered for the stable settlement of the Green Credit system, rather than denying the purpose of the system. While strict standards are necessary, excessive practical burdens can shrink the utilization of the system, requiring a balanced complement between the objective and practical conditions.

Summarizing the survey results, the institutional framework of the 「Green Credit Management Guidelines」 has been established, but due to operational burdens and uncertainty of standards, it is judged that it has not sufficiently settled into the actual business practices of financial institutions. While the guidelines include provisions for the "calculation and management of the green asset ratio," it is currently left to voluntary application, and it was found that no financial institution calculates, discloses, and announces the ratio of total green assets, including Green Credit.

Development Direction of the Domestic Green Credit System Suggested by Overseas Cases

Overseas, frameworks that systematically classify and manage how financial institutions' credit and assets contribute to environmental goals—through systems like the 「Green Credit Management Guidelines」 are already entering the institutionalization stage. Representatively, the EU has established a system consisting of the EU Taxonomy, the Sustainable Finance Disclosure Regulation(SFDR), and the Corporate Sustainability Reporting Directive(CSRD) through the "EU Sustainable Finance Strategy." It directly reflects financial institutions' loan and investment assets in the disclosure system by linking them to environmentally sustainable economic activities.

In particular, the EU introduced the 'Green Asset Ratio(GAR)' in accordance with Article 8 of the "EU Taxonomy Regulation" and related delegated acts as a key indicator to quantitatively compare and evaluate the level of Green Credit management. GAR is an indicator that calculates and discloses the proportion of green assets complying with the EU Taxonomy among a financial institution's major credit and investment assets. It goes beyond a simple internal management tool to institutionally secure comparability among financial institutions. By organically linking the green taxonomy, disclosure regulations, and supervisory systems, the EU is evolving the framework so that GAR operates as part of market discipline and supervision, not merely as a voluntary choice for financial institutions.

On the other hand, although Korea's 「Green Credit Management Guidelines」 include principles for calculating the green asset ratio, they remain under voluntary application, resulting in limited institutional binding force. Due to this, the foundation for objectively comparing and evaluating the management level of Green Credit has not been sufficiently established, and the guidelines themselves are showing limitations in functioning as a strategic credit management tool.

This comparison with overseas cases suggests that to enhance the effectiveness of the domestic Green Credit system, the key is to build a comparison and management structure centered on common indicators like the green asset ratio, going beyond merely presenting handling principles. Moving forward, the domestic system also needs to evolve Green Credit into a continuous credit management system by phasing in the calculation and reporting of the green asset ratio based on the 「Green Credit Management Guidelines」 and by promptly reflecting revisions to the K-Taxonomy and international standards.

Simultaneously, systemic responses at the financial institution level are required to support the settlement of the system. Financial institutions must alleviate the burden of ex-post management by internalizing automatic K-Taxonomy matching and green asset ratio calculation functions within their credit IT systems, and by establishing a data sharing and verification framework. Dedicated organizations, professional personnel, and data-driven risk assessment systems are also core elements in establishing Green Credit as a continuous credit management process rather than a one-off policy response.

The Era of RE100: Market Structure and Expansion Challenges of Dedicated Renewable Energy Products

Table 17 Current Status of Outstanding Renewable Energy Finance Balance by Sector and Type

Unit: Trillion KRW

		ESG Loan	ESG Investment	ESG Product	ESG Bond	Total
Public	Public Bank	5.5	1.2	0.0	0.9	7.6
	Pension Funds (excluding NPS)	0.0	0.0	0.0	0.0	0.0
	Others	0.6	3.2	0.0	0.0	3.8
	Subtotal	6.1	4.4	0.0	0.9	11.4
Private	Bank	4.3	3.6	0.4	2.7	11.0
	Life Insurance	2.6	7.3	0.0	1.0	10.9
	Non-Life Insurance	1.2	4.2	0.1	0.1	5.6
	Securities	0.4	1.1	0.8	0.0	2.3
	Asset	0.3	0.1	0.0	0.0	0.4
	Subtotal	8.8	16.3	1.3	3.8	30.2
Total		14.9	20.7	1.3	4.7	41.6

As of the end of 2024, the total volume of ESG finance invested by domestic financial institutions in all renewable energy projects through loans, investments, financial products, and bond issuances is tallied at KRW 41.6 trillion(see Table 17). Among these, this report aims to focus on the financial flows directly linked to the expansion of renewable energy production and corporate transition to renewable energy use(e.g., RE100) that is, dedicated renewable energy financial products separately designed and operated by financial institutions to examine their status and characteristics.

However, there is currently no official definition of "dedicated renewable energy financial products" universally accepted across the financial sector. Therefore, for analytical purposes, this report has defined the concept restrictively. In this report, a dedicated renewable energy financial product refers to a product where the use of funds or financial conditions are directly linked to specific renewable energy performance, such as the construction of renewable energy facilities, procurement of Power Purchase Agreements(PPAs), and expansion of the corporate renewable energy usage ratio. It is distinguished from financial products merely labeled with an "ESG" name.

The transition to renewable energy and the expansion of RE100 are now emerging as major tasks across the entire financial sector, moving beyond the environmental strategies of individual companies. As the expansion of renewable energy use begins in earnest, accompanied by large-scale facility investments, long-term procurement contracts(PPAs), and the burden of transition costs, the role of financial institutions is being recognized as core infrastructure that enables corporate transition, going beyond simple fund supply.

Accordingly, by examining the status and screening structure of dedicated financial products held by financial institutions to support renewable energy projects or RE100 implementing companies, this report aims to understand the level of response and structural characteristics of renewable energy finance in the domestic financial sector.

Graph 30 Number of Institutions Holding Dedicated Renewable Energy Products

Unit: Number of Institutions

Have dedicated renewable energy products

Under review for dedicated renewable energy products

According to the survey results, 29 institutions responded that they already hold dedicated renewable energy financial products, while 7 institutions responded that they are currently reviewing the introduction of such products. Excluding institutions that perform finance limited to specific purposes such as pensions and guarantees, the cases where general financial institutions clearly distinguish and operate dedicated renewable energy products are still at a limited level.

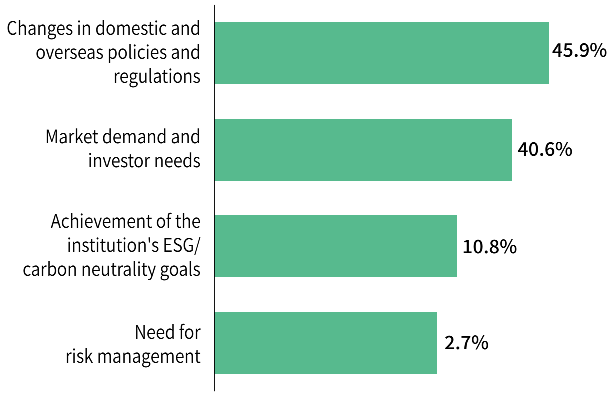
However, the fact that some institutions have entered the 'under review' stage suggests that internal discussions on renewable energy finance are gradually expanding.

Graph 31 Types of Dedicated Renewable Energy Products Held[15]

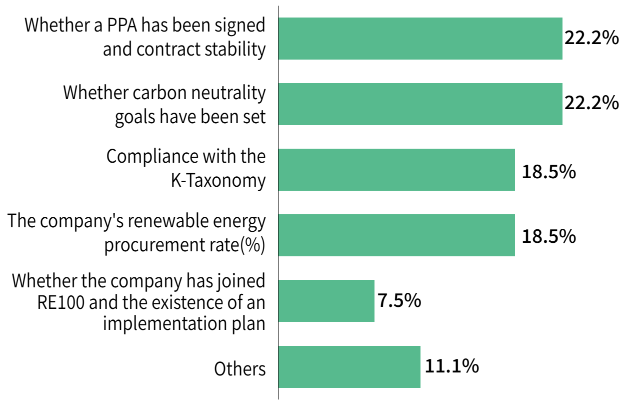
As a result of examining the product types among institutions holding dedicated renewable energy financial products, renewable energy-related funds(30.5%) and renewable energy project financing(27.1%) accounted for the highest proportions. These were followed by green bonds and sustainability bonds(22.1%), where the use of proceeds is clearly linked to the construction of renewable energy facilities or renewable energy procurement(e.g., PPAs), and ESG-linked loans(20.3%), where renewable energy usage or RE100 implementation performance indicators are reflected in the loan conditions.

This distribution shows that domestic renewable energy finance is being formed around products with relatively clear uses of proceeds and structures, responding to the actual demand for facility investment and procurement. In other words, it appears that financial institutions are configuring dedicated products by explicitly combining renewable energy requirements while maintaining the framework of existing financial products.

Graph 32 Factors Considered When Developing Dedicated Renewable Energy Products[15]



Graph 33 Screening Criteria Applied Upon Approval of Dedicated Renewable Energy Products (In Addition to Financial Soundness Evaluation)

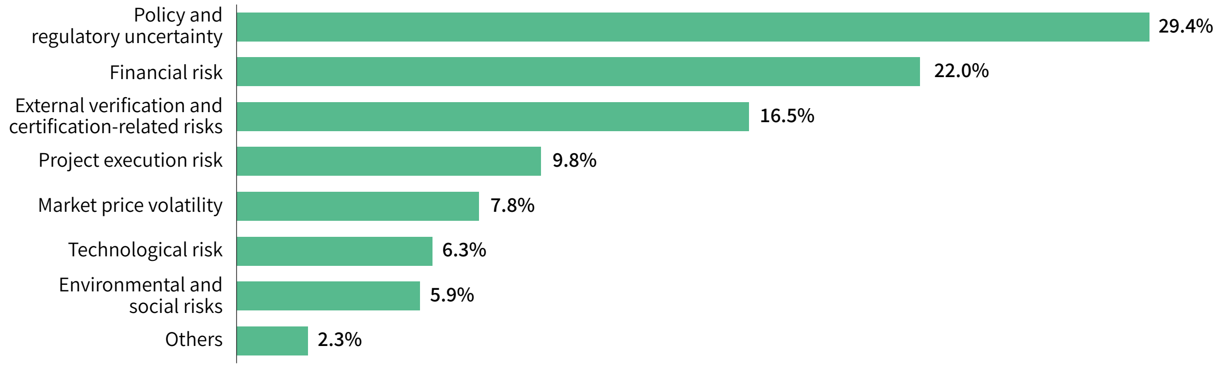


When financial institutions develop dedicated renewable energy financial products, "changes in domestic and overseas policies and regulations"(45.9%) and "market demand and investor needs"(40.6%) were overwhelmingly cited as the most significant factors considered. Conversely, "achievement of the institution's own ESG/carbon neutrality goals"(10.8%) or the "need for risk management"(2.7%) showed relatively low proportions.

Regarding the additional screening criteria applied during the approval process for dedicated renewable energy products, aside from financial soundness evaluations, "whether carbon neutrality goals have been set"(22.2%) and "whether a PPA has been signed and the stability of the contract"(22.2%) are the most considered. Besides these, the "company's renewable energy procurement rate"(18.5%) and "compliance with the K-Taxonomy"(18.5%) are also being reviewed together. This demonstrates that while financial institutions premise their reviews on basic financial soundness evaluations, they are integrating factors that judge the company's transition plans and implementation feasibility into their screening systems, reflecting the characteristics of dedicated renewable energy products.

[15] Multiple selections allowed

Graph 34 Risk Factors Related to the Development of Dedicated Renewable Energy Products[15]

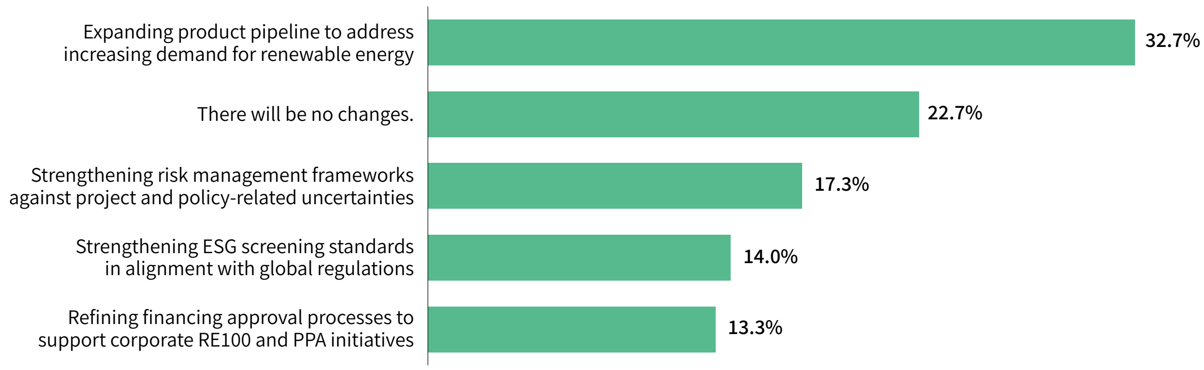


The greatest risk perceived by financial institutions during the development and expansion of dedicated renewable energy financial products was "policy and regulatory uncertainty"(29.4%). This is interpreted to reflect concerns that renewable energy support systems, the electricity market structure, and green taxonomy standards have a high probability of changing over the mid-to-long term, which could affect product structures or prospects for capital recovery.

Next, "financial risk"(22.0%) is related to the structural characteristic where the profitability of renewable energy projects is influenced by fluctuations in electricity and REC(Renewable Energy Certificate) prices, as well as the creditworthiness of long-term contract counterparties. Furthermore, "external verification and certification-related risks"(16.5%) stem from the perception that the verification standards and operational methods regarding renewable energy usage performance, RE100 implementation, and compliance with the K-Taxonomy are not yet sufficiently standardized.

Lastly, "project execution risk"(9.8%) demonstrates that uncertainties in the execution phase—such as permitting and licensing procedures, project schedule management, and technical stability, which are inherent to renewable energy projects—are being perceived as financial risks.

Graph 35 Impact of RE100 and PPA Expansion on Financial Product Development



According to the survey results on the impact of RE100 expansion and the vitalization of the PPA market on financial institutions, the highest response was that new product development would be expanded due to an increase in demand for renewable energy-related financial products(32.7%). Along with this, supplementing the financial approval process(13.3%), strengthening ESG screening standards(14.0%), and strengthening risk management frameworks(17.3%) were recognized as major changes.

This demonstrates the possibility that the expansion of RE100 and PPAs will induce gradual changes in the overall screening criteria and internal management systems of financial institutions, rather than merely resulting in a numerical increase in dedicated renewable energy financial products. Conversely, 22.7% responded that "there will be no changes," indicating a gap in the speed of response and the level of awareness among financial institutions.

In summary, dedicated renewable energy financial products in the domestic financial sector are still in the early stages of diffusion, with a confirmed trend of renewable energy elements being gradually reflected in product development and screening criteria, primarily among certain financial institutions. This indicates that financial demand related to renewable energy and RE100 has begun to be recognized as a mid-to-long-term task rather than a short-term issue.

However, at the current stage, financial institutions appear to be responding by restrictively combining renewable energy requirements within their existing financial products and risk management systems, rather than establishing a separate, new financial domain. Considering this point, in order to expand renewable energy finance in the future, it is necessary to supplement institutional and policy conditions in a direction that enhances alignment with the existing judgment criteria and risk management systems of financial institutions. In particular, improving the predictability of policies and regulations, and strengthening the stability of PPA contracts, could act as crucial factors supporting the practical participation of financial institutions.

Appendix Examples of Dedicated Renewable Energy Products Held by Financial Institutions[16]

Institution	Dedicated Renewable Energy Products
KB Kookmin Bank	KB Green Growth Loan: A loan product that provides funds for the construction and operation of renewable energy facilities in accordance with the green finance execution framework. It targets investments in eco-friendly companies and renewable energy projects, providing support through the application of preferential interest rates based on compliance with the K-Taxonomy and linkage with the risk screening system.
NongHyup Bank	Renewable Energy Support Financial Program: Operates eco-friendly financial products aimed at expanding rural and community-based renewable energy. It establishes a funding support system targeting agricultural and regional businesses, along with investment support for renewable energy projects(solar, wind, and green infrastructure).
Kwangju Bank	RE100 SOLAR-LOAN: A customized loan product targeting renewable energy electricity suppliers that have signed direct Power Purchase Agreements(PPAs). It is designed with a structure that allows loans up to 80% of the total required funds on the condition of providing power generation facilities and sites as collateral and assigning the receivables from electricity sales, offering long-term(up to 20 years) repayment and preferential interest rates.
Shinhan Bank	Shinhan Solar Plus Corporate Loan: A corporate loan product that provides collateral-based support to power generation business operators investing in solar power generation facilities. It provides support by establishing power generation facility collateral and cash flows based on electricity sales and supply contracts as the source of fund repayment.
iM Bank	Carbon-Neutral Management Promotion Loan: Loan support utilizing letters of guarantee from the Korea Technology Finance Corporation(KOTEC), targeting renewable energy companies and companies with emission reduction capabilities. It offers preferential benefits such as 0.5% annual support for guarantee fees and is a financial product designed to reflect funding demand related to the renewable energy transition.
Woori Bank	Issuance of Renewable Energy-Linked Green Bonds: Supports direct fund procurement by issuing green bonds matched to onshore wind and solar power generation facility construction projects, as well as next-generation solar cell pilot line projects. It promotes the actual execution of funds for renewable energy projects through the issuance of green bonds.
Jeonbuk Bank	JB GreenBiz Loan: A financial support loan product for borrowers in the renewable energy electricity supply business who have signed Power Purchase Agreements(PPAs). It designs loan conditions by reflecting the contract-based cash flows of the renewable energy business and reflects long-term funding demand.
Hana Bank	Eco-Friendly & Renewable Energy Investment Incentive Program: Operates a financial support program to expand eco-friendly and renewable energy investments, targeting SMEs experiencing difficulties in fund procurement during the climate crisis response process. If the use of proceeds complies with the K-Taxonomy, it provides a preferential interest rate of up to 1.5%p to alleviate the financial burden on the companies.

[16] The table was complied by referencing survey results and their published sustainability reports.

Current Status of LNG Finance as a Transition Activity and Challenges in the Disclosure Framework

Current Status of ESG Financial Support for Domestic LNG Finance Projects

In this white paper, "ESG finance supported for LNG-related projects" refers to ESG loans, ESG investments, and ESG bond issuances provided by financial institutions to projects directly linked to the production, storage, transportation, power generation, and related infrastructure construction of Liquefied Natural Gas(LNG).

LNG-related projects are classified as transition activities in major global taxonomies due to their relatively lower greenhouse gas emissions compared to coal. However, according to the Intergovernmental Panel on Climate Change, methane has a global warming potential more than 80 times that of carbon dioxide over a 20-year period, and long-term financial support for LNG projects entails stranded asset risks in terms of alignment with net-zero targets. Accordingly, the climate science community does not regard LNG as a "clean" or "green" energy source, but rather as a transitional energy source used on a temporary shift from high- to low-carbon systems.

This white paper analyzed ESG finance data provided by financial institutions to determine the proportion and position of LNG finance within domestic ESG finance. As a result, it was confirmed that some LNG project investments are being classified and aggregated as "ESG finance" or "green finance. "To estimate the relative scale of LNG finance within ESG finance, it was compared with the total scale of domestic natural gas finance: According to the "2024 Fossil Fuel Finance White Paper" by the Korea Sustainability Investing Forum(KoSIF), the total scale of domestic natural gas finance as of the end of June 2024 was KRW 36.1 trillion, reaching approximately KRW 72.2 trillion when simply annualized. On the other hand, the scale of domestic LNG project finance classified as ESG in 2024 is KRW 2.9 trillion, accounting for approximately 8.1% of total domestic natural gas finance. This indicates that LNG projects, which are fossil fuels and conditional transition activities, are being partially reflected as ESG finance performance. However, in a situation where classification and disclosure standards for LNG transition activities are not clearly established, differences may arise in the ESG finance aggregation methods. Consequently, there is greater room for interpretation of financial institutions' ESG finance performance, and issues of greenwashing may be raised. This issue brief examines the current status of ESG finance supporting for domestic LNG-related projects and analyzes greenwashing risks resulting from the structural limitations of the ESG finance classification framework and the institutional vacuum regarding transition finance. In addition, it reviews the necessity of preparing disclosure guidelines for LNG transition activities and presents policy implications.

Table 18 Volume of ESG Finance Supported for LNG Projects(Including Domestic and Overseas) Unit: Trillion KRW

		Total	ESG Loan	ESG Investment	ESG Product	ESG Bond Issuance
Public	Public Bank	1.0	0.9	0.1	-	-
	Others	0.1	-	0.1	-	-
	Subtotal	1.0	0.9	0.2	-	-
Private	Bank	0.7	0.7	0.0	-	-
	Life Insurance	1.3	0.8	0.4	-	0.2
	Non-Life Insurance	0.4	0.2	0.2	-	-
	Securities	0.3	0.0	0.3	-	-
	Subtotal	2.8	1.7	0.8	-	0.2
Total		3.8	2.6	1.0	-	0.2

As of the end of 2024, the total volume of ESG finance provided to LNG projects was tallied at KRW 3.8 trillion. Among this, domestic projects accounted for KRW 2.9 trillion(76.9%) and overseas projects accounted for KRW 0.8 trillion(20.6%), showing a domestically focused support structure.

By type, loans(KRW 2.6 trillion, 67.3% of the total) accounted for the highest proportion, followed by investments(KRW 1.0 trillion, 26.0%) and bond issuances(KRW 0.2 trillion, 4.2%). Major investment targets are large-scale infrastructure projects such as LNG power plants(75.1%), energy production projects utilizing mixed LNG gas(15.0%), and eco-friendly shipbuilding and LNG transportation(8.2%). By sector, the private sector exceeded the majority at 72.7%(KRW 2.8 trillion), while the public sector accounted for 27.3%(KRW 1.0 trillion).

In the private sector, funds are concentrated on LNG combined cycle power plants, centered around life insurance companies(KRW 1.3 trillion) and banks(KRW 0.7 trillion). On the other hand, funds in the public sector are distributed with a focus on supporting eco-friendly shipbuilding in accordance with energy supply stability and industrial policy goals. A small number of large financial institutions are leading LNG finance, with the top five institutions supporting KRW 2.6 trillion, accounting for 68.4% of the total.

Table 19 Current Status of ESG Financial Support for LNG Projects by the Top 5 Financial Institutions Unit: 100 Million KRW

Institution	Total	ESG Investment	ESG Loan	ESG Bond Issuance
Kyobo Life Insurance	10,386	3,210	6,523	653
Korea Development Bank	7,939	-	7,939	-
Hana Bank	3,953	-	3,953	-
KB Bank	2,502	305	2,197	-
Samsung Fire & Marine Insurance	1,538	973	565	-
Total	26,318	4,488	21,177	653

The total volume of ESG finance related to LNG projects by the top 5 major financial institutions is KRW 2.6 trillion, of which loans account for 80.8%(KRW 2.1 trillion), showing a structure centered on Project Financing(PF) loans(KRW 1.9 trillion, 74.1%). This is because LNG projects are large-scale infrastructure businesses, such as power generation and transportation, that require significant initial funding and generate relatively stable cash flows based on long-term contracts.

Kyobo Life Insurance holds the largest LNG financial exposure at a total of KRW 1.0 trillion, with PF loans for LNG power plants accounting for the highest proportion at KRW 652.3 billion(62.8%).

Korea Development Bank(KDB) provides a total of KRW 793.9 billion for LNG projects entirely in the form of loans. The primary investment targets are the LNG combined cycle power generation business(KRW 420.4 billion, 53.0%) and the shipbuilding and transportation sector(KRW 218.5 billion, 27.5%), which is interpreted as part of a policy finance strategy aimed at securing energy supply stability and strengthening the competitiveness of the shipbuilding industry

Hana Bank and KB Kookmin Bank are executing finance centered on PF loans for LNG power generation projects, with support volumes of KRW 395.3 billion and KRW 250.2 billion, respectively.

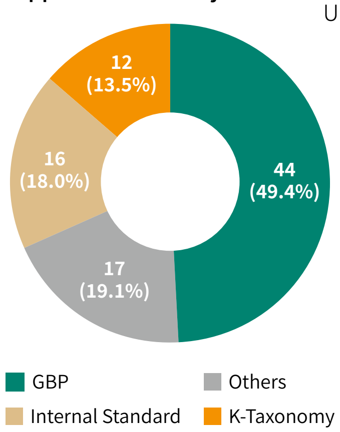
Samsung Fire & Marine Insurance's LNG finance volume totals KRW 153.8 billion, with bonds and alternative investments accounting for 63.3%(KRW 97.3 billion), and the remainder consisting of PF loans for LNG combined heat and power(CHP) district energy businesses(36.7%, KRW 56.5 billion).

Classification and Disclosure System for LNG Finance and Greenwashing Risks

In a situation where financial disclosure standards for transition activities are absent, some domestic financial institutions are classifying LNG-related financial activities as ESG finance. Due to the lack of common classification criteria, financial institutions are selectively utilizing different classification frameworks—such as the Green Bond Principles(GBP), their own internal standards, and the K-Taxonomy—to determine the nature of transition financial activities. The GBP and the financial institutions' internal standards do not clearly present criteria for transition activities like LNG, and although the K-Taxonomy specifies a transition sector, there is no institutional mechanism established to directly link this to financial disclosures. This institutional vacuum expands the room for financial institutions to include LNG finance as ESG finance by utilizing classification frameworks with relatively loose application requirements. As a result, LNG finance can be reflected as ESG financial performance regardless of its alignment with actual environmental performance, structurally leading to greenwashing risks.

Graph 36 Current Status of Classification Frameworks Applied to LNG Projects

Unit: Cases/%



Out of 89 LNG projects classified as ESG, cases applying the Green Bond Principles(GBP) were the most frequent at 44 cases(49.4%), followed by others with 17 cases(19.1%), internal standards with 16 cases(18.0%), and the K-Taxonomy with 12 cases(13.5%). While the utilization of the K-Taxonomy, which specifies the transition sector, was the lowest, the utilization of the GBP and internal standards, which do not present criteria for transition activities, appeared relatively high.

Table 20 Comparison of Each Classification Framework

	ICMA Green Bond Principle(GBP)[17]	Internal Standard	K-Taxonomy-'Transition'
Description	Voluntary framework-based standards established by the International Capital Market Association(ICMA) to determine whether raised funds are used for environmentally beneficial projects when issuing green bonds.	Internal criteria and procedures established by financial institutions to identify, classify, and manage ESG finance by referencing higher-level ESG norms(green taxonomy, Green Credit management guidelines, green bond guidelines, international principles, etc.).	Criteria for the 'Green Sector'[18], which consists of economic activities contributing to carbon neutrality and environmental improvement, and the 'Transition Sector'[19], which encompasses economic activities necessary as an intermediate process to transition to carbon neutrality.
Criteria for LNG	No explicit criteria	Internal criteria may exist, but the level of external disclosure is limited, and differences in criteria among financial institutions constrain the verification of effectiveness.	Temporarily recognized under the 'Transition' sector(2030–2035).

Financial institutions most frequently relied on the Green Bond Principles(GBP; 44 cases) when classifying LNG projects as ESG finance. While the GBP provides broad categories for "green" activities, it does not offer technical criteria to distinguish or assess eligibility for transition activities related to LNG sector. As a result, LNG projects are not explicitly recognized within the GBP framework, nor are the conditions for their treatment as transition activities clearly defined.

The second most utilized classification framework is the financial institutions' 'Internal Standards'(16 cases). Internal standards have limitations in transparency and comparability as their classification requirements and evaluation processes are not sufficiently disclosed externally. Even the same LNG project can be classified differently by each financial institution, making environmental performance verification or inter-institutional comparison virtually difficult. As a result, internal standards have the potential to function as a means to bypass the application of taxonomies.

The third most frequently utilized classification framework is the K-Taxonomy(12 cases). The K-Taxonomy specifies LNG-related economic activities under the 'Transition' sector rather than 'Green'. However, there is no institutional mechanism established for financial institutions to separately classify and disclose finance classified as transition activities. As a result, cases are observed where LNG finance corresponding to transition activities is comprehensively aggregated as green finance or eco-friendly finance. On the other hand, global standards such as the EU Taxonomy apply strict technical requirements to LNG-related activities and clearly provide investors with information on whether they qualify as transition activities through the Sustainable Finance Disclosure Regulation(SFDR) and taxonomy alignment disclosures.

[17] It consists of four core principles: ① Use of Proceeds, ② Project Evaluation and Selection, ③ Management of Proceeds, and ④ Reporting. Among these, the most essential element is the 'Use of Proceeds' principle, which judges mainly whether the raised funds are used for projects with environmental purposes such as renewable energy, energy efficiency, clean transportation, and climate change mitigation and adaptation.

[18] The 'Green Sector' presents green economic activities that contribute to carbon neutrality and environmental improvement. It is divided into 6 environmental objectives: greenhouse gas reduction, climate change adaptation, sustainable conservation of water, transition to a circular economy, pollution prevention and control, and biodiversity conservation, consisting of 93 green economic activities.

[19] The 'Transition Sector' is not the goal of carbon neutrality and thus may not be classified as truly green economic activities. However, it comprises economic activities that are transitional essential as an interim process to bridge the current stage toward a carbon neutral future.

Table 21 Comparison of Major Recognition Criteria for 'Transition Activities' in LNG Power Generation: K-Taxonomy vs. EU Taxonomy[20]

	K-Taxonomy(2025.12)[21]	EU Taxonomy(2023.11)
Timeframe	Recognized until 2030-2035 in accordance with the national GHG reduction targets and carbon neutrality scenarios	Eligible if the building permit is obtained by December 31, 2030
Emission Criteria	- GHG emissions per energy unit of electricity and heat must be 340g CO2eq./kWh or less(based on power generation and design specifications) - Present a mid-to-long-term reduction plan capable of achieving an average of 250g CO2eq./kWh over the design lifespan	- Direct CO_2 emissions per unit of energy must not exceed 270g CO2eq/kWh - Alternatively, average annial direct CO_2 emissions over a facility lifetime of at least of 20 years must not exceed 550kg CO2eq/kW - Alternatively, primary energy use must be reduced by at least 10% comparted to separate heat and power generation
Emission Calculation Method	Follow the operational and verification guidelines of the Greenhouse Gas Emission Trading Scheme(ETS), but calculate Life Cycle Assessment(LCA) GHG emissions starting from 2025	Life Cycle Assessment(LCA)
Verification	None	Must be verified annually by an independent third party on(1) whether life cycle GHG emissions can comply with the annual average for over 20 years, and(2) whether it is on a trajectory capable of transitioning to renewable and low-carbon energy by 2035
Transitions Conditions	None	Must be a facility capable of transitioning to the use of renewable energy or low-carbon gases, and must transition by December 31, 2035
Methane Leakage Monitoring/ Management	None	- During construction, install specific equipment for monitoring physical emissions such as methane leaks, or introduce a Leak Detection and Repair(LDAR) program - During operation, report physical measurements of emissions and eliminate methane leaks

The K-Taxonomy applies a more lenient emissions threshold for LNG power generation than the EU Taxonomy(340 vs. 270g CO_2eq/kWh, approximately 1.26 times higher) and allows greater flexibility in eligibility timelines. While the EU Taxonomy conditionally recognizes LNG as a transition activity, it requires compliance with multiple criteria, including a clear transition plan to low-carbon fuels and robust methane monitoring and management systems. A key difference between the two frameworks lies in the presence of mechanisms linking transition activities to financial disclosures. Under the EU framework, the Sustainable Finance Disclosure Regulation(SFDR) mandates separate disclosure of taxonomy alignment and transition activities, with third-party verification to assess progress. In contrast, although the K-Taxonomy classifies LNG-related activities as transition activities, it lacks institutional mechanisms to link key conditions—such as compliance with transition requirements, timelines for fuel switching, and methane monitoring and management—to financial disclosures.

Implications for Establishing a Transition Finance Framework

In the absence of well established disclosure standards for transition activities, financial institutions are classifying and disclosing LNG related financing as ESG finance, exposing themselves to potential greenwashing risks. Although LNG is categorized as a transition fuel, the lack of robust frameworks for classifying and monitoring transition activities creates scope for such financing to be perceived and marketed as "green," regardless of intent. This environment effectively shifts responsibility onto individual institutions and heightens the risk of greenwashing controversies. Accordingly, establishing a transition finance framework is an urgent policy priority. Policymakers and financial authorities should clarify the definition, scope, and eligibility criteria for transition activities, and institutionalize key requirements—such as emissions intensity thresholds, transition conditions, and fuel-switching plans—by linking them to disclosure frameworks. Such reforms would help ensure that transition finance contributes to both near-term emissions reductions and long-term net-zero pathways, while enhancing the credibility of ESG finance.

20 Korea ESG Research Institute, Comparison of Korea vs. EU Taxonomy and Future Tasks(2022)
21 Ministry of Climate, Energy and Environment, Revision of the K-Taxonomy Guidelines(2025)

6

Appendix

6 Appendix

Top 5 Financial Institutions by Sector Based on Total ESG Finance

Unit: Trillion KRW

Sector	Institution(Fund)	2024 Total Asset	2024 ESG Finance				Total ESG Finance
			Total ESG Loan	Total ESG Investment	Total ESG Product	Total ESG Bond Issuance	
Bank	Shinhan Bank	511.8	52.8	10.4	1.0	8.2	72.4
	NongHyup Bank	412.8	40.1	15.7	11.7	4.6	72.1
	KB Kookmin Bank	543.6	15.6	17.3	4.7	9.3	46.8
	Hana Bank	506.1	17.8	17.1	1.2	6.2	42.4
	Woori Bank	461.2	21.3	11.9	0.3	5.3	38.8
Life Insurance Companies	Kyobo Life Insurance	122.4	6.5	6.9	0.0	1.6	15.0
	Samsung Life Insurance	275.3	2.1	8.5	0.1	0.0	10.7
	Hanhwa Life	122.1	0.4	3.1	2.4	1.1	7.0
	NongHyup Life Insurance	53.3	1.1	5.6	0.0	0.0	6.8
	Shinhan Life Insurance	59.6	0.2	3.0	0.3	0.0	3.5
Non-Life Insurance Companies	DB Insurance	49.6	0.0	2.2	4.6	0.0	6.8
	Hanhwa General Insurance	19.8	1.1	3.2	1.1	0.0	5.4
	KB Insurance	40.7	0.6	1.7	2.2	0.3	4.9
	Hyundai Marine & Fire Insurance	48.0	0.0	1.6	3.2	0.0	4.8
	Samsung Fire & Marine Insurance	0.2	0.0	3.5	0.0	0.0	3.5
Asset Management Companies	Shinhan Asset Management	0.4	0.0	6.5	0.0	0.0	6.5
	Kiwoom Asset Management	0.3	4.2	0.6	0.0	0.0	4.8
	NH-Amundi Asset Management	0.2	0.0	3.5	0.0	0.0	3.5
	Mirae Asset Global Investments	4.9	0.0	2.5	0.0	0.0	2.5
	Hanwha Asset Management	1.5	0.0	2.0	0.0	0.0	2.0
Securities Companies	Mirae Asset Securities	95.2	0.0	3.5	3.9	0.4	7.9
	Korea Investment & Securities	85.4	0.3	2.4	0.4	0.0	3.0
	Hana Securities	55.1	0.1	2.4	0.0	0.0	2.5
	KB Securities	60.3	0.7	1.2	0.5	0.0	2.4
	NH Investment & Securities	62.4	0.9	1.1	0.1	0.1	2.2
Public Finance	National Pension Service	1,214.3	0.0	708.9	0.0	0.0	708.9
	Korea Housing Finance Corporation	456.7	445.2	1.3	0.0	153.8	600.2
	Korea Development Bank	339.2	67.7	7.3	0.0	4.8	79.8
	Industrial Bank of Korea	431.3	21.2	16.1	2.3	23.2	62.8
	Korea Post	158.1	0.0	19.7	18.8	0.0	38.6
	Export-Import Bank of Korea	131.3	25.2	0.5	0.0	8.7	34.4
	Korea Credit Guarantee Fund	15.8	0.0	0.4	3.2	13.1	16.7
	Korean Federation of Community Credit Cooperatives	110.2	0.9	7.5	2.9	0.0	11.3
	Korea Deposit Insurance Corporation (Deposit Insurance Fund)	20.7	0.0	3.1	0.0	3.5	6.6
	Government Employees Pension Service	9.7	0.0	2.4	0.0	0.0	2.4

※ For asset management companies, the 2024 total assets are based on proprietary assets, while ESG financial assets are based on entrusted assets.

2024 ESG Financial Target Status

Unit: Trillion KRW

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Public Financial Institution									
Construction Workers Mutual Aid Association	Ministry of Employment and Labor	X	-	-	-	X	-	X	X
Police Mutual Aid Association	National Police Agency	X	-	-	-	X	-	X	X
Employment Insurance Fund	Ministry of Employment and Labor	X	-	-	-	X	-	X	X
Government Employees Pension Fund	Ministry of Personnel Management	O	2024	Outstanding Balance	2.2	X	-	X	X
Scientists and Engineers Mutual-aid Association	Ministry of Science and ICT	X	-	-	-	X	-	X	X
Ministry of Patriots and Veterans Affairs	Ministry of Patriots and Veterans Affairs	X	-	-	-	No response	-	No response	No response
National Heritage Protection Fund	Ministry of Culture, Sports and Tourism	No response	-	-	-	X	-	X	X
National Ocean Science Museum	Ministry of Oceans and Fisheries	X	-	-	-	X	-	No response	No response
National Maritime Museum	Ministry of Oceans and Fisheries	X	-	-	-	X	-	No response	No response
National Marine Biodiversity Institute of Korea	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
National Pension Fund	Ministry of Health and Welfare	No response	-	-	-	X	-	No response	No response
Mutual Aid Association under the Ministry of National Defense	Ministry of National Defense	O	2025	Outstanding Balance	1.2	O	Renewable energy-related funds	X	O
Military Welfare Fund	Ministry of National Defense	No response	-	-	-	No response	-	No response	No response
Military Pension Fund	Ministry of National Defense	X	-	-	-	X	-	X	X
Korea Technology Finance Corporation(KIBO)	Ministry of SMEs and Startups	X	-	-	-	X	-	O	X
Agriculture, Forestry and Fisheries Credit Guarantee Fund	Financial Services Commission	X	-	-	-	X	-	X	X
Public Officials Benefit Association(POBA)	Ministry of the Interior and Safety	X	-	-	-	X	-	X	X
Ministry of Culture, Sports and Tourism(Tourism Promotion and Development Fund)	Ministry of Culture, Sports and Tourism	X	-	-	-	X	-	X	X
Veterans Fund	Ministry of Patriots and Veterans Affairs	No response	-	-	-	No response	-	No response	No response
Lottery Commission (Lottery Fund)	Ministry of Economy and Finance	No response	-	-	-	No response	-	No response	No response
Busan Port Authority	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Korea Teachers Pension	Ministry of Education	X	-	-	-	X	-	X	X
Industrial Technology Promotion and Commercialization Fund	Ministry of Trade, Industry and Energy	X	-	-	-	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Industrial Accident Compensation Insurance Fund	Ministry of Employment and Labor	X	-	-	-	X	-	X	X
Korean Federation of Community Credit Cooperatives	Ministry of the Interior and Safety	X	-	-	-	X	-	X	X
Seoul Olympic Sports Promotion Foundation(KSPO)	Ministry of Culture, Sports and Tourism	X	-	-	-	X	-	X	X
Community Media Foundation	Korea Communications Commission	X	-	-	-	X	-	X	X
Korea Credit Guarantee Fund(KODIT)	Financial Services Commission	O	2025	Others	15	O	Renewable energy project financing	O	O
Yeosu Gwangyang Port Authority	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Motion Picture Promotion Fund(Korean Film Council)	Ministry of Culture, Sports and Tourism	X	-	-	-	X	-	X	X
Engineering Guarantee Insurance	Ministry of Land, Infrastructure and Transport	X	-	-	-	X	-	X	X
Korea Deposit Insurance Corporation (Redemption Fund)	Financial Services Commission	X	-	-	-	X	-	X	X
Korea Deposit Insurance Corporation (Deposit Insurance Fund)	Financial Services Commission	O	2025	Others	0.61	X	-	X	X
Korea Post	Ministry of Science and IC	O	2025	Outstanding Balance	17.9	X	-	X	X
Ulsan Port Authority	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Incheon Port Authority	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Wage Claim Guarantee Fund	Ministry of Employment and Labor	X	-	-	-	X	-	X	X
Korea Capital Goods Financial Cooperative	Ministry of Trade, Industry and Energy	X	-	-	-	X	-	X	X
Employment Promotion and Vocational Rehabilitation Fund for the Disabled	Ministry of Employment and Labor	X	-	-	-	X	-	X	X
Jeju Free International City Development Center (JDC)	Ministry of Land, Infrastructure and Transport	X	-	-	-	X	-	X	X
Housing and Urban Fund	Ministry of Land, Infrastructure and Transport	No response	-	-	-	No response	-	No response	No response
Korea Housing & Urban Guarantee Corporation (HUG)	Ministry of Land, Infrastructure and Transport	No response	-	-	-	No response	-	No response	No response
Industrial Bank of Korea (IBK)	Financial Services Commission	O	2030	Investment Amount	38	O	Renewable energy project financing, Green bonds/ Sustainability bonds, ESG-linked loans (including interest rate incentives), Renewable energy-related funds	O	O

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Korail Tourism Development	Ministry of Land, Infrastructure and Transport	X	-	-	-	No response	-	No response	No response
Mutual Aid Association under the Ministry of Unification	Ministry of Unification	X	-	-	-	X	-	X	X
Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR)	Ministry of Trade, Industry and Energy	X	-	-	-	X	-	X	X
Korean Teachers' Credit Union (KTCU)	Ministry of Education	X	-	-	-	X	-	X	X
Korea Trade Insurance Corporation (K-SURE)	Ministry of Trade, Industry and Energy	O	2025	Outstanding Balance	Around 5% of avg. operational balance	O	Renewable energy project financing, Others: PRI Insurance	X	X
Korea Broadcast Advertising Corporation (KOBACO)	Korea Communications Commission	No response	-	-	-	No response	-	No response	No response
Korea Communications Agency (KCA)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
KCA (Broadcasting and Communications Development Fund)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
KCA (Information and Communication Promotion Fund)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
Veterans Health Service Medical Center	Ministry of Patriots and Veterans Affairs	No response	-	-	-	No response	-	No response	No response
Korea Development Bank (KDB)	Financial Services Commission	O	2030	Cumulative Investment Amount	154	O	Renewable energy project financing, Green bonds/ Sustainability bonds, ESG-linked loans (including interest rate incentives), Renewable energy-related funds	O	X
Export-Import Bank of Korea(KEXIM)	Ministry of Economy and Finance	O	2030	Others	148.7	O	Renewable energy project financing, Green bonds/ Sustainability bonds, ESG-linked loans(including interest rate incentives)	O	O
Korea Fisheries Infrastructure and Communities Agency(FiPA)	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Korea Press Foundation(Press Promotion Fund)	Ministry of Culture, Sports and Tourism	X	-	-	-	X	-	X	X
Korea Press Foundation(Local Newspaper Development Fund)	Ministry of Culture, Sports and Tourism	X	-	-	-	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
National Research Foundation of Korea(Science and Technology Promotion Fund)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
National Research Foundation of Korea(Nuclear Energy Fund)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
Korea Radioactive Waste Agency(Radioactive Waste Management Fund)	Ministry of Science and ICT	X	-	-	-	X	-	X	X
Korea Housing Finance Corporation(HF)	Financial Services Commission	O	2030	Investment amount	141.5	X	-	X	X
Korea Investment Corporation(KIC)	Ministry of Economy and Finance	X	-	-	-	X	-	X	X
Korea Institute of Aids to Navigation(KIAN)	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Korea Institute of Maritime and Fisheries Technology(KIMFT)	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Korea Hydrography and Research Association(KHRA)	Ministry of Oceans and Fisheries	X	-	-	-	X	-	X	X
Korea Ocean Business Corporation(KOBC)	Ministry of Oceans and Fisheries	X	-	-	-	O	Renewable energy project financing, Green bonds	X	X
Korea Overseas Infrastructure & Urban Development Corporation(KIND)	Ministry of Land, Infrastructure and Transport	X	-	-	-	X	-	X	X
Private Financial Institution									
Bank									
Kyongnam Bank	BNK Financial Group	X	-	-	-	X	-	O	X
Kwangju Bank	JB Financial Group	X	-	-	-	O	Renewable energy project financing, ESG-linked loans	O	X
NongHyup Bank	NH Financial Group	O	Group: 2030 / Total 8 yrs(2023~2030) Company: 2030	Outstanding Balance	Group: 120 Company: 101.9	O	Renewable energy project financing, ESG-linked loans	O	O
National Agricultural Cooperative Federation	NH Financial Group	X	-	-	-	X	-	X	X
Busan Bank	BNK Financial Group	X	-	-	-	X	-	X	X
Shinhan Bank	Shinhan Financial Group	O	Group: 2030 / Total 11 yrs Company: 2024	Group: Cumulative investment amount Company: Investment amount	Group: 30 Company: 1.1	O	ESG-linked loans, Others	O	O
Woori Bank	Woori Financial Group	O	Group: 2030 / Total 10 yrs(2021~2030) Company: 2024	Investment amount	Group: 100 Company: 10	O	Renewable energy project financing, Green bonds/ Sustainability bonds, ESG-linked loans	O	O
Jeonbuk Bank	JB Financial Group	X	-	-	-	O	Others	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Jeju Bank	Shinhan Financial Group	O	Group: 2025(Mid-term) / 2030(Long-term) Company: 2025	Group: Cumulative investment amount Company: Investment amount	Group: 18(Mid-term) / 30(Long-term) Company: 0.0085	X	-	O	X
Hana Bank	Hana Financial Group	O	2030	Cumulative investment amount	Group: 60 Company: 28	O	Others	O	O
Citibank Korea	Citi Group	Group: X Company: O	Company: 2024	Company: Others	Company: 0.04	X	-	X	O
iM Bank	iM Financial Group	O	2025 / Total 1 yr(2024~2025)	Outstanding Balance	7.4	O	Green bonds/ Sustainability bonds, Others	X	X
KB Kookmin Bank	KB Financial Group	O	Group: 2030 / Total 11 yrs(2020~2030) Company: 2030	Outstanding Balance	Group: 50 Company: 33.8	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	O	O
Standard Chartered Bank Korea	Standard Chartered Group	X	-	-	-	X	-	O	X
Life Insurance									
Kyobo Life Insurance	Kyobo Life Group	X	-	-	-	X	-	O	X
Tongyang Life Insurance	Dajia Insurance Group	X	-	-	-	X	-	X	X
MetLife Insurance	MetLife	X	-	-	-	X	-	X	X
Mirae Asset Life Insurance	Mirae Asset Group	X	-	-	-	X	-	X	X
Samsung Life Insurance	Samsung Group	Group: X Company: O	Company: 2030	Outstanding Balance	Company: 20	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	O	X
Shinhan Life Insurance	Shinhan Financial Group	O	Group: 2030 / Total 11 yrs(2020~2030) Company: 2025	Others	Group: 30 Company: 0.1	O	Renewable energy project financing, Green bonds/ Sustainability bonds	O	X
Hanwha Life Insurance	Hanwha Group	No response	-	-	-	O	Renewable energy project financing, Green bonds/ Sustainability bonds, ESG-linked loans, Renewable energy-related funds	X	X
Heungkuk Life Insurance	Taekwang Group	X	-	-	-	X	-	O	X
ABL Life Insurance	Dajia Insurance Group	X	-	-	-	X	-	X	X
AIA Life Insurance	AIA Group	X	-	-	-	X	-	X	X
DB Life Insurance	DB Group	X	-	-	-	X	-	X	X
IBK Pension Insurance	Industrial Bank of Korea	No response	-	-	-	X	-	X	X
iM Life Insurance	iM Financial Group	O	2025	Outstanding Balance	Group: 1.0 Company: 0.2	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
KB Life Insurance	KB Financial Group	O	Group: 2030 / Total 10 yrs Company: 2030	Outstanding Balance	Group: 50 Company: 0.7	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	X	X
KDB Life Insurance	Korea Development Bank	X	-	-	-	X	-	X	X
NongHyup Life Insurance	NH Financial Group	O	Group: 2030 / Total 8 yrs(2023~2030) Company: 2030	Outstanding Balance	Group: 120 Company: 7.9	X	-	O	X
Non-Life Insurance									
Lotte Insurance	Lotte Group	X	-	-	-	X	-	X	X
Meritz Fire & Marine Insurance	Meritz Group	X	-	-	-	X	-	X	X
Samsung Fire & Marine Insurance	Samsung Group	Group: X Company: O	Company: 2030	Company: Cumulative investment amount	Company: 17	X	-	X	X
Korean Re	Korean Reinsurance Company	Group: X Company: O	Company: 2050	Company: Outstanding Balance	Company: 1.4	X	-	X	X
Hanwha General Insurance	Hanwha Group	Group: X Company: O	Company: 2025	Company: Investment amount	Company: 0.1	O	Renewable energy project financing, Renewable energy-related funds	X	X
Hyundai Marine & Fire Insurance	Hyundai Marine & Fire Insurance	Group: X Company: O	Company: 2030	Company: Others	Company: 4.1	X	-	X	X
Heungkuk Fire & Marine Insurance	Taekwang Group	X	-	-	-	O	Renewable energy-related funds	O	X
DB Insurance	DB Group	X	-	-	-	X	-	X	X
KB Insurance	KB Financial Group	O	Group: 2030 / Total 11 yrs(2020~2030) Company: 2030	Outstanding Balance	Group: 50 Company: 2.3	O	Renewable energy project financing, Green bonds/ Sustainability bonds	X	X
NongHyup Property & Casualty Insurance	NH Financial Group	O	Group: 2030 / Total 8 yrs(2023~2030) Company: 2030	Outstanding Balance	Group: 120 Company: 3.0	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	O	X
Seoul Guarantee Insurance	Seoul Guarantee Insurance	X	-	-	-	X	-	X	X
Securities									
Kyobo Securities	Kyobo Life Group	X	-	-	-	X	-	X	X
Daol Investment & Securities	Daol Financial Group	Group: X Company: O	Company: 2030	Company: Others	Company: 1.1	X	-	X	X
Daishin Securities	Daishin Financial Group	X	-	-	-	X	-	X	X
DS Investment & Securities		X	-	-	-	X	-	X	X
Leading Investment & Securities		X	-	-	-	X	-	X	X
Meritz Securities	Meritz Financial Group	X	-	-	-	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Mirae Asset Securities	Mirae Asset Group	Group: X Company: O	Company: 2025	Company: Others	Company: 45	X	-	X	X
Bookook Securities	Hanil Group	X	-	-	-	X	-	X	X
Samsung Securities	Samsung Group	Group: X Company: O	Company: 2025	Company: Others	Company: Cumulative 100 cases	O	Renewable energy project financing, Others: ESG fund design/ sales, ESG project financing	X	O
Sangsangin Securities	Sangsangin Financial Group	X	-	-	-	X	-	X	X
Shinyoung Securities		X	-	-	-	X	-	X	X
Shinhan Securities	Shinhan Financial Group	O	Group: 2030 Company: 2025	Group: Cumulative investment amount Company: Investment amount	Group: 30 Company: 0.4	O	Green bonds/ Sustainability bonds	O	X
Yuanta Securities	Yuanta Financial Group	X	-	-	-	X	-	X	X
Eugene Investment & Securities	Eugene Group	X	-	-	-	X	-	X	X
Yuhwa Securities		X	-	-	-	X	-	X	X
Kakao Pay Securities	Kakao	X	-	-	-	X	-	X	X
Cape Investment & Securities	Cape	X	-	-	-	X	-	X	X
Korea Asset Investment Securities		X	-	-	-	X	-	X	X
Kiwoom Securities	Daou Tech Inc.	X	-	-	-	X	-	X	X
Hana Securities	Hana Financial Group	Group: O Company: X	Group: 2030	Group: Cumulative investment amount	Group: 60	X	-	X	X
Korea Investment & Securities	Korea Investment Holdings	X	-	-	-	X	-	O	X
Hanyang Securities	KGGI Group	X	-	-	-	X	-	X	X
Hanwha Investment & Securities	Hanwha Group	X	-	-	-	X	-	X	X
Hyundai Motor Securities	Hyundai Motor Group	Group: X Company: O	-	-	-	O	Renewable energy-related funds	X	X
Heungkuk Securities	Taekwang Group	X	-	-	-	X	-	X	X
BNK Securities	BNK Financial Group	X	-	-	-	O	Renewable energy-related funds	X	O
DB Financial Investment	DB Group	X	-	-	-	X	-	X	X
IBK Securities	Industrial Bank of Korea	X	-	-	-	X	-	X	X
KB Securities	KB Financial Group	O	Group: 2030 / Total 10 yrs Company: 2025	Outstanding Balance	Group: 50 Company: 1.7	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	X	O
LS Securities	LS Group	X	-	-	-	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
NH Investment & Securities	NH Financial Group	O	Group: 2030 / Total 8 yrs(2023~2030) Company: 2030	Outstanding Balance	Group: 120 Company: 3.8	X	-	O	X
SK Securities	SK Group	X	-	-	-	X	-	O	X
iM Securities	iM Financial Group	Group: X Company: O	Company: 2030	Others	Company: 1% of ESG investment out of total investment, annual fund(retail) sales KRW 0.1 trillion	O	Renewable energy-related funds	X	No response
Asset Management									
Kyobo AXA Investment Managers	Kyobo Life Group	X	-	-	-	X	-	X	X
Daol Asset Management	Daol Financial Group	X	-	-	-	X	-	X	X
Daishin Asset Management	Daishin Financial Group	X	-	-	-	No response	-	X	No response
Midas Asset Management		X	-	-	-	X	-	O	X
Mirae Asset Global Investments	Mirae Asset Group	X	-	-	-	O	Renewable energy-related funds	X	X
Baring Asset Management	MassMutual	X	-	-	-	No response	-	No response	No response
VI Asset Management		X	-	-	-	X	-	X	X
KDB Infrastructure Investments Asset Management		X	-	-	-	O	Renewable energy-related funds	X	X
Samsung Active Asset Management	Samsung Group	X	-	-	-	No response	-	X	X
Shinyoung Asset Management		X	-	-	-	X	-	X	X
Shinhan Asset Management	Shinhan Financial Group	Group: O Company: X	Group: 2030 / Total 11 yrs(2020~2030)	Group: Others	30	No response	-	X	X
Woori Asset Management	Woori Financial Group	Group: O Company: X	Group: 2030 / Total 10 yrs(2021~2030)	Group: Investment amount	100	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	X	X
Kiwoom Asset Management	Daou Tech Inc.	X	-	-	-	X	-	X	X
Timefolio Asset Management		X	-	-	-	X	-	X	X
Truston Asset Management		Group: X Company: O	Company: 2028	Company: Cumulative investment amount	2.8	X	-	No response	No response
Hana Asset Management	Hana Financial Group	Group: O Company: X	Group: 2030 / Total 10 yrs(2021~2030)	Group: Others	60	O	Others	X	X
Korea Investment Value Asset Management	Korea Investment Holdings	X	-	-	-	X	-	X	X
Hanwha Asset Management	Hanwha Group	X	-	-	-	X	-	X	X
Hyundai Investments	Hyundai Marine & Fire Insurance	X	-	-	-	X	-	X	X

Institution (Fund)	Main Authority	ESG Financial Target*				Green Financial Product		Green Credit Management Guidelines	Sustainability-Linked Products
		Target Setting	Target Year	Target Criteria	Target Amount	Operation Status	Applicable Items	Application Status	Operation Status
Heungkuk Asset Management	Taekwang Group	X	-	-	-	O	Renewable energy-related funds	X	X
BNK Asset Management	BNK Financial Group	Group: X Company: O	Company: 2025	Outstanding Balance	0.008	X	-	No response	No response
DWS Asset Management	Deutsche Bank Group	Group: O Company: X	Group: 2030	Group: Others	-	X	-	O	X
IBK Asset Management	Industrial Bank of Korea	X	-	-	-	X	-	X	X
iM Asset Management	iM Financial Group	No response	-	-	-	No response	-	No response	No response
NH-Amundi Asset Management	NH Financial Group	Group: O Company: X	Group: 2030 / Total 8 yrs(2023~2030)	Group: Outstanding Balance	120	O	Renewable energy project financing, Green bonds/ Sustainability bonds, Renewable energy-related funds	X	X

※ For public institutions, data is based on their individual ESG finance targets.
※ For private institutions, data is based on the ESG finance targets of their respective financial groups.

ESG Finance Targets of Private Financial Groups

Table 24 ESG Finance Targets of Private Financial Groups

Unit: Trillion KRW

Sector Type	Target Year	Target Amount	2024 New Funding Target Amount	Target Criteria
NH Financial Group	2030	120.0	8.0	Outstanding Balance
Woori Financial Group	2030	100.0	10.0	Investment Amount
Hana Financial Group	2030	60.0	6.0	Cumulative Investment Amount
KB Financial Group	2030	50.0	40.5	Outstanding Balance
Shinhan Financial Group	2030	30.0	2.8	Cumulative Investment Amount
iM Financial Group	2030	8.0	6.3	Outstanding Balance

- Financial groups that set their 2024 target criteria for new ESG funding as 'Balance-based' include NH Financial Group at KRW 8.0 trillion, KB Financial Group at KRW 40.5 trillion, and iM Financial Group at KRW 6.3 trillion. Among these, NH Financial Group maintained the same target; compared to the previous year's target of KRW 4.6 trillion, KB Financial Group expanded its new funding goal by KRW 35.9 trillion; iM Financial Group's target decreased by KRW 0.1 trillion. Meanwhile, Woori Financial Group, which set its target criteria as 'Investment amount', maintained the same target as last year at KRW 10.0 trillion. In addition, groups that set their criteria as 'Cumulative investment amount' include Hana Financial Group at KRW 6.0 trillion and Shinhan Financial Group at KRW 2.8 trillion, where Hana Financial Group maintained its target, while Shinhan Financial Group's target increased by KRW 0.2 trillion.
- NongHyup, Woori, Hana, KB, and Shinhan Financial Groups maintained the same ESG finance targets as in 2023, while iM Financial Group increased its target by KRW 1.0 trillion compared to the previous year.

Table 25 2024 ESG Financial Product Volume by Sector

	Vision	Target	Execution Tasks
NH Financial Group	The beginning of creating the future, the moment you meet NongHyup Finance	• E(Environment): Defining eco-friendly financing that aligns with the six environmental objectives of the K-Taxonomy as 'Green Finance', with plans to expand its volume to KRW 30 trillion by 2030. • S(Social): Expanding social finance to KRW 90 trillion by 2030, encompassing 'inclusive finance' for the working class and small business owners, 'mutual growth finance' for social enterprises, and 'innovative finance' for emerging technology companies	• E(Environment): Fulfills its role as a financial institution leading the low-carbon transition by executing diverse financial support and investments-including loans, PF, and asset management-targeted at eco-friendly projects, carbon-neutral technology firms, and the sustainable agriculture sector. • S(Social): Contributes to resolving social polarization through various financial support(loans, PF, asset management, etc.) to achieve a sustainable environment and society, provides differentiated customer-centric financial services, and enhances financial accessibility for the financially marginalized.
Woori Financial Group	A better world we create through finance	• Establishes and actively supports a mid-to-long-term target of KRW 100 trillion in ESG finance by 2030.	• Green Finance: Internalization of the K-Taxonomy screening system, issuance of Korean green bonds, expansion of green finance product launches, participation in the Future Energy Fund creation project by the Financial Services Commission, etc. • Transition Finance: Launch of transition finance products for the low-carbon transition of SMEs, participation in consultative bodies related to transition finance(e.g., FSC Climate TF). • Livelihood Financial Support System: Promotes a total of KRW 280.1 billion in livelihood financial support, including interest cashback support for 210,000 small business owners and the self-employed in 2024.
Hana Financial Group	Big Step for Tomorrow (The group's big step for a sustainable future)	• Achieving KRW 60 trillion in loans, investments, and financing within the green and sustainability sectors by 2030. • Zero & Zero: Achieve Zero carbon emissions in workplaces and Zero coal project financing by 2050.	• Promotion of 9 execution tasks in accordance with the 3 core strategic directions. • Facilitating the transition to a low-carbon economic system: Restricting coal PF in accordance with the coal phase-out declaration, expanding ESG bond issuance, and expanding green finance and ESG-themed finance. • Social contribution through finance: Strengthening consumer protection and expanding financial accessibility, creating social value such as contributing to local communities, and fostering social ventures to solve social problems. • Transparency, responsible management-based decision making: Expanding transparency in non-financial(climate finance) disclosures.
KB Financial Group	KB Green Wave 2030	• Plans to achieve KRW 50 trillion in ESG financial products by 2030, currently promoting a target of KRW 25 trillion for eco-friendly investments and loans out of this total.	• Expanding eco-friendly investments and loans linked to national carbon neutrality promotion, such as renewable energy and green industries, and the K-Taxonomy. • Expanding inclusive financial products to support financially vulnerable groups, such as low-credit/low-income individuals, SMEs, and small business owners. • Expanding products/investments for companies with excellent corporate governance and launching customer-participatory ESG-specialized products.
Shinhan Financial Group	Do the Green Thing for a Wonderful World	• Invest KRW 30 trillion in eco-friendly finance by 2030.	• Carbon Neutrality - Planet: Expanding eco-friendly finance, reducing internal carbon emissions and the carbon intensity of financial assets, expanding the use of renewable energy, strengthening the efficient use and management of resources, and strengthening ecosystem conservation and biodiversity management. • Inclusion - People: Expanding inclusive and mutual growth finance, strengthening financial education, fostering female leaders, and enhancing financial consumer protection and customer convenience. • Cooperation - Prosperity: Supporting the growth of small business owners and SMEs, fostering startups, strengthening support for the socially vulnerable, and revitalizing financial partnerships.
iM Financial Group	ESG leader leading iMpact finance	• Encouraging ESG management across corporations through ESG finance and securing the group's long-term profitability/competitiveness.	• Upgrading the sustainable finance management system and expanding ESG finance.

Outstanding ESG Finance Bank

NongHyup Bank

Korea Sustainability Investing Forum Sponsor

Bank that Brings Smiles to the Public through ESG

NongHyup Bank is the only 100% domestic-capital national bank in Korea, established with the purpose of promoting the welfare of farmers and the development of local communities, embedding the spirit of ESG(Environment, Social, Governance) at its core. To respond to the climate crisis, the bank established the "2050 Carbon Neutrality" roadmap and is leading the transition to a low-carbon economy through the expansion of green finance. In particular, it supports external projects in the agricultural sector by farmers, contributing not only to farmers' income support but also to the reduction of carbon emissions in the agricultural sector. NongHyup Bank dreams of a financial world where the public can smile through ESG management, taking the lead in creating a green ecosystem by expanding financial support and preferential interest rates for the low-carbon transition of domestic companies and farmers.

Returning Overall Profits to the Domestic Economy

As a specialized bank rooted in agriculture and rural areas, NongHyup Bank focuses on "strengthening public value" that can be felt in the daily lives of the public. It goes beyond simple donation activities by returning a large portion of its annual profits to agriculture and rural communities through the payment of agricultural support project expenses and high dividends. The bank allocates the highest level of social contribution expenses in the banking sector every year and practices community-tailored sharing utilizing its nationwide network of over 1,100 branches. Executives and employees carry out multi-faceted social contribution activities, including supporting the marginalized, helping in rural areas, and funding scholarship programs. By prioritizing the value of agriculture, rural areas, and local communities over the mere pursuit of profit, NongHyup Bank concentrates its capabilities on becoming a "national bank that grows together with its customers".

A Bank Leading the Response to Disasters and Calamities

NongHyup Bank proactively prepares for unpredictable disasters and calamities, carrying out the swiftest and most practical relief activities when emergencies occur. It provides immediate emergency management stabilization funds for farmers and small business owners who have suffered from natural disasters such as typhoons, floods, and droughts, while implementing special financial measures such as interest reduction and repayment deferrals. Furthermore, it operates a site-centered response system where executives and employees assist with labor for recovery efforts and deliver relief supplies, faithfully serving as a strong pillar of support to help communities overcome the pain of disasters.

Warm Finance Delivering Innovation and Compassion

NongHyup Bank spares no effort in supplying "Productive Finance" through support for innovative industries and companies, revitalization of the capital market, and support for balanced regional growth. It also strives to take the lead in "Inclusive Finance" to ensure the financially marginalized are not left behind. NongHyup Financial Group has established a plan to support approximately KRW 108 trillion in Productive and Inclusive Finance by 2030; out of this, NongHyup Bank plans to supply KRW 76.3 trillion, comprising KRW 64.7 trillion for Productive Finance and KRW 11.6 trillion for Inclusive Finance. The bank will support balanced domestic growth by fostering innovative companies and expanding local infrastructure through Productive Finance, while making every effort to become a warmer financial institution that provides a financial ladder for vulnerable groups through Inclusive Finance.

NongHyup Bank's ESG Management Achievements

BEST

Top Rating for 6 Consecutive Years
Community Reinvestment Assessment by the Financial Services Commission(FSC)

A

A Rating for 5 Consecutive Years
ESG Evaluation by the Korea Institute of Corporate Governance and Sustainability(KCGS)

2024

2024 Corporate Social Responsibility Award
Hosted by Korea Economic Daily

2024

2024 Korea ESG Award
Received the Speaker of the National Assembly Award

2025

2025 Eco-Friendly Merit Government Reward
Commendation from the Minister of Environment for Carbon Neutrality

KOREA ESG FINANCE WHITE PAPER 2024

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